



The right thing. The right way.

## PUBLIC ENTERPRISES REFORM COMMISSION OF SRI LANKA

**BY HAND**

17th May 2005

Mr. R.P.L. Weerasinghe  
Commissioner General of Inland Revenue  
Department of Inland Revenue,  
Sir Chittampalam A Gardiner Mawatha,  
Colombo 2.

Dear Sir,

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

I write with reference to my Letter dated 6.1.2005, and the subsequent telephone conversations had. I draw your kind attention to the following paragraphs of my Letter dated 6.1.2005.

"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.**"

Accordingly, in terms of the policy of the Government, it was confirmed that action would be taken promptly to give effect to the enforcement of the Inland Revenue (Regulation of Amnesty) Act No. 10 of 2004 in the foregoing manner. I am made to understand that action has not yet been fully taken accordingly. Please correct me, if this information is erroneous.

I enclose copy of Letter dated 1.10.2004 by Secretary, Ministry of Finance, with copy to the Governor, Central Bank and me, captioned "FOREIGN ASSETS DECLARED UNDER THE 'TAX AMNESTY'".

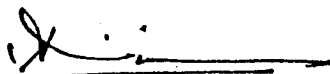
The Governor Central Bank by Letter dated 20.10.2004 addressed to the Secretary, Ministry of Finance, with copy to me, *inter-alia*, confirmed as follows:

"In terms of Section 6AB of the Exchange Control Act, no person can hold or acquire assets abroad without permission of Central Bank. If such an acquisition was made, it contravenes provisions under 6AB of the Exchange Control Act. For this purpose, it is necessary to ascertain from Commissioner General of Inland Revenue details of those assets declared by such persons. Arrangements had already being made with the Commissioner General of Inland Revenue to exchange information."

I have been informed by the Controller of Exchange, Mr. H.A.G. Hettiarachchi that no response had been received to 3 Letters that had been addressed to you in this regard.

As intimated and as agreed upon with Counsel and the Hon. Attorney General, I shall contact you regarding 'Terms of Settlement' to be entered into in the pending Writ Application in the Court of Appeal, wherein the Secretary to the President has also filed Affidavit concurring with the stance taken by me and the reliefs prayed for therein by me.

Yours faithfully,



Nihal Sri Ameresekere  
Chairman

cc: Mr. H.A.G. Hettiarachchi, Controller of Exchange

Her Excellency the President



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## PUBLIC ENTERPRISES REFORM COMMISSION OF SRI LANKA

BY HAND

10<sup>th</sup> June 2005

Mr. R.P.L. Weerasinghe  
Commissioner General of Inland Revenue  
Department of Inland Revenue,  
Sir Chittampalam A Gardiner Mawatha,  
Colombo 2.

Dear Sir,

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

I refer to my Letter dated 17.5.2005, and the subsequent discussion had with you on 7.6.2005 at your Office.

As per such discussion had, I confirm the following, whilst making certain observations, as was requested by you:

1. In respect of the 13,482 persons, who had submitted Declarations, deemed as Declarations made under the above Act, that new Income Tax Files will be opened immediately.

However, the draft Instructions to the Deputy Commissioners dated 2.6.2005, states that these Declarations will be sent to the Information Branch and that the - "Information Branch will open income tax files for persons, who become liable to pay tax".

The Information Branch ought not have a desecration, not to open Income Tax Files.

To expedite correct revenue enforcement and collection the Information Branch should direct these Declarations to the relevant Units, as per the Addresses of the Declarant, whether corporate, partnership or individual; and it be left to the relevant Unit to deal with the Assessments in respect of the Years of Assessment 2002/03 and 2003/04; in that the Income Tax Amnesty is only upto 31.3.2002.

The Deputy Commissioner of the relevant Unit could then immediately send out Income Tax Return Forms for the Years of Assessment 2002/03, 2004/05 to these 13,482 Declarants, who had no Income Tax Files to be processed and returned by stipulated dates, and dates stipulated for payment of taxes, and the incidence of penalty for late payments.

In terms of the Declarations, it would be up to the Declarants to satisfy the relevant Deputy Commissioners, as to whether Income Tax ought be paid or not, by them.