



**PARLIAMENT OF THE DEMOCRATIC
SOCIALIST REPUBLIC OF
SRI LANKA**

**STAMP DUTY (SPECIAL PROVISIONS)
ACT, No. 12 OF 2006**

[Certified on 31st March, 2006]

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*Stamp Duty (Special Provisions)
Act, No. 12 of 2006*

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L.D.-O. 12/2006.

AN ACT TO PROVIDE FOR THE RE-IMPOSITION OF STAMP DUTY ; TO PROVIDE FOR THE REPEAL OR PART III OF THE FINANCE ACT, NO. 11 OF 2002 ; AND TO PROVIDE FOR MATTERS CONNECTED THEREWITH OR INCIDENTAL THERETO

BE it enacted by the Parliament of the Democratic Socialist Republic of Sri Lanka as follows:-

1. (1) This Act may be cited as the Stamp Duty (Special Provisions) Act, No. 12 of 2006. Short title.

(2) The provisions of this Act shall come into operation with effect from April 1, 2006.

2. The Commissioner – General shall, be charged with the proper implementation and administration of this Act. Commissioner – General charged with the responsibility of implementing this Act.

CHAPTER 1

IMPOSITION OF STAMP DUTY AND EXEMPTIONS AND APPLICABLE PROCEDURE

3. (1) From and after the date of the coming into operation of this Act, there shall be charged a duty (hereinafter to be called “stamp duty”) at such rate as the Minister may determine by Order published in the *Gazette* on every “specified instrument”- Charging of stamp duty on instruments and documents.

- (a) executed, drawn or presented in Sri Lanka; or ;
- (b) executed outside Sri Lanka being an instrument which relates to property situated in Sri Lanka, at the time such instrument was presented in Sri Lanka.

(2) Different rates may be determined in respect of different classes or categories of instruments.

(3) Every Order made under this section shall come into operation on the date of its publication in the *Gazette* or on such later date as may be specified therein. Every such Order shall within three months of the making thereof, be placed before Parliament for approval. If no meeting of Parliament is held within such period, such Order shall be so placed at the first meeting of Parliament held immediately thereafter for approval.

(4) Any Order not so approved by Parliament shall with effect from the date of such disapproval be deemed to be rescinded but without prejudice to anything previously done thereunder. Notification of the date on which the Order was so rescinded shall be published in the *Gazette*.

Specified
instruments.

4. For the purposes of section 3, “specified instrument” means-

- (a) an affidavit;
- (b) a policy of insurance;
- (c) a warrant to act as Notary Public;
- (d) a licence issued for a specified period under any written law for the time being in force, being a licence which authorizes the holder thereof to carry on any trade, business, profession or vocation;
- (e) a claim, demand or request made by a service provider from the holder of a credit card, for the payment of a stated sum of money, due in respect of a transaction entered into using such credit card;
- (f) a share certificate on new or additional issue or on transfer or assignment;
- (g) a bond or mortgage for any definite and certain sum of money and affecting any property;

- (h) a promissory note;
- (i) a lease or hire of any property;
- (j) a receipt or discharge given for any money or other property;
- (k) any other instrument which the Minister may in the interest of the economic progress of Sri Lanka, specify by Order published in the *Gazette*.

5. From and after the date of the coming into operation of this Act, the Minister may from time to time by Order published in the *Gazette* specify the instruments, which shall be exempt from the payment of stamp duty. Exemptions.

6. Otherwise than in cases where there is an agreement to the contrary, stamp duty shall be payable:- By whom stamp duty is payable.

- (a) in the case of a policy of insurance, by the person effecting the insurance;
- (b) in the case of a transfer or assignment of any share, by the transferee or assignee of such share;
- (c) in the case of a lease, by the lessee;
- (d) in the case of a claim, demand or request by a service provider from the holder of a credit card, by the credit card holder ; and
- (e) in all other cases, by the person drawing, making or executing such instrument.

7. (1) Notwithstanding the provisions of section 6, - Compounding of stamp duty.

- (a) any person issuing insurance policies;
- (b) any authority issuing licences;

- (c) any service provider, on the presentation of a claim, demand or request for the payment of any money on the use of a credit card;
- (d) any employer employing more than one hundred persons accepting receipts for payments made to the employees; and
- (e) any other person issuing any other instrument of a category, having regard to the impracticability or inexpediency of stamping instruments of such category, at the time and in the manner prescribed,

shall if permitted in writing by the Commissioner General, compound the amount of stamp duty in respect of such insurance policies, license, claim, instrument, receipt or other instrument respectively, and unless otherwise directed shall remit quarterly, such amount to the Commissioner General within fifteen days from the end of the relevant quarter ending on March 31, June 30, September 30 and December 31, of every year:

Provided that any person compounding the amount due as stamp duty in terms of this Act, shall register with the Commissioner-General and enter into a Bond in such form as is specified by the Commissioner General.

(2) Where any stamp duty which has been compounded in terms of subsection (1) is paid, the person authorized to compound such duty (other than an employer referred to in paragraph (d) of subsection (1), shall issue to the person liable to pay stamp duty a Certificate substantially in the form set out below:-

“It is hereby Certified that a sum of Rs. payable as stamp duty in respect of (specify type of instrument) has been collected and remitted in terms of section 7 of the Stamp Duty (Special Provisions) Act, No. 12 of 2006.”.

8. (1) Otherwise than when stamp duty is compounded in terms of section 7, stamp duty shall be paid by means of affixing adhesive stamps to the required value, at the time of execution of the instrument; the person liable to pay the duty shall cancel the stamp or stamps so affixed thereby preventing the stamps from being used again:

Manner of payment of stamp duty.

Provided that share transfers executed in Sri Lanka should be stamped within one month from the execution of the same.

(2) Where the duty payable on an instrument is paid in the manner specified in subsection (1), the instrument shall be deemed to have been properly stamped.

9. All stamp duty payable to a Provincial Council in respect of documents and instruments referred to in List I of the Ninth Schedule to the Constitution, shall be paid to the respective Provincial Council within whose limits the instrument was executed or the property situated as the case may be :

Where stamp duty is to be paid.

Provided that in the case of any document executed within the limits of a Provincial Council established for any Province as set out in the Eighth Schedule to the Constitution, the stamp duty chargeable thereon, shall, in the event of the dissolution of any such Provincial Council, be paid to a Bank prescribed by the Commissioner - General for such purpose, until such time as a Provincial Council is established in respect of such Province.

10. Where an Assessor is of the opinion that an instrument liable to stamp duty has not been duly stamped, he shall assess the value of the stamp duty payable in respect of such instrument, by the person liable to pay such duty and forward a Notice to such person requiring him to pay the amount due thereon, within the time specified in the Notice.

Procedure where document is insufficiently stamped.

The provisions of the Inland Revenue Act to apply.

11. The provisions of Chapters XVIII to XXIV of the Inland Revenue Act relating to Assessment, Appeals, Determination of Appeals and Finality of Assessments and the Recovery or Refund of Income Tax, shall *mutatis mutandis* apply to Assessment, Appeals, Determination of Appeals and Finality of Assessments and the Recovery or Refund of Stamp Duty under this Act.

CHAPTER II

GENERAL

Regulations.

12. (1) The Minister may make regulations in respect of all matters which are required by this Act to be prescribed or in respect of which regulations are required or authorized to be made under this Act.

(2) Every regulation made under subsection (1) shall be published in the *Gazette* and shall come into operation on the date of publication, or on such later date as may be specified therein.

(3) Every regulation made under subsection (1) shall, as soon as convenient after its publication in the *Gazette*, be placed before Parliament for approval. Every regulation which is not so approved shall be deemed to be rescinded as from the date of disapproval, but without prejudice to anything previously done thereunder.

(4) Notification of the date on which any regulation is deemed to be so rescinded shall be published in the *Gazette*.

Operation of Act,
No. 43 of 1982.

13. From and after the date of the coming into operation of this Act, the provisions of the Stamp Duty Act, No. 43 of 1982, relating to the Imposition of Stamp Duty (other than any instrument relating to the transfer of immovable property, the transfer of motor vehicles or documents filed in Court), Exemptions and any other provision in the aforesaid

Act, shall, in so far as the same are inconsistent with the provisions of this Act, have no operation and the provisions of this Act shall prevail.

14. In this Act, unless the context otherwise requires – Interpretation.

“Assessor” and Commissioner – General” shall have the same meaning as in the Inland Revenue Act;

“Inland Revenue Act” means the Inland Revenue Act, No. 38 of 2000.

CHAPTER III

REPEAL OF PART III OF THE FINANCE ACT, NO. 11 OF 2002.

15. Without prejudice to anything done thereunder during the period commencing May 1, 2002 ending on the date of the coming into operation of this Act, Part III of the Finance Act, No.11 of 2002 (sections 15 to 18) is hereby repealed.

Repeal of Part III of Act, No. 11 of 2002.

16. Where there is any inconsistency between the Sinhala and Tamil texts of this Act, the Sinhala text shall prevail.

Sinhala text to prevail in case of inconsistency.

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