

CHAPTER 357

HOUSING DEVELOPERS (SPECIAL PROVISIONS)

Law
No. 49 of 1973.

A LAW TO GRANT CERTAIN INCOME TAX CONCESSIONS TO PERSONS CONSTRUCTING HOUSES FOR SALE AND TO PROVIDE FOR MATTERS INCIDENTAL THERETO OR CONNECTED THEREWITH.

[11th December, 1973.]

Short title.

1. This Law may be cited as the Housing Developers (Special Provisions) Law.

of 1963, or of sections 33 (1) (b) and 38 (1) of the Inland Revenue Act (No. 28 of 1979), shall not apply to such dividend or part thereof.

Exemption from income tax of profits and income arising from sale of certain houses.

2. Subject as hereinafter provided, where any person for the first time sells any house the construction of which was commenced by such person after the date of commencement of this Law and before the thirty-first day of December, 1976,—

(2) Every person who issues a warrant, cheque or other order drawn or made in payment of any dividend referred to in subsection (1) shall annex thereto a statement in writing specifying the amount of the profits and income exempt from income tax under section 2 which is included in that dividend.

(a) the profits and income arising from such sale shall be exempt from income tax if the floor area of such house does not exceed five hundred square feet and the price at which it was sold does not exceed ten thousand rupees; and

4. Where any sale referred to in section 2 relates to a house which together with the land appurtenant thereto occupies an extent which exceeds ten perches in municipal or urban areas and twenty perches in areas other than municipal or urban areas, the profits and income which in the opinion of the Commissioner-General of Inland Revenue arises from the sale of such part of the appurtenant land as exceeds ten perches or twenty perches, as the case may be, shall be disregarded for the purposes of the exemption from income tax granted under section 2:

Sale of houses with excess appurtenant lands,

(b) fifty per centum of the profits and income arising from such sale shall be exempt from income tax—

(i) if the floor area of such house does not exceed five hundred square feet and the price at which it was sold exceeds ten thousand rupees, or

(ii) if the floor area of such house exceeds five hundred square feet but does not exceed one thousand square feet.

Dividends declared by companies out of profits and income from sale of certain houses to be exempt from income tax.

3. (1) Where any dividend paid by a company to its shareholders or any part of such dividend is out of the profits and income which under section 2 are exempt from income tax, then, such dividend or part thereof shall be exempt from income tax, and the provisions of sections 25 (1) (b) and 27 (1) of the Inland Revenue Act, No. 4

Provided, however, that where any sale referred to in section 2 relates to a flat and the land appurtenant thereto in accordance with the provisions of section 9 (1) of the Apartment Ownership Law exceeds five perches in municipal or urban areas and ten perches in areas other than municipal or urban areas, the profits and income which in the opinion of the Commissioner-General of Inland Revenue arises from the sale of such part of the appurtenant land, as exceeds five perches or ten perches, as the

case may be, shall be disregarded for the purposes of the exemption from income tax granted under section 2.

Rent purchase sales.

5. Where any sale referred to in section 2 is a sale on rent purchase terms—

(a) such sale shall be deemed to have been made on the date on which the agreement to make the sale on such terms was entered into ; and

(b) such part of the amount payable by the purchaser as is attributable to the interest payable by him shall be disregarded for the purposes of the exemption from income tax granted under section 2.

Prohibition of amalgamation of houses to which section 2 applies.

6. (1) No person who becomes the owner of any house in respect of which the exemption from income tax conferred by section 2 has been, or is due to be, granted, shall—

(a) amalgamate or cause or permit the amalgamation of such house or part thereof with another such house or part thereof; or

(b) establish any structural connexion or cause or permit the establishment of any such connexion between such house or part thereof and another such house or part thereof,

(2) Every person who contravenes the provisions of subsection (1) shall be guilty of an offence and shall on conviction after summary trial by a Magistrate be liable to a fine not exceeding five thousand rupees or to imprisonment for a period not exceeding six months or to both such fine and imprisonment.

Regulations.

7. (1) The Minister may make regulations for the purpose of carrying out or giving effect to the principles and provisions of this Law.

(2) Every regulation made by the Minister shall be published in the Gazette and shall come into operation on the date of such publication or on such later date as may be specified in the regulation.

(3) Every regulation made by the Minister shall, as soon as convenient after its publication in the Gazette, be brought before Parliament for approval. Every

regulation which is not so approved shall be deemed to be rescinded as from the date of such disapproval, but without prejudice to anything previously done thereunder. Every regulation so approved shall be as valid and effectual as though it were herein enacted.

8. (1) Every person who contravenes or fails to comply with any provision of this Law or any regulation made thereunder shall be guilty of an offence under this Law. Offences.

(2) Every person who is guilty of an offence under this Law other than an offence under section 6 shall, on conviction after summary trial before a Magistrate, be liable to imprisonment of either description for a period not exceeding six months or to a fine not exceeding one thousand rupees or to both such imprisonment and fine.

9. In this Law, unless the context otherwise requires— interpretation.

"Commissioner-General of Inland Revenue", "company" and "profits and income" shall have the same meanings respectively as in the Inland Revenue Act (No, 28 of 1979);

"flat" means a self-contained domestic suite of rooms in a building of more than one storey;

"floor area", in relation to a house, means the floor area of the house exclusive of the thickness of the walls thereof;

"house" means an independent living unit (together with the land appurtenant thereto) constructed mainly or solely for residential purposes, and having a separate access, and through which unit access cannot be had to any other living accommodation;

"municipal area" means an area within the administrative limits of a Municipal Council;

"sale", in relation to a house, means sale of a house the construction of which has been completed ;

"urban area" means an area within the administrative limits of an Urban Council.