

**CHAPTER 355**

**TOBACCO TAX**

*Acts*  
*Nos.*  
27 of 1953,  
52 of 1954,  
22 of 1955,  
10 of 1959,  
9 of 1965,

*Law*  
No. 40 of 1973,  
*Act*  
No. 5 of 1979.

A LAW TO IMPOSE A TAX ON SRI LANKA TOBACCO LEAF INTENDED TO BE USED IN THE MANUFACTURE OF CIGARETTES OR PIPE TOBACCO AND TO GRANT REFUNDS OF SUCH TAX TO MANUFACTURERS OF SUCH CIGARETTES OR PIPE TOBACCO EXPORTED OUT OF THE ISLAND.

[24th July. 1953.]

Short title. **1.** This Act may be cited as the Tobacco Tax Act.

Imposition of tobacco tax. **2.** (1) There shall be charged, levied and paid a tax (hereinafter referred to as the "tobacco tax") at the rate of four rupees per pound on all Sri Lanka tobacco leaf which is intended to be used in the manufacture of cigarettes or pipe tobacco.

[§2,10 of 1959.] (2) The rate of the tobacco tax may from time to time be varied by the Minister in charge of the subject of Finance by Order published in the Gazette.

[§ 2, 10 of 1959.] (3) Every Order under subsection (2) 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.

[§ 2, 10 of 1959.] (4) Any Order under subsection (2) 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) For the purposes of this Act, all Sri Lanka tobacco leaf which is delivered at or received into any factory shall be presumed to be tobacco leaf intended to be used in the manufacture of cigarettes or pipe tobacco.

**3.** (1) The tobacco tax shall be payable by each person who carries on business as a manufacturer of cigarettes or pipe tobacco in the manufacture of which Sri Lanka tobacco leaf is used. The amount of the tax shall be computed by reference to the quantity of Sri Lanka tobacco leaf delivered at or received into the factory at which such manufacture is carried on; and the amount of the tax payable upon the total quantity of such tobacco leaf so delivered or received in any week shall be paid as provided in this Act not later than the end of the next succeeding week.

Tax to be payable by manufacturers of cigarettes or pipe tobacco.

(2) No person shall use any Sri Lanka tobacco leaf or cause or permit any Sri Lanka tobacco leaf to be used in the manufacture of cigarettes or pipe tobacco unless and until the tobacco tax payable on such tobacco leaf has been duly paid in accordance with the provisions of this Act.

(3) Where any quantity of Sri Lanka tobacco leaf is delivered at any factory it shall be the duty of the person in charge of the factory, within a period of forty-eight hours after the time of such delivery, to furnish to the Excise Commissioner or to any officer designated by the Commissioner for the purpose a declaration signed by such person specifying the quantity of tobacco leaf so delivered.

Every such declaration shall be in such form as may be approved or provided for the purpose by the Excise Commissioner.

Refund of tobacco tax in cases of export of cigarettes or pipe tobacco. [§ 3, Law 40 of 1973.]

**3A.** Where any quantity of cigarettes or pipe tobacco in the manufacture of which Sri Lanka tobacco leaf is used, is exported out of the Island by any manufacturer, such manufacturer shall, upon application made in that behalf, be entitled to a refund of the amount of the tobacco tax paid by him in respect of the quantity of Sri Lanka tobacco leaf used in the manufacture of such cigarettes or pipe tobacco ; and the amount of any refund so made shall be charged on the Consolidated Fund.

Application for refunds. [§ 3, Law 40 of 1973.]

**3B.** Every application for a refund of the tobacco tax under section 3A—

- (a) shall be made to the Excise Commissioner in such form as he may provide for the purpose;
- (b) shall contain all such particulars as the Excise Commissioner may require to be set out in the form; and
- (c) shall be accompanied by the relevant export documents in support of the application.

Registration of manufacturers.

**4.** (1) On and after the 1st day of September, 1953, no person shall use Sri Lanka tobacco leaf in the manufacture of cigarettes or pipe tobacco unless he has been registered by the Excise Commissioner as a manufacturer for the purposes of this Act.

(2) Every application for registration as a manufacturer for the purposes of this Act—

- (a) shall be made to the Excise Commissioner in such form as he may provide for the purpose;
- (b) shall contain all such particulars as may be required to be set out in such form with respect to the use or the proposed use of Sri Lanka tobacco leaf to which this Act applies in the manufacture of cigarettes or pipe tobacco ; and
- (c) shall be accompanied by an application fee of fifty rupees.

(3) A person who is registered as a manufacturer for the purposes of this Act shall, whenever so required by the Excise Commissioner, furnish a return containing particulars as to the quantity of cigarettes being produced or estimated to be produced by the use of a specified quantity of Sri Lanka tobacco leaf; and separate particulars shall be furnished in such return with respect to each brand of cigarettes or pipe tobacco manufactured by that manufacturer.

**5.** The amount of the tobacco tax payable from time to time under this Act by any manufacturer shall be paid to the Government Agent of the administrative district in which the factory at which that manufacturer carries on business is situated and shall be credited to the Consolidated Fund.

Tax to be paid to Government Agent. [§ 4, Law 40 of 1973.]

Regulations made under section 10 may provide for the manner of payment of the tobacco tax and the manner and procedure for the payment of refunds under section 3A.

**6.** The Excise Commissioner or any officer of the Excise Department of a rank not below that of Inspector may at any reasonable time enter and inspect any factory or any premises in which Sri Lanka tobacco leaf is kept or stored or suspected to be kept or stored for the purpose of ascertaining the quantity of such tobacco leaf which is in such factory or premises, or of ascertaining whether or not the tobacco tax is payable thereon, or of verifying the accuracy of any return or declaration furnished to the Excise Commissioner under this Act, or of examining any books or documents relating to the purchase or delivery of such tobacco leaf.

Powers of inspection.

**7.** (1) No person who is registered as a manufacturer for the purposes of this Act shall have in his factory any quantity of imported tobacco leaf unless he has in his possession a duplicate of the bill of entry relating to the importation of that quantity of tobacco leaf into Sri Lanka.

Imported tobacco leaf.

(2) Every person who is registered as a manufacturer for the purposes of this Act shall, when requested to do so by any officer of the Excise Department of a rank not below that of Inspector, produce for

inspection a duplicate of the bill of entry relating to any quantity of imported tobacco leaf kept in his factory.

Weights and weighing instruments to be kept in factories.

**8.** Every person who is registered as a manufacturer for the purposes of this Act shall keep in his factory such weights and weighing instruments for weighing quantities of tobacco leaf as are in conformity with the standards established under any law for the time being in force relating to weights and measures and stamped as provided by such law, and shall, when requested to do so by any officer of the Excise Department of a rank not below that of Inspector, weigh or cause to be weighed any quantity of tobacco leaf which is in such factory.

Appeals.

**9.** (1) Any person who is aggrieved by any decision made by any officer of the Excise Department other than the Excise Commissioner under the provisions of this Act or any regulation made thereunder may, within fourteen days after such decision is communicated to him, appeal to the Excise Commissioner.

(2) Any person who is aggrieved by any decision made by the Excise Commissioner under the provisions of this Act or any regulation made thereunder may, within fourteen days after such decision is communicated to him, appeal to the Minister in charge of the subject of Finance.

(3) Every appeal under this section shall be in writing and shall state the grounds of appeal.

(4) Every appeal to the Minister in charge of the subject of Finance under this section shall be transmitted to him through the Secretary to the Ministry charged with the subject of Finance.

Regulations.

**10.** (1) The Minister in charge of the subject of Finance may make regulations for the purpose of carrying out and giving effect to the provisions of this Act and for the prevention of the evasion of the tobacco tax imposed by this Act.

(2) Without prejudice to the generality of the powers conferred by subsection (1) regulations made under that subsection may

provide for the maintenance, at any factory at which Sri Lanka tobacco leaf is used, of a separate warehouse or room for the storage of such tobacco leaf prior to the payment of the tobacco tax payable thereon, and for the measures that may be taken by the Excise Commissioner to supervise or control the removal of such tobacco leaf from such warehouse or room and to prevent its being used in the manufacture of cigarettes or pipe tobacco prior to payment as aforesaid.

(3) Every regulation made under this section 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.

(4) Every such regulation shall as soon as convenient after the date of its publication in the Gazette be brought before Parliament for approval; and any such regulation which Parliament refuses to approve shall cease to be in force with effect from the date of such refusal, but without prejudice to the validity of anything previously done thereunder.

(5) Notification of the approval under subsection (4) of any regulation shall be published in the Gazette, and upon such publication the regulation shall be as valid and effectual as though it were herein enacted.

**11.** (1) Any person who contravenes or fails to comply with any of the provisions of this Act or of any regulation made thereunder shall be guilty of an offence and liable on conviction after summary trial before a Magistrate to a fine not exceeding one thousand rupees or to imprisonment of either description for a term not exceeding six months.

Offences and penalties.

(2) The court which convicts any person of any offence under this Act committed in respect of any Sri Lanka tobacco leaf may in addition to any other punishment which it may impose make order declaring that such tobacco leaf shall be forfeited to the State.

(3) Where a person convicted of an offence under this Act has been registered as a manufacturer for the purposes of this

Act, the court may in addition to any other punishment hereinbefore provided make order cancelling the registration of that person as a manufacturer:

Provided, however, that any such person may again be registered as a manufacturer by the Excise Commissioner if he thinks fit so to do in his discretion.

(4) For the purposes of this Act, any tobacco leaf on which no customs duty has been paid shall be presumed to be Sri Lanka tobacco leaf until the contrary is proved.

Compounding of offences.

**12.** Any officer of the Excise Department of a rank not below that of Deputy Commissioner may accept from any person reasonably suspected of having committed any offence under this Act a sum of money not exceeding one thousand rupees by way of compensation for the offence which may have been committed, and on the payment of such sum, no further proceedings shall be taken against such person. Any sum received under this section by an officer of the Excise Department shall be paid into the Consolidated Fund.

[§ 3, 10 of 1959.]

Commencement of charge of tax.

**13.** Notwithstanding anything to the contrary in any other provision of this Act, the tobacco tax shall be payable upon the total quantity of Sri Lanka tobacco leaf which, at the date of the commencement of this Act is kept or stored in any factory; and for the purposes of the application of

subsection (1) of section 3 in relation to the total quantity as aforesaid that total quantity shall be deemed to have been delivered at or received into that factory during the week which includes the date of the commencement of this Act.

**14. In this Act—**

Interpretation.

"cigarette" means tobacco whether cut, crushed, broken or powdered—

(i) rolled in any type of wrapper (other than tobacco leaf or tobacco leaf meant for the manufacture of beedi); and

(ii) intended for smoking;

"factory"—

(a) means any premises at which the manufacture of cigarettes or pipe tobacco is carried on, and

(b) includes any store or other place maintained in connexion with any premises referred to in paragraph (a).

"pipe tobacco" means cut tobacco or tobacco compressed into slabs which can be used, or is intended, for smoking in pipes ;

[§ 2,9 of 1965.]

"Sri Lanka tobacco leaf" means the leaf of the tobacco plant grown in Sri Lanka.