

CHAPTER 351

SALES TAX

Acts
Nos, 65 of 1961
(Part IV),
9 of 1962,
3 of 1963.

AN ACT TO PROVIDE FOR THE IMPOSITION OF A SALES TAX FOR ANY YEAR OF ASSESSMENT COMMENCING ON OR AFTER OCTOBER 1, 1961 ; AND TO PROVIDE FOR MATTERS CONNECTED THEREWITH OR INCIDENTAL THERETO.

[12th October, 1961.]

Short title.

1. This Act may be cited as the Sales Tax Act*.

Imposition of Sales tax.

2. (1) Subject to such exemptions as may be prescribed, there shall be imposed and levied a tax (in this Act referred to as " Sales tax ") at such rate as the Minister may fix by Order published in the Gazette on the value of every article (not being an article set out in the Schedule to this Act) which is sold by any person who is required by any regulation to be registered for the purposes of this Act to any other person who is not so required to be registered or which is imported into Sri Lanka by any person who is not so required to be registered. Different rates may be fixed by the Minister in respect of different articles.

(2) The rate of the Sales tax on any article subject to Sales tax may, from time to time, be varied by the Minister by Order published in the Gazette.

(3) Every Order under subsection (1) or subsection (2) or subsection (5) shall come into force on the date of its publication in the Gazette or on such later date as may be specified in the Order, and shall be brought before Parliament within a period of one month from the date of the publication of such Order in the Gazette, or, if no meeting of Parliament is held within such period, at the first meeting of Parliament held after the expiry of such period, by a motion that such Order shall be approved. There shall be set out in a schedule to every such motion the text of the Order to which the motion refers.

(4) Any Order under subsections (1), (2) or (5) which Parliament refuses to approve shall, with effect from the date of such refusal, be deemed to be revoked but without prejudice to the validity of anything done thereunder. Notification of the date on which any such Order is deemed to be revoked shall be published in the Gazette.

(5) The Minister may by Order published in the Gazette amend the Schedule to this Act by the addition thereto of any article other than those enumerated therein, or by the omission of any article enumerated therein or otherwise.

3. For the purposes of this Act, any presumptions. article—

(a) which is imported into Sri Lanka by any person who is registered under this Act in respect of any business ; or

(b) which is manufactured or produced or stored in Sri Lanka by such person,

shall be deemed until the contrary is proved to have been so imported, or so manufactured or produced or stored, as the case may be, for the purpose of sale.

4. Subject to such exceptions as may be prescribed, the Sales tax chargeable in respect of any article shall become due, as the case may be, on the delivery of the article under a sale by a person who is required by any regulation to be registered

Responsibility of registrant to pay Sales tax.

* Sections 24 to 28 in Part IV of the Finance Act, No. 65 of 1961, have been renumbered and reproduced as sections 2 to 6 of this Act, and sections 29, 57, 58, 61, 61A, 62 and 63 of the Finance Act, No. 65 of 1961, with modifications have been incorporated in this Act as sections 7 to 12.

for the purposes of this Act to any other person who is not required to be so registered or on the importation of the article by any person who is not required by any regulation to be registered for the purposes of this Act.

Regulations.

5. Regulations may be made in respect of all or any of the following matters:—

- (a) all matters stated or required under this Act to be prescribed ;
- (b) the registration of persons who sell articles imported into, or produced or manufactured in, Sri Lanka or who import articles into Sri Lanka;
- (c) the collection of information necessary for the purposes of this Act;
- (d) the returns to be made, and the books, registers and other records to be maintained by persons registered for the purposes of this Act, and the forms of such returns, books, registers and other records;
- (e) the inspection of books, registers and records maintained for the purposes of this Act, and of any other document relating to sales of articles;
- (f) the production of, and the taking of copies of, registers and records maintained for the purposes of this Act and of other documents relating to sales of articles;
- (g) the powers of each competent authority administering the provisions of this Act and of the subordinate officers of each such authority;
- (h) the levy and payment of Sales tax, the imposition of penalties on defaulters, and the recovery of Sales tax and penalties from defaulters in a summary manner;
- (i) the right of appeal to the competent authority from any decision made

by a subordinate officer of that authority;

- (j) the service of notices for the purposes of this Act;
- (k) the refund of excess Sales tax paid by any person under this Act.

6. The value of any article for the purposes of computing the Sales tax thereon shall—

Determination of value of any article subject to the Sales tax.

- (a) in the case of an article imported by any person for his own use, be the price that article would fetch on a sale in the open market in Sri Lanka if no Sales tax were chargeable in respect of the sale; and
- (b) in the case of any other article subject to Sales tax, be the price which such article would fetch on a sale made at the time when the tax in respect of such article becomes due, by a person selling in the open market in Sri Lanka to a retail dealer carrying on business in Sri Lanka, if no Sales tax were chargeable in respect of the sale.

7. There may be appointed such number of persons, by name or by office, to be or to act as competent authorities, as may be necessary for the purposes of this Act. A person may be so appointed for the whole of Sri Lanka or any particular area thereof, and the expression "competent authority", wherever it occurs in this Act, shall be construed accordingly.

Appointment of competent authorities.

8. Any competent authority or any person authorized in that behalf by such authority may direct any applicant for registration under this Act to furnish to him such information as may be required for the purposes of such registration; and that applicant shall comply with that direction.

Power to require information.

9. (1) Any person who—

- (a) contravenes or fails to comply with any provision of this Act or any regulations made thereunder; or

Offences, [§ 30, 9 of 1962.]

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(b) makes any incorrect declaration otherwise than by error or oversight,

offence if he proves that such offence was committed without his knowledge or that he exercised all due diligence to prevent the commission of such offence.

shall be guilty of an offence and shall, on conviction after summary trial before a Magistrate, be liable to a fine not exceeding one thousand rupees or to imprisonment of either description for a period not exceeding one year or to both such fine and imprisonment.

11. No suit or prosecution shall lie against any competent authority or any officer acting under the direction of that authority for any act which in good faith is done or purported to be done by him under this Act. Protection for action taken under this Act.

[§ 21, 3 of 1963.]

(2) On the conviction of any person for failure to have his business registered and to have himself registered as the proprietor thereof in the register of businesses, such person shall be liable to pay, in addition to any punishment that may be imposed on him under subsection (1), a fine of rupees fifty for each day on which the failure is continued after conviction thereof.

12. In this Act, unless the context otherwise requires— interpretation.

Offences by body of persons. [§31, 9 of 1962.]

10. Where an offence under this Act is committed by a body of persons, then—

"business" includes a trade, but does not include a profession or any agricultural undertaking and the manufacture of any articles, goods or material from the produce of that agricultural undertaking;

(a) if that body is a body corporate, every director and officer of that body corporate; and

"profession" includes any vocation carried on by a person ; [§ 32, 9 of 1962.]

(b) if that body of persons is a firm, every partner of that firm,

"retail dealer" means any person who carries on the business of selling articles by retail;

shall be deemed to be guilty of that offence :

Provided that a director or an officer or such body corporate or a partner of such firm shall not be deemed to be guilty of that

"sale" means any transfer of title in any article for cash or deferred payment or other valuable consideration and includes the transfer of any article on hire-purchase or other instalment system but does not include the mortgage, hypothecation or pledge of any article.

SCHEDULE

[Section 2(1).]

Agricultural produce including agricultural produce purchased for export.

Arecanuls.

Arrack.

Betel.

Cereals, namely— amu, barley, gingelly, kurakkan, maize, meneri, millet, paddy, rice, sorghum, thana, ulundu.

Coconuts.

Coconut Oil.

Condiments, namely—cardamom, chillies, cinnamon, coriander, cummin seed, fennel seed, garlic, ginger, maldive fish, mathe seed, mustard, nutmeg, pepper, salt, tamarind, turmeric, vinegar.

Cooked food.

Crabs.

Dried fish.

Eggs.

Fertilizers.

Fish excluding imported tinned fish and live fish.

Firewood.

Flour.

Fruits which are the produce of Sri Lanka.

Gas oil, diesel oil, furnace oil and other fuel oils.

Gingelly oil.

Jaggery.

Kerosene oil.

Lubricating oils and greases.

Meat excluding imported meat.

Milk excluding condensed milk, dried milk powder.

Onions.

Pappadam.

Petrol including aviation spirit.

Potatoes.

Pulses, namely,—dhal, gram, ground-nuts, kollu, peas.

Sailed fish.

Sugar candy.

Sugar.

Toddy.

Vegetables which are the produce of Sri Lanka.

Yams.