

**PUBLIC ENTERPRISES REFORM
COMMISSION OF SRI LANKA**

11-01 West Tower,
World Trade Center, Echelon Square,
Colombo 1, Sri Lanka.

Tel : 2346831/2338756
Fax : 2326116/2342544

E-mail : info@perc.gov.lk
http://www.perc.gov.lk

URGENT / IMPORTANT

14th December 2004

Hon. Attorney General
Attorney General's Department
Hulftsdorp
Colombo 12.

Dear Sir,

Enforcement of Inland Revenue (Regulations of Amnesty) Act No. 10 of 2004

I enclose copies of my Letters dated 10.12.2004 and 14.12.2004 addressed to the Commissioner General of Inland Revenue, together with the attachments thereto.

I draw your kind attention to the contents of the said Letters, *vis-à-vis*, the provisions of Inland Revenue (Regulations of Amnesty) Act No. 10 of 2004.

I particularly quote the following extracts of my Letter dated 10.12.2004.

“Inherent in the foregoing is that all 51,805 Declarations that had been made have to be examined for the purpose of granting an Income Tax Amnesty, as provided for in the said Act No. 10 of 2004.

On the day the aforesaid Act No. 10 of 2004 was debated and passed by Parliament, you confirmed to me in the Officials' Box the following particulars re – the Declarations already made:

No. of Declarations made by persons, <u>who had Income Tax Files</u>	38,323
No. of Declarations made by persons, <u>who did not have Income Tax Files</u>	<u>13,482</u>
No. of Total Declarations made	<u>51,805</u>

I communicated the above facts to the Hon. Minister and these facts were disclosed to Parliament.

In terms of the provisions of the Act No. 10 of 2004, what is required to be done is that the 38,323 Declarations made by persons, who have Income Tax Files be forwarded to the relevant Deputy Commissioner, under whose control and purview the said respective Tax Payers come, so that Income Tax Amnesty, after verification, calling for further particulars where necessary, could be granted upto 31.3.2002, and the correct Income Taxes due to the State for the subsequent 2 Years of Assessment 2002/03 and 2003/04 and the quarterly payments for the Year of Assessment 2004/05 could be correctly assessed and collected.

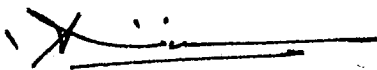
In respect of the 13,482 Declarations made by persons, who did not have Income Tax Files, steps ought be taken to distribute these Declarations to the relevant Deputy Commissioner, as per the categorisation of Income Tax Payers, *vis-à-vis*, the respective Units of your Department and to the relevant Regional Units of your Department, for 13,482 New Income Tax Files to be opened, so that Income Tax Amnesty, after verification, calling for further particulars where necessary, could be granted upto 31.3.2002, and the correct Income Taxes due to the State for the subsequent 2 Years of Assessment 2002/03 and 2003/04 and the quarterly payments for the Year of Assessment 2004/05 could be correctly assessed and collected.

Also in the Officials' Box at Parliament, you confirmed to me that you were previously unable to open New Income Tax Files in view of the special secrecy provisions in the previous Act No. 10 of 2003, which is now repealed, and that therefore, consequent to a Press Notice you had published at that time only 282 persons had authorised you to open New Income Tax Files, *thereby giving the lie to the Statements made by the former Finance Minister, K.N. Choksy P.C. M.P., that 51,000 New Tax Files had been opened.* I communicated this fact to the Hon. Minister and such fact was made known to Parliament. ”

I seek your urgent Opinion on the procedure that the Commissioner General of Inland Revenue is empowered to adhere to, as set out in the highlighted paragraphs hereinabove, in terms of the Inland Revenue (Regulations of Amnesty) Act No. 10 of 2004.

I also seek your urgent Opinion, as to whether not the procedure contemplated to be surreptitiously adopted as per the Press Notices, would render nugatory the very repealing of the perverse Act No. 10 of 2003 and the enactment of Act No. 10 of 2004, *vis-à-vis*, Government policy and public interest in such regard respecting the Supreme Court Pronouncement and the Government policy to widen the Tax Net as proposed to Parliament in the Budget.

Yours faithfully,



Nihal Sri Ameresekere
Chairman