



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

**ECONOMIC SERVICE CHARGE
(AMENDMENT) ACT, No. 11 OF 2008**

[Certified on 29th February, 2008]

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*Economic Service Charge (Amendment)
Act, No. 11 of 2008*

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L.D.—O. 7/2008.

AN ACT TO AMEND THE ECONOMIC SERVICE CHARGE
ACT, No. 13 OF 2006

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

1. This Act may be cited as the Economic Service Charge
(Amendment) Act, No. 11 of 2008. Short title.

2. Section 2 of the Economic Service Charge Act, No. 13
of 2006 (hereinafter referred to as the “principal enactment”)
is hereby amended in subsection (1) of that section, by the
substitution for the words “at the appropriate rate specified in
the Schedule to this Act, ” of the following :— Amendment of
section 2 of Act,
No. 13 of 2006.

“at the appropriate rate specified in the Schedule to
this Act :

Provided that notwithstanding anything to the
contrary in this Act and the rates specified in the
Schedule to this Act, the rate of the Economic Service
Charge, chargeable in respect of the turnover arising
on or after April 1, 2008 from the export of any articles
or goods, shall not exceed 0.25 *per centum*.”.

3. Section 3 of the principal enactment is hereby amended
in subsection (3) of that section, by the substitution for the
words “tax payable by such person or partner of such
partnership for that year of assessment” of the words— Amendment of
section 3 of the
principal
enactment.

“tax payable by such person or partner of such
partnership for that year of assessment :

Provided that, where there remains as at March
31, 2006, any amount of the economic service charge
paid in accordance with the provisions of Part I of
the Finance Act, No. 11 of 2004 after its deduction in

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accordance with the provisions of that Act from the relevant income tax payable for any relevant year of assessment commencing before April 1, 2006—

- (a) if such amount includes any part of the economic service charge paid for the year of assessment ended on March 31, 2005 such part may be apportioned to each year of assessment falling within the three years of assessment immediately succeeding the year of assessment which ended on March 31, 2006 ; or
- (b) if such amount includes any part of the economic service charge paid for the year of assessment ended on March 31, 2006, such part may be apportioned to each year of assessment falling within the four years of assessment immediately succeeding the year of assessment which ended on March 31, 2006,

and the parts of the economic service charge so apportioned, shall be deducted to the extent it can be so deducted from the income tax payable by such person or such partnership for each such year of assessment.”.

Amendment of
the schedule of
the principal
enactment.

4. The Schedule to the principal enactment is hereby amended as follows :—

- (1) by the substitution for items 4 and 5 of the Schedule of the following items :—

“4. Such part of the relevant turnover arising before April 1, 2008 as consists, of turnover from any trade, business, profession or vocation—

- (i) the profits and income from which are chargeable with income tax at any rate specified in the Fifth Schedule to the Inland Revenue Act, other than in item 28 of that Schedule ;

0.5 per centum.

- (ii) carried on by any enterprise which has entered into an agreement under the Board of Investment of Sri Lanka Law No. 4 of 1978, being the relevant turnover during the period for which the profits and income of such enterprise are taxable at the rate equal to a rate specified in the Fifth Schedule to the Inland Revenue Act, No. 10 of 2006.

0.5 per centum.

- 4A. Such part of the relevant turnover arising on or after April 1, 2008 as consists, of turnover from any trade, business, profession or vocation—

- (i) the profits and income from which are chargeable with income tax at any rate specified in the Fifth Schedule to the Inland Revenue Act, other than in item 24 and item 28 of that Schedule ;

0.5 per centum.

- (ii) carried on by any enterprise which has entered into an agreement under the Board of Investment of Sri Lanka Law No. 4 of 1978, being the relevant turnover during the period for which the profits and income of such enterprise are taxable at the rate equal to a rate specified in the Fifth Schedule to the Inland Revenue Act, No. 10 of 2006.

0.5 per centum.

- 5. Such part of the relevant turnover as consists of the turnover from any trade or business which deals in the wholesale or retail (other than as distributor) of motor vehicles or liquor not manufactured by the dealer :—

- (i) arising prior to April 1, 2008

0.5 per centum

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- (ii) arising on or after April 1, 2008
1.0 per centum".

- (2) by the substitution for item 11 of the Schedule of the following items :—

"11. Such part of the relevant turnover arising prior to April 1, 2008 as consists of—

- (i) the turnover from the export of apparels or the supply of locally manufactured textiles to apparel exporters to be used in the manufacture of apparels for export by such exporter.

0.1 per centum

- (ii) the turnover of a trading house approved by the Board of Investment so far as such trading house engages in the business of the export of apparels.

0.1 per centum

11A. Such part of the relevant turnover arising on or after April 1, 2008 as consists of—

- (i) the turnover from—

(a) the export of apparels ; or

(b) supply of locally manufactured apparels to any exporter of apparels for export :

(c) supply of locally manufactured textiles to any exporter of apparels to be used in the manufacture of apparels for export by such exporter.

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- (ii) the turnover of a trading house approved by the Board of Investment in so far as such trading house engages in the business of the export of apparels.

0.1 per centum".

5. In the event of 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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