



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

**ECONOMIC SERVICE CHARGE
(AMENDMENT) ACT, No. 7 OF 2017**

[Certified on 17th of May, 2017]

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*Economic Service Charge (Amendment)
Act, No. 7 of 2017*

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L. D.—O. 72/2016

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. 7 of 2017 and shall be deemed to have come into operation on April 1, 2016 unless the dates on which certain provisions shall come into operation are specified in such sections.

Short title and
date of
operation.

2. Section 2 of the Economic Service Charge Act, No. 13 of 2006 (hereinafter referred to as the “principal enactment”) is hereby further amended as follows:—

Amendment of
section 2 of Act,
No. 13 of 2006.

- (1) by the repeal of subsection (1) of that section and the substitution therefor of the following new subsection:—

“(1) An Economic Service Charge (hereinafter referred to as the “service charge”) shall, subject to the provisions of this Act, be charged from every person and every partnership for every quarter of every year of assessment—

- (a) commencing on or after April 1, 2006 (hereinafter in this Act referred to as “a relevant quarter”) in respect of every part of the relevant turnover of such person or partnership for that relevant quarter; and

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- (b) on the Cost, Insurance and Freight (CIF) value certified by the Director-General of Customs, of such person or partnership—
 - (i) on or after April 1, 2016, in respect of every consignment of imports of any article subject to Special Commodity Levy under the provisions of Special Commodity Levy Act, No. 48 of 2007;
 - (ii) on or after November 24, 2016, in respect of every consignment of imports of gold or other precious metal; or
 - (iii) on or after April 1, 2017, in respect of every consignment of imports of motor vehicles,

at the appropriate rates specified in the Schedule I, Schedule II, Schedule III or Schedule IV as the case may be, to this Act:

Provided that, notwithstanding anything to the contrary in this Act and the rates specified in the Schedule I, Schedule II, Schedule III or Schedule IV as the case may be to this Act, the rate of the service charge, chargeable in respect of the turnover arising on or after April 1, 2008, but prior to April 1, 2016 from the export of any articles or goods, shall not exceed 0.25 *per centum*.”.

(2) in subsection (2) of that section—

- (a) by the substitution, for the words “the service charge shall not be charged from any person or partnership for any relevant quarter,”, of the words and figures “the

service charge shall not be charged from any person or partnership other than any person or partnership who or which becomes liable to the service charge under paragraph (b) of subsection (1), for any relevant quarter;”;

- (b) in paragraph (d)—
 - (i) by the substitution, for the words and figures “commencing on or after April 1, 2012”, of the words and figures “commencing on or after April 1, 2012 but prior to April 1, 2017”;
 - (ii) by the substitution, for the words “fifty million:”, of the words “fifty million;”;
 - (c) by the addition, immediately paragraph (d) of the following new paragraph—
 - “(e) commencing on or after April 1, 2017 does not exceed rupees twelve million and five hundred thousand:”; and
 - (d) in sub-paragraph (ii) of the proviso, by the substitution, for the words and figures “commencing on or after April 1, 2009.”, of the words and figures “commencing on or after April 1, 2009, but prior to April 1, 2016.”; and
- (3) in the proviso to paragraph (a) of subsection (3) of that section by the substitution, for the words and figures “commencing on or after April 1, 2012, where such”, of the words and figures “commencing on or after April 1, 2012 ending on or before March 31, 2016, where such”.

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Amendment of
section 3 of the
principal
enactment.

3. Section 3 of the principal enactment is hereby further amended as follows:—

- (1) in the proviso to subsection (3) of that section, by the substitution, for the words “tax payable by such person or such partnership for each such year of assessment.”, of the words and figures—

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

Provided further, the balance, if any, of the amount levied for any relevant quarter commencing on or after April 1, 2016 as the service charge after the deduction in accordance with subsections (1) or (2) as the case may be, apportioned to each year of assessment within the period of two years immediately succeeding the first mentioned year of assessment and the amount so apportioned to any such year of assessment shall be deducted to the extent, it can be so deducted from the income tax payable by such person or partner of such partnership for that year of assessment.”; and

- (2) by the insertion immediately after subsection (3B) of that section, of the following new subsection:—

“(3C) The amount of service charge paid by any person or partnership who or which becomes liable to the service charge under paragraph (b) of subsection (1) of section 2—

- (a) may be credited against the service charge liability of such person or partnership which arises under paragraph (a) of subsection (1) of section 2 for any quarter in which the service charge is made under paragraph (b) of subsection (1) of section 2; and
- (b) the amount of service charge credited under paragraph (a) and the service charge which had been paid under

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Validation.

7. Any person who is authorized to collect the Economic Service Charge as provided for in this Act during any period commencing from April 1, 2016 and ending on the date on which the Certificate of the Speaker is endorsed in respect of this Act shall be deemed to have acted with due authority and such collection shall be deemed to have been, and to be, validly made and such person is hereby indemnified against all actions civil or criminal, in respect of such collection:

Provided that, the aforesaid provisions shall not affect any decision or Order made by any Court or any proceedings pending in any Court in respect of any tax collected as provided for in this Act during such period.

Sinhala text to prevail in case of inconsistency.

8. In the event of any inconsistency between the Sinhala and Tamil texts of this Act, the Sinhala text shall prevail.

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