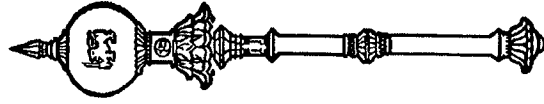


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Tuesday, 18th March, 2008



පාර්ලිමේන්තු විවාද

(හැන්සාඩ්)

பாராளுமன்ற விவாதங்கள்

(ஹன்சாட்)

PARLIAMENTARY DEBATES

(HANSARD)

නිල වාර්තාව

அதிகார அறிக்கை

OFFICIAL REPORT

(අශෝධිත පිටපත/பிழை திருத்தப்படாதது/Uncorrected)

[ගරු රංජිත් සියඹලාපිටිය මහතා]

අපේ රජය පත් වුණු දවසේ සිට මේ මහා වංචාව සම්බන්ධව අපි ගත් සියලු පියවර ඇතුළත් කොට හුවමාරු වූ සියලු ලිපි, ඇමුණුම් ලෙස සකස් කොට ඉදිරිපත් කිරීමට කටයුතු කළා. ඒ සියලු තොරතුරු ඇතුළත් ඒ ප්‍රකාශය ඉතා දීර්ඝ ප්‍රකාශයක්. ඒ නිසා ගරු කථානායකතුමා මගෙන් විශේෂයෙන් ඉල්ලා සිටියා, අත්‍යවශ්‍යම කරුණු සභාවට දක්වන්න කියලා. මෙහි වැදගත් කොටස් මොනවාද කියලා හොයා ගන්න එක තරමක් අමාරු කාරණාවක්. නමුත් මම දැඩි උත්සාහයක් ගෙන තීරණය කර අත්‍යවශ්‍ය කරුණු පමණක් ඇතුළත් කොට මගේ කථාව ඉදිරිපත් කරන අතර, ඊට අදාළ ලිපිලේඛන සියල්ල ඇමුණුම් ලෙස ඉදිරිපත් කරනවා.

මූලාසනාරූප ගරු මන්ත්‍රීතුමනි, “වැට්” වංචාවට අදාළව රජයේ ගිණුම් පිළිබඳ කාරක සභාව විසින් දෙන ලද උපදෙස් පිළිපැදීම පැහැර හැර ඇති බවටත්, රජයේ ගිණුම් පිළිබඳ කාරක සභාවේ සභාපතිතුමා විසින් ඉදිරිපත් කළ සංක්ෂිප්ත වාර්තාවේ සඳහන් නිර්දේශ ක්‍රියාත්මක කිරීම පැහැර හැර ඇති බවටත්, වර්තමාන ආණ්ඩුව මෙම පරීක්ෂණ යට ගසන බවටත් මෙම ගරු සභාවේ විටින් විට ප්‍රකාශ වූ අදහස් සම්බන්ධයෙන් පැහැදිලි කිරීමක් කිරීමටයි මා මේ ප්‍රකාශය කරන්නේ.

විශ්‍රාම ගැනීමට නියමිතව සිටි දේශීය ආදායම් කොමසාරිස් ජනරාල්වරයා තවදුරටත් සේවයේ යෙදවීමට රජයේ සැලසුම් කර ඇති බවටත්, එසේ නැතිනම් ජ්‍යෙෂ්ඨත්වය හා කුසලතාව නොසලකා එම තනතුර සඳහා පුද්ගලයකු පත් කිරීමට යන බවටත් පදනම් වරහිත වෝදනා එල්ල වූවා. එවැනි තත්ත්වයක් ඇති නොවන බව මා මේ ගරු සභාවට පවසා සිටියත් ඇතැම් ගරු මන්ත්‍රීවරුන් එය විශ්වාස නොකරනු මා දුටුවා. මා කී දේ නිවැරදි බව දැන් පැහැදිලි වෙනවා ඇත.

මූලාසනාරූප මන්ත්‍රීතුමා
(தலைமைத்தரங்கும் உறுப்பினர் அவர்கள்)
(The Presiding Member)

Order, please! ගරු නියෝජ්‍ය කථානායකතුමා දැන් මූලාසනයට පැමිණෙනවා ඇත.

අනතුරුව ගරු රෙජි රණතුංග මහතා මූලාසනයෙන් ඉවත් වූයෙන්, නියෝජ්‍ය කථානායකතුමා මූලාසනාරූප විය.
அதன் பிறகு, மாண்புமிகு ரெஜி ரணதுங்க அவர்கள் அக்கிராசனத்தினின்று அகலவே, பிரதிச் சபாநாயகர் அவர்கள் தலைமை வகித்தார்கள்.

Whereupon THE HON. REGGIE RANATUNGA left the Chair, and MR. DEPUTY SPEAKER took the Chair.

ගරු රංජිත් සියඹලාපිටිය මහතා
(மாண்புமிகு ரஞ்சித் சியம்பலாப்பிட்டிய)
(The Hon. Ranjith Siyambalapatiya)

“වැට්” වංචාවට අදාළව විගණකාධිපතිවරයා විසින් පාර්ලිමේන්තුවට ඉදිරිපත් කර කිවූ වාර්තාව පිළිබඳව පාර්ලිමේන්තු විවාදය පැවති අවස්ථාවේදී අවශ්‍ය පැහැදිලි කිරීම් සහ අදාළ ලිපිලේඛන මම මෙම ගරු සභාව වෙත ඉදිරිපත් කළා. අමාත්‍යාංශයේ ලිපිගොනු පරීක්ෂා කිරීමේදී මට පෙනී ගියේ, අදාළ විටින් විට මෙම පැහැදිලි කිරීම් හා අදාළ ලිපිලේඛන ඉදිරිපත් කර ඇති බවයි. එසේ වුවද එහි සාමාජිකයන් නොවන හා එම ක්‍රියාවලියට සම්බන්ධ නොවන ගරු මන්ත්‍රීතුමන්ලාගේ දැන ගැනීම සඳහා කරුණු පැහැදිලි කෙරෙන සංක්ෂිප්ත වාර්තාවක් ඉදිරිපත් කිරීමට මා බලාපොරොත්තු වනවා.

අදාළ පරීක්ෂණ වේගවත් කර, වැරදිකරුවන් අධිකරණය හමුදාවට පමුණුවා ඇති බවත්, අපරාධ පරීක්ෂණ දෙපාර්තමේන්තුවේ පරීක්ෂණවලට හසු නොවූ අංශ පිළිබඳව පුළුල් වශයෙන් පරීක්ෂා කිරීමට ප්‍රධානියා විසින් පරීක්ෂණ කොමිෂන් සභාවක් පත් කර ඇති බවත් මා අවධාරණය කරන්න කැමැතියි. තත්ත්වය පැහැදිලි කිරීම සඳහා VAT වංචාව හෙළිදරව් වීමෙන් පසුව අද දක්වා අදාළ පරීක්ෂණ සාමාන්‍යව සිදු නොවූ දැනට ආකාරය ක්‍රමානුකූලව පැහැදිලි කිරීමට මා බලාපොරොත්තු වෙමිනි.

VAT බදු ව්‍යාජ ලෙස ආපසු ගෙවීම පිළිබඳව ලද තොරතුරු මත එවකට සිටි දේශීය ආදායම් කොමසාරිස් ජනරාල්වරයා විසින් 2005.03.24 දින දේශීය ආදායම් දෙපාර්තමේන්තුවේ අතිරේක කොමසාරිස් ජනරාල්වරයා හා විගණන අංශය භාවිත සිටි නියෝජ්‍ය කොමසාරිස්වරුන් දෙදෙනෙකුගේ සහභාගිත්වයෙන් මේ පිළිබඳව පරීක්ෂා කර බැලීම සඳහා අභ්‍යන්තර විමර්ශන කමිටුවක් පත් කරනු ලැබුවා. එම ලිපිය හැන්සාඩ් වාර්තාවට ඇතුළත් කිරීම සඳහා ඇමුණුම 1 වශයෙන් මා සභාගත* කරනවා.

එම කමිටුවේ වාර්තාව 2005.06.23 දින ලැබී ඇති අතර එවකට සිටි දේශීය ආදායම් කොමසාරිස් ජනරාල්වරයා ඔහුගේ 2005.06.25 දිනැති ලිපිය සමඟ එම වාර්තාව මුදල් හා ක්‍රමසම්පාදන අමාත්‍යාංශයේ ලේකම් වෙත එවා තිබෙනවා. එම ලිපිය හැන්සාඩ් වාර්තාවට ඇතුළත් කිරීම සඳහා ඇමුණුම 2 වශයෙන් මා සභාගත* කරනවා.

එම වාර්තාව සම්බන්ධව ගරු මුදල් අමාත්‍යතුමා දැනුවත් කරනු ලැබීමෙන් පසුව එතුමාගේ උපදෙස් පරිදි 2005.08.16 දින මුදල් අමාත්‍යාංශයේ අභ්‍යන්තර විගණන අධ්‍යක්ෂවරයාට මෙම VAT වංචාව පිළිබඳව පරීක්ෂා කිරීම සඳහා පත් කිරීමට කටයුතු කළා. හැන්සාඩ් වාර්තාවට ඇතුළත් කිරීම සඳහා ඇමුණුම 3 වශයෙන් මා එම ලිපිය සභාගත* කරනවා.

එහෙත්, VAT පනතේ රහස්‍ය භාවය රැකීමට අදාළ වගන්තිය (73 වන වගන්තිය) අනුව අභ්‍යන්තර විගණන අධ්‍යක්ෂවරයාට දේශීය ආදායම් දෙපාර්තමේන්තුවේ ලිපි ගොනු පරීක්ෂා කිරීමට නොහැකි නිසා මුදල් අමාත්‍යාංශයේ ජ්‍යෙෂ්ඨ බදු උපදේශක විසින් මෙම පරීක්ෂණය පහත සඳහන් ක්‍රම තුනෙන් එකක් යටතේ කළ යුතු බව යෝජනා කරනු ලැබුවා. එනම්,

- (අ) දේශීය ආදායම් කොමසාරිස් ජනරාල් ලවා මේ පිළිබඳව තවදුරටත් තොරතුරු විමර්ශනය කිරීම සඳහා පරීක්ෂණයක් කරවීම.
- (ආ) විගණකාධිපතිවරයා ලවා මේ පිළිබඳව තවදුරටත් පරීක්ෂණයක් කරවීම.
- (ඇ) 1978 අංක 7 දරන විශේෂ ජනාධිපති කොමිෂන් සභා පනත යටතේ ජනාධිපති කොමිෂන් සභාවක් පත් කිරීම.

එම අදහස් ඇතුළත් 2005.08.18 දිනැති ලිපිය හැන්සාඩ් වාර්තාවට ඇතුළත් කිරීම සඳහා ඇමුණුම 4 වශයෙන් මා සභාගත* කරනවා.

මේ අනුව මුදල් අමාත්‍යාංශයේ ලේකම්වරයා විසින් 2005.09.12 දින කොමසාරිස් ජනරාල්වරයාට නිශ්චිත කරුණු 8ක් යටතේ මේ පිළිබඳව පරීක්ෂණයක් පවත්වා, 2005.09.21 දිනට පෙර වාර්තා කරන ලෙස දන්වා තිබෙනවා. එම ලිපිය හැන්සාඩ් වාර්තාවට ඇතුළත් කිරීම සඳහා ඇමුණුම 5 ලෙස මා සභාගත* කරනවා.

එවකට සිටි දේශීය ආදායම් කොමසාරිස් ජනරාල්වරයා වන පී.පී.ඩී.පී. කරුණාසේකර මහතා විසින් මේ පිළිබඳව පරීක්ෂා කර වාර්තාවක් 2005.09.21 දින මුදල් අමාත්‍යාංශයේ ලේකම් වෙත යොමු කර තිබෙනවා. (ඇමුණුම 6) එහිදී දේශීය ආදායම් කොමසාරිස් ජනරාල්වරයාගේ එක් නිරීක්ෂණයක් වූයේ, මෙම VAT ආපසු ගෙවීම නිලධාරීන් රාශියක් විසින් සාමූහිකව වග කිව යුතු ක්‍රියාදාමයක් බැවින්, අදාළ ආපසු ගෙවීම්වලට වග කිව යුතු නිලධාරීන් වෙත වෙනම හඳුනාගත නොහැකි බවයි. එසේ වුවත්, මෙබඳු ක්‍රියා වැළැක්වීම සඳහා පියවර රක් ගත් බව ද වාර්තා කර තිබුණා. එම ලිපිය හැන්සාඩ් වාර්තාවට ඇතුළත් කිරීම සඳහා ඇමුණුම 6 ලෙස මා සභාගත* කරනවා.

***** කථාව අවසානයේ පළ කර ඇත.
உரையின்முதியில் தரப்பட்ட இரண்டது.
Produced at end of speech.

වංචාව පිළිබඳව විධිමත් පරීක්ෂණයක් කිරීමට පාදක කර ගත හැකි මූලික සොයා ගැනීම් එම ලිපියේ සඳහන් නොවූ නිසා විගණකාධිපතිවරයාගේ 2005.06.03 දිනැති විමසුමට අවධානය යොමු කරමින් එම ක්‍රියාවලියට සම්බන්ධ සියලුම නිලධාරීන් පිළිබඳ විස්තර හා එම ගෙවීම් කිරීමේ දී අනුගමනය කළ ක්‍රියා පටිපාටිය ගැන විමසමින් 2005.10.26 දින දේශීය ආදායම් කොමසාරිස් ජනරාල්වරයා වෙත මුදල් අමාත්‍යාංශයේ ලේකම්වරයා විසින් ලිපියක් යවා තිබුණා. පිටු දෙකකින් යුත් ඒ ලිපිය අවසන් කර තිබුණේ වග කිව යුතු රාජ්‍ය නිලධාරීන් වශයෙන් මහජන මුදල් අපයෝජනය නොවන බවට වග බලා ගැනීම රාජ්‍ය නිලධාරීන්ගේ පරම වගකීම බව සඳහන් කරමිනුයි. ඒ ලිපියත් හැන්සාඩ් වාර්තාවට ඇතුළත් කිරීම සඳහා මා ඇමුණුම 7 වශයෙන් සභාගත* කරනවා.

VAT පනතේ රහස්‍ය භාවය රැකීමට අදාළ වගන්ති ගැන අවධානය යොමු කරමින් මෙහි සිද්ධිය සම්බන්ධයෙන් පරීක්ෂණයක් පැවැත්වීම පිළිබඳව මුදල් අමාත්‍යාංශයේ ලේකම්වරයා විසින් 2005.10.21 දින නීතිපතිතුමාට ද ලිපියක් යවා තිබෙනවා. එම ලිපිය හැන්සාඩ් වාර්තාවට ඇතුළත් කිරීම සඳහා ඇමුණුම 8 ලෙස මා සභාගත* කරනවා.

මුදල් අමාත්‍යාංශයේ ලේකම්වරයා විසින් 2005.10.26 දින යැවූ ලිපිය සම්බන්ධයෙන් දේශීය ආදායම් කොමසාරිස් ජනරාල්වරයා වෙත සිහි කැඳවීමක් 2005.12.22 දින යවා ඇති අතර, 2006.01.16 දින දෙවන සිහි කැඳවීමක් යවමින් එදින සවස 4.00ට පෙර එම වාර්තාව ඉදිරිපත් කරන ලෙස දේශීය ආදායම් කොමසාරිස් ජනරාල්වරයාට නියෝග කර තිබෙනවා. ඊට අදාළ ලිපි දෙක ද ඇමුණුම 9 සහ 10 වශයෙන් හැන්සාඩ් වාර්තාවට ඇතුළත් කිරීම සඳහා මා සභාගත* කරනවා.

2006.01.16 දින දේශීය ආදායම් කොමසාරිස් ජනරාල්වරයා මේ පිළිබඳව වාර්තාවක් ඉදිරිපත් කරමින් මෙම VAT ආපසු ගෙවීමේ දී අක්‍රමිකතාවන් සිදු වී ඇති බවට ප්‍රථම වරට වාර්තා කරනු ලැබූ අතර, මේ පිළිබඳව ජනාධිපති පරීක්ෂණ කොමිෂන් පත් කිරීම සුදුසු බවට ඔහු ද නිර්දේශ කර තිබුණා. එය හැන්සාඩ් වාර්තාවට ඇතුළත් කිරීම සඳහා ඇමුණුම 11 වශයෙන් නම් කර මා සභාගත* කරනවා.

දේශීය ආදායම් කොමසාරිස් ජනරාල්වරයාගේ වාර්තාවේ සඳහන් කරුණු පැහැදිලි කරමින් මේ සඳහා ජනාධිපති කොමිෂන් පත් කිරීම සුදුසු බව නිර්දේශ කරමින් මුදල් අමාත්‍යාංශයේ ලේකම්වරයා විසින් ජනාධිපති ලේකම්වරයා වෙත 2006.01.23 දින ලිපියක් යවා ඇති අතර, එම ලිපියේ පිටපත් විගණකාධිපතිවරයා වෙත හා නීතිපතිතුමා වෙත ද යොමු කර තිබෙනවා. එය ඇමුණුම 12 ලෙස හැන්සාඩ් වාර්තාවට ඇතුළත් කිරීම සඳහා මා සභාගත* කරනවා.

2006.03.07 දින ජනාධිපති ලේකම්වරයා විසින් ජනාධිපති කොමිෂන් සභාවක් පත් කිරීම සඳහා අදාළ වන විෂයය ක්ෂේත්‍රය පිළිබඳව දන්වා එවන මෙන් මුදල් අමාත්‍යාංශයේ ලේකම්වරයාගෙන් ඉල්ලීමක් කර තිබෙනවා. එයට අදාළ ලිපිය හැන්සාඩ් වාර්තාවට ඇතුළත් කිරීම සඳහා ඇමුණුම 13 ලෙස මා සභාගත* කරනවා.

2006.03.13 දින මුදල් අමාත්‍යාංශයේ ලේකම්වරයා විසින් ජනාධිපති කොමිෂන් සභාව පත් කිරීමේ දී පදනම් කර ගත යුතු විෂයය ක්ෂේත්‍රය සඳහන් කරමින් ජනාධිපති ලේකම්වරයාට ලිපියක් යවා තිබෙනවා. එම ලිපියත් හැන්සාඩ් වාර්තාවට ඇතුළත් කිරීම සඳහා ඇමුණුම 14 ලෙස මා සභාගත* කරනවා.

ඊට පසුව ජනාධිපති ලේකම්වරයා විසින් මෙම කරුණට අදාළ සියලු සමාගම් පිළිබඳ විස්තර 2006.04.06 දිනැති ලිපියෙන් ඉල්ලා සිටිනු ලැබුවා. එම ලිපියත් හැන්සාඩ් වාර්තාවට ඇතුළත් කිරීම සඳහා ඇමුණුම 15 ලෙස මා සභාගත* කරනවා.

ජනාධිපති ලේකම්වරයාගේ ඉහත ලිපියෙන් අපේක්ෂිත තොරතුරු මුදල් අමාත්‍යාංශයේ ලේකම්වරයා විසින් 2006.04.21 දින යවනු ලැබ තිබෙනවා. එයත් හැන්සාඩ් වාර්තාවට ඇතුළත් කිරීම සඳහා ඇමුණුම 16 ලෙස මා සභාගත* කරනවා.

ගරු නියෝජ්‍ය කථානායකතුමනි, VAT වංචාවට අදාළව එතෙක් කෙරුණු පරීක්ෂණ පිළිබඳව අතිගරු ජනාධිපතිතුමා දැනුවත් කරනු ලැබූ අතර, ඒ පිළිබඳව ගරු නීතිපතිතුමා සමඟ ද සාකච්ඡා පවත්වා තිබෙනවා. ජනාධිපති පරීක්ෂණ කොමිෂන් සභාවක් මගින් පරීක්ෂණ ආරම්භ කිරීම වෙනුවට අපරාධ පරීක්ෂණ දෙපාර්තමේන්තුව ලවා පරීක්ෂණ පවත්වා වග කිව යුත්තන් ඉක්මනින් අත් අඩංගුවට ගැනීමට කටයුතු කිරීම වඩාත් උචිත පියවර වන බව පෙනී ගිය නිසා අතිගරු ජනාධිපතිතුමාගේ උපදෙස් පරිදි මුදල් අමාත්‍යාංශයේ ලේකම්වරයා විසින් 2006 මැද භාගයේ දී පොලිස්පතිවරයාට ද මේ ගැන පැමිණිලි කරනු ලැබුවා. දේශීය ආදායම් දෙපාර්තමේන්තුවේ නිලධාරීන් දෙදෙනෙකුට සහ තවත් දෙදෙනෙකුට විරුද්ධව අධිචෝදනා පත්‍ර නිකුත් කර, දැනට කොළඹ මහාධිකරණයේ අධිචෝදනා විභාග වෙමින් පවත්නා තබුව මේ පරීක්ෂණවල ප්‍රතිඵලයි.

පොලිස් පරීක්ෂණ අවසන් වීමට පෙර ජනාධිපති පරීක්ෂණ කොමිෂන් සභාවක් පත් කිරීමෙන් පොලිස් පරීක්ෂණවලට ඉන් බාධාවක් සිදු වීමට ඉඩ කඩ තිබූ නිසා එම කොමිෂන් සභාව පත් කිරීම එම අවස්ථාවේ කල් දැමුවා.

ආයතන සංග්‍රහයේ විධිවිධාන අනුව අභ්‍යන්තර පරීක්ෂණයක් නොකිරීම පිළිබඳව රජයේ ගිණුම් පිළිබඳ කාරක සභාව විසින් කරුණු ඉස්මතු කරනු ලැබීමෙන් පසුව ඒ ගැන මුදල් අමාත්‍යාංශය විසින් නැවත වරක් අවධානය යොමු කරනු ලැබුවා. මෙම කරුණට අදාළව දෙපාර්තමේන්තු කාර්ය මණ්ඩලයෙන් පමණක් නොව විග්‍රාමික කාර්ය මණ්ඩලයෙන් හා රාජ්‍ය සේවයේ නොවන අයගෙන් ද සාක්ෂි ලබා ගත යුතු බැවින් ආයතන සංග්‍රහය අනුව පත් කරනු ලබන පරීක්ෂණ නිලධාරියකුට රාජ්‍ය සේවයෙන් බැහැර අයගේ තොරතුරු ලබා ගැනීමේ දුෂ්කරතාව ගැනත්, බදු නීතියේ රහස්‍යතා වගන්ති ගැනත් අවධානය යොමු වුණා. එබඳු පරීක්ෂණයක් කිරීමේ දී එවකට කර ගෙන ගිය අපරාධ පරීක්ෂණ දෙපාර්තමේන්තුවේ පරීක්ෂණවලට කිසි යම් බලපෑමක් සිදු වීමට ඇති ඉඩකඩ ගැන ද අවධානය යොමු වුණා. එබැවින්, මේ පිළිබඳව නීතිපතිතුමා සමඟ සාකච්ඡා කරන ලදුව එතුමාගේ උපදෙශය වූයේ, හුදෙක් ආයතන සංග්‍රහයේ අවශ්‍යතා ඉටු කිරීමේ අරමුණින් අභ්‍යන්තර පරීක්ෂණයක් පැවැත්වීම අර්ථනාමික වැඩක් නොවන බවයි. නැවත මෙම කරුණු රජයේ ගිණුම් පිළිබඳ කාරක සභාව වෙත වාර්තා කිරීමෙන් පසුව වුව ද එබඳු අභ්‍යන්තර පරීක්ෂණයක් පැවැත්වීමේ අවශ්‍යතාව 2007.08.22 දින එම සභාව විසින් නැවත අවධාරණය කළ බැවින්, මේ පිළිබඳව මුදල් හා ක්‍රමසම්පාදන අමාත්‍යාංශයේ ලේකම්වරයා විසින් ඔහුගේ 2007.08.23 දිනැති ලිපියෙන් මෙම කරුණු පිළිබඳව නීතිපතිවරයාට වාර්තා කරමින් උපදෙස් ඉල්ලා සිටියා. එයත් හැන්සාඩ් වාර්තාවට ඇතුළත් කිරීම සඳහා ඇමුණුම 17 වශයෙන් මා සභාගත* කරනවා.

ඊට පිළිතුරු දෙමින් නීතිපතිවරයා විසින් දන්වා සිටියේ මේ පිළිබඳව දේශීය ආදායම් දෙපාර්තමේන්තුවේ නිලධාරීන් දෙදෙනෙකු හා තවත් දෙදෙනෙකු දෙනෙකුට විරුද්ධව අධිචෝදනා පත්‍ර ගොනු කර ඇති බවත්, මෙම වංචාවේ බරපතළකම ගැනත්, VAT ආපසු ගෙවීමේ ක්‍රියාවට පාටියේ දක්නට ලැබුණු දුර්වලතා ගැනත් සලකා බලන විට මේ සම්බන්ධයෙන් ගත යුතු වඩාත් උචිත ක්‍රියාමාර්ගය වනුයේ ජනාධිපති පරීක්ෂණ කොමිෂන් සභාවක් පත් කිරීම බවයි.

***** කරාච අවසානයේ පළ කර ඇත.

உரையின்முதியில் தரப்பட்டிருள்ளது.
Produced at end of speech.

*** කරාච අවසානයේ පළ කර ඇත.

உரையின்முதியில் தரப்பட்டிருள்ளது.
-Produced at end of speech.

[ගරු රංජිත් සියලුමාගේ මහතා]

එමගින් මෙම ක්‍රියාවලියට සෘජුව හෝ වක්‍රව සම්බන්ධ වූ නිලධාරීන් හඳුනා ගැනීමට හැකි වන බවත්, VAT ආපසු ගෙවීමේ ක්‍රියාවලියේ දුර්වලතා හඳුනා ගැනීමට හැකි වන බවත් එහි සඳහන් කර තිබුණා. එහි තව දුරටත් සඳහන් කර ඇත්තේ, අපරාධ පරීක්ෂණ දෙපාර්තමේන්තුව විසින් VAT බදු ව්‍යාජ ලෙස ආපසු ගෙවීම සම්බන්ධයෙන් අපරාධ නීතියට අදාළ තත්ත්වය ගැන පුළුල් පරීක්ෂණයක් කර ඇතත්, මෙම වංචාවට අදාළ තවත් කරුණු රාශියක් විමර්ශනය කිරීමට අවශ්‍ය බවත්ය. එම කාර්ය ඉෂ්ට කිරීමට ජනාධිපති කොමිෂමට ඉඩ දීම සුදුසු බවට එහි සඳහන් වුණා. නීතිපතිවරයාගේ ලිපියේ අවසාන වාක්‍යයේ සඳහන් වනුයේ එකී පරීක්ෂණ අවසන් වූ වහාම අදාළ නිලධාරීන්ට විරුද්ධව විනයානුකූලව කටයුතු කළ හැකි බවයි. නීතිපතිවරයාගේ 2007.08.24 දිනැති ලිපිය ඇමුණුම 18 වශයෙන් හැන්සාඩ් වාර්තාවට ඇතුළත් කිරීම සඳහා මා සභාගත* කරනවා.

මේ අතරතුර දී අංක 1516/18 හා 2007.09.25 දිනැති ගැසට් ප්‍රකාශය මගින් මෙම VAT වංචාව හා ඒ ආශ්‍රිත කරුණු පිළිබඳව විමර්ශනය කිරීම සඳහා අතිගරු ජනාධිපතිතුමා විසින් ජනාධිපති කොමිෂමක් පත් කරමින් පහත සඳහන් කාර්යයන් එම කොමිෂමට පැවරුවා.

1. අගය එකතු කළ බද්ද ආපසු ගෙවීමට හිමිකම් නොලැබූ කිසි යම් සමාගම්වලට අගය එකතු කළ බද්ද ආපසු ගෙවීම සත්‍ය වශයෙන්ම කරනු ලැබ තිබේද යන වග;
2. එබඳු අගය එකතු කළ බද්ද ආපසු ගෙවීම් සත්‍ය වශයෙන්ම කරනු ලැබ ඇත්තේ, එකී ආපසු ගෙවීම් දේශීය ආදායම් දෙපාර්තමේන්තුවේ කිසි යම් අදාළ අණපනත් සහ/හෝ මාර්ගෝපදේශ උල්ලංඝනය කරලමින් සිදු කරනු ලැබ තිබේද යන වග;
3. අගය එකතු කළ බද්ද ආපසු ගෙවීමට හිමිකම් ලබා නොතිබිය දී, එබඳු ආපසු ගෙවීම් ලැබූවා වූ සමාගම් එකී අගය එකතු කළ බද්ද ආපසු ගෙවීම් කරනු ලැබූ කාල පරිච්ඡේදය තුළ නෛතිකව පැවැති සමාගම් ද යන වග;
4. එබඳු අගය එකතු කළ බද්ද ආපසු ගෙවීමට අදාළ යම් අනුමැතියක් සත්‍ය වශයෙන්ම සිදුව ඇත්තේ, ඒවා සම්බන්ධයෙන් වග කිව යුතු නිලධාරීන් සහ අනිකුත් තැනැත්තන් හඳුනා ගැනීම;
5. ස්වකීය අධීක්ෂණ වගකීම් යටා පරිදි සපුරා තිබීම සහතික කර ගනු පිණිස එලෙසින් වග කිව යුතු නිලධාරීන් විසින් නිසි ක්‍රම සහ කාර්ය පටිපාටි අනුගමනය කරනු ලැබ තිබේ ද යන වග;
6. මෙම පරීක්ෂණයෙහි නිගමනයන් පාදක කොට ගනිමින් ඉදිරියේ දී විය හැකි එබඳු සිද්ධීන් වළක්වා ලො පිණිස ගත යුතු ක්‍රියාමාර්ග නිර්දේශ කිරීම.

රජයේ ගිණුම් පිළිබඳ කාරක සභාව විසින් අවධාරණය කෙරෙන පරිදි ආයතන සංග්‍රහයේ විධිවිධාන අනුව පැවැත් විය යුතු අභ්‍යන්තර පරීක්ෂණයේ විෂයය ක්ෂේත්‍රය ඉහත සඳහන් ජනාධිපති කොමිෂන් සභාව වෙත පැවැරුණු 4 වන විෂයය යටතට ඇතුළත් වනවා. එබැවින්, එබඳු අභ්‍යන්තර පරීක්ෂණයක් ඇරඹීම අවශ්‍ය නොවන බව ද පැහැදිලියි.

ජනාධිපති කොමිෂන් සභාවක් පත් කිරීම සඳහා වූ අංක 1516/18 හා 2007.09.25 දින දරන අතිවිශේෂ ගැසට් නිවේදනය හැන්සාඩ් වාර්තාවට ඇතුළත් කිරීම සඳහා ඇමුණුම 19 වශයෙන් මා සභාගත* කරනවා.

** කරුව අවසානයේ පළ කර ඇත.
உரைப்பினிமுத்தியில் தரப்பட்ட இரண்டது.
Produced at end of speech.

මෙම තත්ත්වය රජයේ ගිණුම් පිළිබඳ කාරක සභාව වෙත වාර්තා කිරීමෙන් පසුව වුව ද, 2007.10.19 දින පැවැති එම කාරක සභා රැස්වීමේ දී ආයතන සංග්‍රහයේ විධිවිධාන අනුව පරීක්ෂණයක් පැවැත්වීමේ අවශ්‍යතාව නැවත අවධාරණය කළ බැවින්, මුදල් හා ක්‍රමසම්පාදන අමාත්‍යාංශයේ ලේකම්වරයා විසින් 2007.10.23 දිනැති ලිපියෙන් මේ පිළිබඳව නැවතත් නීතිපතිවරයාගෙන් උපදෙස් විමසනු ලැබුවා. ඊට අදාළ ලිපියත් හැන්සාඩ් වාර්තාවට ඇතුළත් කිරීම සඳහා ඇමුණුම 20 වශයෙන් මා සභාගත* කරනවා.

මේ පිළිබඳව නැවත විමර්ශනය කළ නීතිපතිවරයාගේ උපදේශය වී ඇත්තේ, සිදු වී යැයි කියන VAT වංචාවේ සියලුම අංශ පිළිබඳව පරීක්ෂා කිරීම ජනාධිපති කොමිෂමේ විෂයය පරාසට ඇතුළත් කර ඇති බැවින් එම කරුණු ගැන විමසීම සඳහා අභ්‍යන්තර පරීක්ෂණයක් පැවැත්වීම අවශ්‍ය නොවන බවයි. එබඳු පරීක්ෂණයක් මගින් එම කොමිෂමේ කටයුතු ද්විකරණය වීමක් මෙන්ම එම පරීක්ෂණ කෙරෙහි කිසි යම් බලපෑමක් සිදු වීමට ඉඩ ඇති බවට ද නිරීක්ෂණය කර තිබුණා. නීතිපතිතුමාගේ 2007.10.24 දිනැති පිළිතුරු ලිපිය හැන්සාඩ් වාර්තාවට ඇතුළත් කිරීම සඳහා ඇමුණුම 21 වශයෙන් මා සභාගත* කරනවා.

දැන් පරීක්ෂණ පැවැත් වෙමින් තිබෙන ජනාධිපති කොමිෂන් සභාවේ විෂයය ක්ෂේත්‍රයේ 4 වන හා 5 වන විෂයයන් ගැන අවධානය යොමු කරන විට ආයතන සංග්‍රහයේ අවශ්‍යතාවන් ඉටු කිරීම සඳහා පමණක් දැනට සිටින හෝ විශ්‍රාම ලබා සිටින නිලධාරීන් පත් කිරීම තුළින් මෙම වංචාවට අදාළ තොරතුරු හෙළිදරවු කර ගැනීමට උත්සාහ ගැනීම යෝග්‍ය නොවන බව පැහැදිලිය. එබැවින්, නීතිපතිවරයාගේ නිර්දේශය පිළිබඳව විශේෂ පැහැදිලි කිරීමක් අවශ්‍ය නොවේ යැයි සිතමි.

මෙම ගරු සභාවේ ඉස්මතු කළ තවත් කරුණක් වූයේ, මැනවි විශ්‍රාම ගිය දේශීය ආදායම් කොමසාරිස් ජනරාල්වරයා පරීක්ෂණ අවසන් වනතුරු ඔහුගේ රාජකාරිවලින් ඉවත් කළ යුතු බවට රජයේ ගිණුම් පිළිබඳ කාරක සභාව විසින් කර ඇති නිර්දේශය ක්‍රියාත්මක නොකිරීම ගැනයි. දෙපාර්තමේන්තු ප්‍රධානීන් පත් කිරීම, මාරු කිරීම හා විනයානුකූල කටයුතු කිරීම පිළිබඳ බලතල ආණ්ඩුක්‍රම ව්‍යවස්ථාව අනුව පැවැරී ඇත්තේ අමාත්‍ය මණ්ඩලයට බැවින්, එබඳු මාරු කිරීමක් කළ හැකිව තිබුණේ අමාත්‍ය මණ්ඩලයට පමණයි. එබැවින් එහි වගකීම මුදල් අමාත්‍යාංශයේ ලේකම්වරයාට පැවරීම සාධාරණ නොවේ. එබඳු ස්ථාන මාරුවීමක් සඳහා මුදල් විෂයය භාර ගරු අමාත්‍යතුමා හට අමාත්‍ය මණ්ඩලය වෙත නිර්දේශ කළ හැකිව තිබුණේ අදාළ නිලධාරියාට විරුද්ධව පැහැදිලිවම එල්ල කළ හැකි චෝදනා ඇති බවට සාක්ෂි ඉදිරිපත් වී තිබුණේ නම් පමණි.

දේශීය ආදායම් කොමසාරිස් ජනරාල්වරයා එම තනතුරේ සිටීමෙන් බාධාවක් විය හැකිව තිබුණේ, ආයතන සංග්‍රහයේ විධිවිධාන අනුව පත් කරනු ලැබූ නිලධාරියකු විසින් දෙපාර්තමේන්තුවේ නිලධාරීන්ගෙන් ප්‍රශ්න කිරීම මගින් පරීක්ෂණයක් සිදු කරන්නේ නම් පමණි. එසේ වුවද, අපරාධ අංශයේ අදාළ පරීක්ෂණ අපරාධ විමර්ශන දෙපාර්තමේන්තුව විසින් ඉටු කර ඇති බැවින්, මෙම වංචාවට අදාළ අනිත් කරුණු ජනාධිපති කොමිෂම විසින් පරීක්ෂා කරනු ලබන බැවින් දේශීය ආදායම් කොමසාරිස් ජනරාල්වරයාට එකී පරීක්ෂණ සම්බන්ධයෙන් කිසි බලපෑමක් කිරීමට හැකියාවක් තිබුණේ නැහැ.

දැනට මහාධිකරණයේ විභාග වෙමින් පවත්නා නඩුවට පාදක වූ අධිචෝදනා පත්‍රය අනුව පැහැදිලි වන්නේ අපරාධ පරීක්ෂණ දෙපාර්තමේන්තුවේ පරීක්ෂණවලින් හෙළිදරවු වූ පරිදි මෙම වංචාවට අදාළ නිලධාරීන් වශයෙන් හඳුනා ගෙන ඇති නිලධාරීන්

** කරුව අවසානයේ පළ කර ඇත.
உரைப்பினிமுத்தியில் தரப்பட்ட இரண்டது.
Produced at end of speech.

දෙදෙනා හැර වෙනත් නිලධාරීන් හට වෝදනා ගොනු වී නොමැති බවයි. එවකට VAT අංශයේ සේවය කිරීමේ හේතුවෙන් මෙම වංචාවට සම්බන්ධ යැයි වෝදනා එල්ල වන නිලධාරීන් මෙම නීති කෘත්‍යයේ දී පැමිණිල්ලේ සාක්ෂිකරුවන් වශයෙන් නම් සඳහන්ව තිබෙනවා.

VAT වංචාවට අදාළ පරීක්ෂණ ජනාධිපති කොමිෂම විසින් කර ගෙන යන අතරතුර දී හා මීට අදාළ නඩුව කොළඹ මහාධිකරණයේ පවත්වා ගෙන යන අවස්ථාවක දී එකී පරීක්ෂණවල නිගමන ලැබීමට පෙර කිසියම් නිලධාරියකු සම්බන්ධයෙන් පූර්ව නිගමනයට එළඹීම සාධාරණ යුක්තියට පටහැනි ක්‍රියාවක් විය හැකිව තිබුණා.

රජයේ ගිණුම් පිළිබඳ කාරක සභාවේ ගරු සභාපතිතුමා විසින් ඉදිරිපත් කරන ලද සාරාංශ වාර්තාවේ නිර්දේශ කර ඇති පරිදි එවකට සිටි කොමසාරිස් ජනරාල්වරයා පරීක්ෂණ අවසන් වනතුරු ඔහුගේ රාජකාරිවලින් ඉවත් කිරීමට කටයුතු නොකිරීම සම්බන්ධයෙන් කරුණු පැහැදිලි කරමින් මුදල් හා ක්‍රමසම්පාදන අමාත්‍යාංශයේ ලේකම්වරයා විසින් පාර්ලිමේන්තු මහ ලේකම්තුමාට ඇමතු 2008.03.03 දිනැති ලිපිය ද හැන්සාඩ් වාර්තාවට ඇතුළත් කිරීම සඳහා ඇමුණුම 22 වශයෙන් මා සභාගත* කරනවා.

ව්‍යාජ ලෙස VAT අපසු ගෙවීම සිදු වන බව දැන ගත් අවස්ථාවේ සිටම VAT අපසු ගෙවීමේ ක්‍රියාවලිය විධිමත් කිරීම සඳහාත්, බදු අංශය ශක්තිමත් කිරීම සඳහාත් පහත සඳහන් පියවරයන් රාශියක් මුදල් අමාත්‍යාංශය විසින් මේ වන විටත් ක්‍රියාත්මක කරනු ලැබ තිබෙනවා. මුදල් අමාත්‍යාංශයේ ලේකම්වරයා විසින් එකී පියවර පිළිබඳ සවිස්තර වාර්තාවක් 2007.05.08 දින රජයේ ගිණුම් පිළිබඳ කාරක සභාවේ ලේකම්වරයා වෙත ඉදිරිපත් කරනු ලැබ තිබෙනවා. මා එය ඇමුණුම 23 ලෙස හැන්සාඩ් වාර්තාවට ඇතුළත් කිරීම සඳහා සභාගත* කරනවා.

එසේ ගනු ලැබූ පියවර කිහිපයක් පමණක් සඳහන් කරන්න කැමැතියි.

1. VAT බදු අපසු ගෙවීම කිරීමට පෙර බදු විගණනයක් කිරීම අනිවාර්ය කිරීම.
2. අපනයනකරුවන්ට අපසු ගෙවීමේ දී රේඛ දෙපාර්තමේන්තුවේ පරිගණක දත්ත සහ තුලනය කිරීමෙන් පසුව අපසු ගෙවීම සිදු කිරීමේ ක්‍රියාවලිය තහවුරු කර ගැනීම අනිවාර්ය කිරීම.
3. VAT බදු අපසු ලබා ගැනීමේ දී බැංකු ඇපකර (Bank guarantee) ඉදිරිපත් කිරීමේ අවශ්‍යතාව දැක්වෙන ක්‍රමයක් හඳුන්වා දීම.
4. අපනයනකරුවන් සම්බන්ධයෙන් ඔවුන්ගේ ආනයනවල දී අය කරන VAT අය කිරීම නීත්‍යානුකූලව කල් දැමීම හෙවත් බදු විලම්භනය කිරීම තුළින් අපසු ගෙවීම අවම කර තිබීම.
5. VAT බදු අපසු ගෙවීමට බෙහෙවින් අදාළ වන ක්ෂේත්‍ර බොහොමයක් VAT බද්දෙන් නිදහස් කිරීම තුළින් බදු අපසු ගෙවීමේ අවශ්‍යතාව නැති කිරීම
6. අපනයනයේ දී හැර අනිකුත් අවස්ථාවල දී යෙදවුම් බද්ද, නිමැවුම් බද්දෙන් සියයට 85කට සීමා කිරීම තුළින් VAT බදු අපසු ගෙවීම පාලනය කිරීම.

** කථාව අවසානයේ පළ කර ඇත.
உரைப்பின்முதியில் தரப்பட்ட முன்னது.
Produced at end of speech.

දේශීය ආදායම් දෙපාර්තමේන්තුවේ නිලධාරීන් අතළොස්සක් විසින් සිදු කරන ලද VAT බදු වංචාව පිළිබඳ නිතර නිතර සඳහන් කිරීම තුළින් බදු පරිපාලනය ඉතා පහත් මට්ටමකට වැටී ඇතැයි යන අදහස ජනතාව තුළ ජනිත වනවා. බදු ආදායම ඉහළ නැංවීමේ ක්‍රියාවලියට එමඟින් අහිතකර බලපෑමක් සිදු වන බව පෙන්වා දිය යුතුව තිබෙනවා. ජනතාවගේ පරිභෝජනය මත අය කරන වනු බදු වෙනුවට සෘජු බදු ප්‍රමාණය වැඩි කිරීමට රජයේ අවධානය යොමු වී තිබෙනවා. වනු බදු නිසා සාමාන්‍ය මහ ජනතාව වෙත පැටවෙන බදු බර සම්බන්ධයෙන් බලන කල්හී වනු බදු වෙනුවට සෘජු බදු වැඩි කිරීමේ වැඩ පිළිවෙළක් අවශ්‍ය වී තිබෙනවා. එම කාර්යභාරය පැවැරී ඇත්තේ දේශීය ආදායම් දෙපාර්තමේන්තුවටයි.

මෙහිදී අප විසින් අමතක නොකළ යුතු කරුණක් නම්, 2004 දී පොදුජන එක්සත් පෙරමුණ ආණ්ඩුව බලයට පත් වන විට දේශීය ආදායම් දෙපාර්තමේන්තුව පරිහානියේ අගාධයට වැටී තිබූ බවයි. 2002 අංක 10 දරන බදු සමාජ පනත මඟින් බදු නිලධාරීන් බෙලහිත කර තිබුණා. ආදායම් අධිකාරියක් ඇති කිරීම සඳහා පිඹුරු පත් සකස් වෙමින් තිබුණා. පොදුජන එක්සත් පෙරමුණ රජය බලයට පත් වන විට දේශීය ආදායම් දෙපාර්තමේන්තුවේ නිලධාරීන් අතර දැඩි අසහනයක් තිබුණු අතර, ඔවුන් වෘත්තීය ක්‍රියාමාර්ගවලට අවතීර්ණ වී සිටියා. කළු කොඩි ව්‍යාපාර පුලභ දර්ශනයක්ව තිබුණා. මේ ප්‍රශ්න හඳුනා ගත් රජය දේශීය ආදායම් දෙපාර්තමේන්තුව ශක්තිමත් කිරීම සඳහා විශේෂ වැඩ පිළිවෙළක් ආරම්භ කළා. බදු සමාජ පනත අහෝසි කර බදු පරිපාලනය ශක්තිමත් කළා. ආදායම් අධිකාරී සංකල්පය ඉවත ලා බදු පනත්වල විධිවිධාන නිසි පරිදි ක්‍රියා කළ හැකි අන්දමින් දෙපාර්තමේන්තු ව්‍යුහය ශක්තිමත් කළා. අවුරුදු 10ක් පුරා කාර්ය මණ්ඩලය බඳවා නොගැනීම නිසා තිබුණ උග්‍ර සේවක හිඟයට පිළියම් වශයෙන් උපාධිධාරීන් දහසකට ආසන්න පිරිසක් මාණ්ඩලික ශ්‍රේණි සඳහා බඳවා ගත්තා. උසස් වීම නොලද විශාල සංඛ්‍යාවකට උසස් වීම ලබා දී කාර්ය මණ්ඩලය දිරිමත් කළා.

අපේ බදු පරිපාලනය යල් පැන ගිය එකක් බවට නිතර වෝදනා ලැබෙන හෙයින් එය නවීකරණය කිරීමේ ක්‍රියාවලිය මීට සමාන්තරව සිදු වුණා. මෙහිදී විශේෂයෙන් සඳහන් කළ යුතුව ඇත්තේ, දේශීය ආදායම් දෙපාර්තමේන්තුවේ නිලධාරීන් නවසියයකට පමණ වසර දෙකක කාලයක් තුළ දී කිසි යම් විදේශ පුහුණුවක් ලබා දීමයි. මෙය රජයේ වෙනත් කිසිදු දෙපාර්තමේන්තුවක නිලධාරීන් නොලැබූ අනුග්‍රහයකි.

මේ නිසා දිරිමත් වී කටයුතු කරන දෙපාර්තමේන්තුවේ කාර්ය මණ්ඩලයට ප්‍රශංසා කළ යුතුයි. 2004 දී බදු ආදායම දළ දේශීය නිෂ්පාදිතයෙන් සියයට 2ක් පමණ වුවද, එය 2007 දී සියයට 3 දක්වා වැඩි වී ඇත. මුදල් අමාත්‍යාංශය විසින් දේශීය ආදායම් දෙපාර්තමේන්තුවේ සියලුම මට්ටම්වල නිලධාරීන් සමඟ නීති පනා සාකච්ඡා පැවැත්වීම තුළින් ඔවුන්ගේ කාර්ය සාධනය ඉහළ නැංවීමට කටයුතු කරනවා. දේශීය ආදායම් දෙපාර්තමේන්තුව ශක්තිමත් කිරීමට මෙබඳු වැඩ පිළිවෙළක් අතීතයේදී කිසිම දිනක ක්‍රියාත්මක නොවූ බව මෙම ගරු සභාවේ මන්ත්‍රීතුමන්ලා වෙත අවසාන වශයෙන් මා දන්වා සිටිනවා. මා මෙම ගරු සභාවෙන් ඉල්ලා සිටින්නේ මාගේ මේ සටහනත්, සභාගත කර ඇති ලේඛනත් පරිශීලනය කර නිවැරදි තත්ත්වය තහවුරු කර ගන්නා ලෙසයි.

දෙ වනුව මා මෙම ගරු සභාවෙන් ඉල්ලා සිටින්නේ මෙම වැට වංචාවට අදාළ වෝදනා විමර්ශනය කිරීමේ කටයුතු කර ගෙන යෑමට ගරු අධිකරණයටත්, අනෙකුත් පරීක්ෂණ කටයුතු කර ගෙන යෑමට ජනාධිපති පරීක්ෂණ කොමිෂන් සභාවටත් ඉඩ දී බදු පරිපාලනය ශක්තිමත් කිරීම සඳහා මුදල් අමාත්‍යාංශය ගෙන යන වැඩ පිළිවෙළට සහයෝගය දෙන ලෙසයි. ගරු මන්ත්‍රීතුමන්ලාගෙන් මා තවදුරටත් ඉල්ලා සිටින්නේ, මෙම වැට වංචාවට අදාළ වැදගත් සාක්ෂි තමන් වෙත ඇත්නම් ජනාධිපති කොමිෂන් සභාව වෙත ඉදිරිපත් කරන ලෙසයි.

[ගරු රංජිත් සියමලාචරිය මහතා]

මාගේ මවිතයට හේතු වන කරුණක් වන්නේ, මෙම වැට වංචාව සිදු වූයේ 2002 නොවැම්බර් මස සිට 2004 අගෝස්තු මස දක්වා කාලය තුළ බැවින් එම කාලයේ බලයේ සිටියේ එක්සත් ජාතික පක්ෂය බවත් ඇතුළත්ව අමතක වීමයි. වැට වංචාවේ ප්‍රධාන වූදිනය වන දැනට අධිකරණය මග හරිමින් සිටින පුද්ගලයා එවකට බලයේ සිටි පක්ෂයේ විධායක සභිකයකු වූ බව රහස්‍ය නොවේ. වැට වංචාව පිළිබඳව පරීක්ෂණ පැවැත්වීම නිසි පරිදි සිදු නොවූ බවට වර්තමාන රජයටත්, මුදල් අමාත්‍යාංශයේ වර්තමාන ලේකම්වරයාටත් වෝදනා එල්ල කරන අය මෙම වංචාව සිදු වූ කාලයේ සිටි මුදල් අමාත්‍යාංශයේ ලේකම්වරයා ගැන හෝ දේශීය ආදායම් කොමසාරිස් ජනරාල්වරුන් ගැන කිසිදු සඳහනක් කර නැහැ. වැට ආපසු ගෙවීමේ ක්‍රියාවලිය ආරක්ෂාකාරී පියවරවල් සහිතව හඳුන්වා නොදීම ගැන අදාළ නිලධාරීන්ට කිසිවකුත් දොස් කියන්නේ නැහැ.

2004 දෙසැම්බර් මස සිදු වූ සුනාමි ව්‍යසනයට අදාළව කෙරුණු සහන සැලසීම්, පුනරුත්ථාපන හා ප්‍රතිනිර්මාණ කිරීමේ ක්‍රියාවලියේදී මුදල් අමාත්‍යාංශයට විශාල කාර්යභාරයක් ඉටු කිරීමට සිදු වූ පසු බිම්ක වර්තමාන රජයත්, මුදල් අමාත්‍යාංශයේ ලේකම්වරයාත් වැට වංචාව සම්බන්ධයෙන් 2005 සිටම අවශ්‍ය පියවර ගෙන නිසිම සැබැවින්ම ප්‍රශංසාවට ලක් විය යුත්තක්.

මෙම වංචාවට අදාළ නිලධාරීන් ආරක්ෂා කිරීමට අනිගරු ජනාධිපතිතුමාට හෝ එතුමාගේ රජයට හෝ මුදල් අමාත්‍යාංශයේ ලේකම්වරයාට හෝ වෙනත් කිසිදු බලධාරියකුට අවශ්‍යතාවක් නොමැති බව මම නැවතත් අවධාරණය කරනවා. මිබකුමාට ස්තූතියි.

*සහා ඉවසය මත තබන ලද ඇමුණුම් :
අමාත්‍යාංශයේ නොමැතිව පැවැත්වූ ඉතිරි ඇමුණුම් :
Annexes tabled :

ඇමුණුම - 01

COMMITTEE TO ENQUIRE INTO AND REPORT ON CERTAIN VAT REFUNDS ALLEGED TO BE IMPROPERLY MADE

- 1. Mr. P. P. D. P Karunasekera - Additional Commissioner General - (Chairman)
- 2. Mrs. Anula Seneviratne - DC Unit 4 - (Member)
- 3. Mr. W. Thilakeratne - DC Internal Audit & Assessment Control - (Member)

You are aware that an investigation is now being carried out by the Commission to Investigate Allegations of Bribery or Corruption into VAT refunds made to the following taxpayers.

TIN	NAME
(a) 114216623	World Gate Apparels
(b) 409011314	Jef Garments
(c) 700520803	M. S. Jaffer
(d) 622783606	M. S. M. Jaffer
(e) 643182165	M. J. M. Yoosuf
(f) 409162070	Pro Garments
(g) 104054749	Butani Exports
(h) 409157998	Junaid Apparels
(i) 409162517	Kohb Apparels


- 2. I wish to look into the same matter at the level of the department and request you to conduct an inquiry and report to me before 16th May 2005 on the following.
 - (i) Whether infact VAT refunds have been made during the period from January 01, 2002 to October 01, 2004 to any or more of the taxpayers mentioned above.
 - (ii) Whether any or some or all of the refunds is/are at variance with the VAT law and practice of the department in relation thereto Identify the cases if any which are at variance

- (iii) What are the deficiencies in the controls and procedures adopted by the department in relation to the implementation of the VAT law with regard to the issue of refunds.
- (iv) Who are the officers responsible for such variances.
- (v) Whether any corrective action have been taken subsequent to the issue of such refunds; if so your views as to the effectiveness of such action.
- (vi) What actions/procedures you recommend to avoid violations of the law or practice in the future.
- (vii) Any other matter you wish to comment on.

- 3. You are authorized in this regard to
 - (a) Call for any file or other document from any branch/unit of the department whether such file or document is in electronic or other medium and to examine them.
 - (b) Summon any officer of the department and require such officer to disclose information relevant for present purpose.
 - (c) To take any other action to facilitate the successful completion of the inquiry.

R. P. L. Weerasinghe
Commissioner General of Inland Revenue

Copies :
1. Three officers named above.
2. All other CIRR & D. CC who are requested and hereby required to incorporate with the committee.

	ශ්‍රී ලංකා ජනරජයේ අගමැතිවරයාගේ කාර්යාලය අං. අං. අංක 515, 55 වන පිලිවෙලේ පි. ගමන්පිටිය, කොළඹ 02, ශ්‍රී ලංකා.	දෙපාර්තමේන්තු ලේකම්වරයාගේ කාර්යාලය අං. අං. අංක 515, 55 වන පිලිවෙලේ පි. ගමන්පිටිය, කොළඹ 02, ශ්‍රී ලංකා.	Department of Inland Revenue Inland Revenue Building No. 515, Sir Chittampalam A. Girdinler Mawatha, Colombo 2, Sri Lanka
ඇමුණුමේ පැණි අංකය } 430816 Fax	දුරකථන අංකය } 421241 தொலைபேசி / Telephone	විද්‍යුත් තැපෑල } තැපෑල } Telegrams / Revenue	
ඔබගේ අංකය } අං. අං. අංක } Your No.	ඔබගේ අංකය } අං. අං. අංක } My No.	දිනය } දිනය } Date } 23 June 2005	

The Secretary to the Treasury,
Dr. P. B. Jayasundara,
Ministry of Finance.

Dear Sir,

Query No. EAF/C/IR/Query/2004/30
Audit Query-Auditor General's Department

I refer to the above audit query raised by the Auditor General's Department, and addressed to me with a copy to you. A copy of the query is attached herewith.

The Auditor General has raised this query with regard to the refund of VAT amounting to Rs. 3,573,372.886 to 20 companies by 235 cheques during the period 15th November, 2002 to 25th August, 2004.

This matter is being investigated by the Bribery Commission. I also appointed a committee of which Mr. P. P. D. P. Karunasekera has been appointed as the Chairman. The report of the committee has not been submitted yet. I hereby attached a copy of the appointment letter.

I have decided to draw your attention to above query as I will retire from 9th July 2005 and this is very important, and I believe that remedial action should be taken without delaying because these type of refunds have to be stopped, and proper system of issuing VAT refunds has to be implemented.

R. P. L. Weerasinghe,
Commissioner General of Inland Revenue.

Internal Audit & Assessment Control
22.06.2005

ඇමුණුම 04

C. G. I. R.

**Interim Report of Committee to enquire
Into certain VAT refunds alleged to be improperly made**

This refers to your request dated 24.03.2005, appointing a committee to conduct an inquiry into and report on certain VAT refunds alleged to have been improperly made.

Initially the committee intended to collect the information from relevant files themselves.

All the files were called from the VAT branch. In its response, of VAT files being furnished, relevant two G. S. T. files were made available to the committee. It was also informed that some of these files were taken over by the Bribery Commission and the Auditor General's Department (Numbers are given below.)

World Gate Apparels	-	114216623
Jef Garment	-	409011314
M. S. Jaffer	-	700520803
M. J. M. Yooduf	-	643182165
Pro Garments	-	409162070
Butani Exports	-	104054749
Junaid Apperals	-	409157998
Kohb Apperals	-	409162517

The committee found that there are no physical files being maintained in the VAT branch until such time an audit is commenced in the file.

Documents relevant to registration of VAT taxpayers are all handled by the D. P. R. A. U. and thereafter kept into custody.

No Single VAT file after being subjected to audit with connected papers has been furnished despite several requests made by the Committee. So committee is unable to ascertain whether those files have been audited or not.

Failure to obtain above documents the committee looked into what refunds have been made in those files. A copy of the details of the refunds is attached herewith.

Steps are being taken to call the relevant tax payers to get preliminary information in relation to those refunds. Further details in relation to clearing of cheques will be obtained from the relevant bank.

Please treat this as interim report on what we have completed up to now and enquiries will be continued and further developments will be informed to you in due course.

Mr. P. P. D. P. Karunasekara—A. C. G. (Chairman)

Mrs. Anula Senevirathna—D. C. Unit 4 (Member)

Mr. W. Tilakaratne—D. C. Internal Audit (Member)

INTERNAL MEMO

To : Internal Auditor
From : Secretary to the Treasury
Cc: DST/D
Subject : Alleged Irregularities
Date : 16th August, 2005

The Honourable Minister has directed me that an early investigation be carried out in respect of alleged irregularities in VAT reimbursement in the Inland Revenue Department. The Minister has drawn urgent attention to this matter in view of the adverse publicity regarding malpractices in the Department of Customs and Inland Revenue.

Therefore, you are hereby directed to examine the alleged irregularities in the VAT reimbursement transactions and submit a report to me within 10 days from the date of receipt of this memo.

**Fraudulent VAT Refunds
Proposal to require Internal Auditor
of the Ministry of Finance to Examine and Report**

This refers to your note dated 16.08.2005.

1. Secrecy provision of the VAT Act (Section 73) do not permit internal auditor to have access to tax records.
2. It would appear that only 3 alternatives are available:

- * Request CGIR to carry out further inquiry focusing on identified aspects.
- * Request Auditor General to carry out further audit focusing on identified aspects.
- * To establish Commission under the Special Presidential Commission of Inquiry Law No. 7 of 1978.

R. P. L. Weerasinghe
Senior Tax Advisor
18.08.2005

ඇමුණුම 05

මුදල් හා ක්‍රමසම්පාදන අමාත්‍යාංශය

நிதி, திட்டமிடல் அமைச்சு

MINISTRY OF FINANCE AND PLANNING

මහ ලේකම් කාර්යාලය, කොළඹ 01, සෞඛ්‍යමාර්ග, කොළඹ 01. The Secretariat, Colombo 01.

කාර්යාලය අංකය Office	2484500 2484600 2484700	දුරකථන වෙළුම Fax	(94)-011-2449823	වෙබ් අඩවිය වෙබ් අඩවිය Website	Www.treasury.gov.lk
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මගේ අංකය எனது இல. My No.	මගේ අංකය உமது இல. Your No.	දිනය திகதி Date	12th September 2006
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The Commissioner General
Department of Inland Revenue
Sir Chittampalam A. Gardiner Mawatha
Colombo 2

Fraudulent VAT Refund

The Hon. Minister of Finance & Planning has directed me to have an early investigation regarding alleged irregularities in VAT refunds to which the Press has given wide publicity, among others, to the following parties:-

- * World Gate Apparels
- * Jef Garment
- * M. S. Jaffer
- * M. S. M. Jaffer
- * M. J. M. Yoosuf
- * Pro Garment
- * Butani Exports
- * Junaid Apperals
- * Kohb Apperals

In this regard, please report to me on the following:-

1. Whether the VAT refunds have in fact been made to any one or more of the parties named above, during the period 01.01.2002 to 01.10.2004.
2. Whether any such refunds have been made in contravention of the relevant provisions of the VAT law, and if so, identify such case by name indicating also the amount of the refund in each case.
3. Whether any guideline or procedure has been prescribed by you or on your behalf with regard to the making of VAT refund, and if so, whether any of the refund in question has been made in contravention of such guideline or procedure. Identify each case by name indicating also the amount of refund in each case.

4. Whether from any deficiencies or shortcoming in the systems and procedures adopted by the Department in relation to the administration of the VAT law, with regard to the issue of refund in particular, if so, identify such deficiencies.
5. Whether in view of the alleged irregularities you recommended any amendments to the VAT law, if so, indicate the substance of such amendments.
6. If indeed any irregular/fraudulent/improper refunds have been made, identify by name and designation the officers responsible for the same.
7. Brief statement of any collective action taken subsequently.
8. What action you propose to initiate in order to avoid or minimize the chances of any recurrence of similar situations.
9. Any other comments you wish to offer in this regard.

Please forward your response before 21st September, 2005.

P. B. Jayasundera
Secretary to the Treasury

ඇමුණුම 06

දේශීය ආදායම් දෙපාර්තමේන්තුව, Department of Inland Revenue



දේශීය ආදායම් දෙපාර්තමේන්තුව
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කොළඹ 2, ශ්‍රී ලංකාව.

Inland Revenue Building
P.O. Box No. 515,
Sri Chittampalana A,
Gardiner Mawatha,
Colombo 2, Sri Lanka.

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අංකය
23 June, 2005

ඔබගේ අංකය
අංකය
Your No.

ඔබගේ අංකය
අංකය
My No.

දිනය
23 June, 2005

21.09.2005

Secretary to the Treasury
Ministry of Finance

Fraudulent VAT Refund

With reference to your letter dated 12th September 2005 on the above, the details requested are kindly given below -

- (1) VAT refunds have already been issued to all parties mentioned in your letter during the period from 01.01.2002 to 01.10.2004.
- (2) All these refunds have been issued on the basis of returns furnished and they have been made in accordance with the provisions of VAT law.
- (3) No any refund found to have been made in contravention of guidelines and procedures prescribed for the issue of refunds.
- (4) When refunds are issued for exporters during the period under consideration there was no facility available in the system to check the amount declared as exports in the return with exports actually made through the customs. However, this checking was done after obtaining a custom declaration obtained from the taxpayer.
- (5) So far no any amendment was proposed in this regard.
- (6) Since the issue of refund is a collective activity of number of officers it is not possible to identify and name officers individually responsible for the issue of improper refunds.
- (7) Following are some of the steps taken subsequently to minimize the chances of happening of similar situations.

- i. Making compulsory to check up the export data with taxpayers returns.
- ii. Directing officers to pay more attention when registering taxpayers for VAT.
- iii. Instead of issuing refund cheques directly to persons concerned over the counter, instructions have been given to dispatch all cheques by registered post to the address provided at the time of registering for VAT.
- iv. Facility to check on line the amount of exports declared in the return with the exports through the customs was made available to the officers in issuing the refunds.
- v. Deferred Refund System for VAT was introduced for the apparel industry to curtail improper refunds.

(8) In addition to the steps introduced on above, all cases involved for this type of irregular refunds were subjected to VAT Audits including field audits and assessments were raised wherever necessary to recover the appropriate amounts and recovery has already been initiated.

A Committee has been appointed by me to investigate the cases where refunds claimed to have been irregularly made.

P. P. D. P. Karunasekera
Commissioner general of Inland Revenue

P.P.D.P. Karunasekera
Commissioner General of Inland Revenue

ඇමුණුම 07

අரசීතෙරික කොළඹ කළමනාකරණ
දෙපාර්තමේන්තුව

දිලීර හා ක්‍රමලේඛන දෙපාර්තමේන්තුව
நிதி, திட்டமிடல் அமைச்சு

MINISTRY OF FINANCE AND PLANNING

මහලේකම් කාර්යාලය, කොළඹ 01 செயலகம், கொழும்பு - 01 The Secretariat Colombo 01

ඔබගේ අංකය
අංකය
My No.

ඔබගේ අංකය
අංකය
Your No.

දිනය
26.10.2005

Commissioner General
Department of Inland Revenue

Dear Sir,

Fraudulent VAT Refunds

I am in receipt of your letter of September 21, and regret to note that it has not clarified the concerns raised by my letter. In the meantime in order to clear the name of the Department and those of the officers, it would be desirable that you make a public statement to indicate that you have initiated action to rectify the situation.

2 You state that refund is a collective activity and that it is not possible to identify any individual officer by name as being responsible for the issue of the refunds in question. You will agree that, by extension, it is also the collective responsibility of these officers to answer the issues raised by the Auditor General. Therefore please send me a schedule of the officers who were involved in that collective activity. In relation to each of the refunds referred to in item 04 of the Audit Quarry No. EF/C/IR/Wimasum/2004/30 of June 3, 2005 addressed to you by the Auditor General with copy to me. Please also indicate, with reference to each of the refund,

- (i) whether an audit has been carried out and if so names of the officers who participated in it
- (ii) name of the Assessor who signed the refund assessment, and the name of the Deputy Commissioner who approved the refund.

- (iii) the names of the officers who signed the cheque
- (iv) name of the Deputy Commissioner of the Unit from which the refund was issued and the name of the Commissioner in charge of that Unit at the time the refund was issued.

3. Also please clarify the following

- (a) I am aware that during the GST regime every taxpayer claiming a refund for the first time (the first-refund cases) was customarily and without exception, subjected to audit before the issue of the refund.
 - (i) Was this custom of auditing every first-refund case continued with the change over from GST to VAT?
 - (ii) Are there any first-refund cases among those referred to in item 04 of the Audit Query, and if so identify them by name and state whether the customary audit has been carried out in each such case; if not why not?
- (B) In the case of exporters (among those referred to in item 04 of the Audit Query) whether the refund is attributable to imports or local purchases?
 - (i) If attributable to imports, was the input tax thereon checked with the customs authorities before issue of refund and if not why not?
 - (ii) On the other hand if attributable to local purchases, was a schedule thereof obtained before issue of refund, of not, why not.

(c) Whether any refund claimant (among those referred to in item 04 of the Audit Query) has been registered as a non-exporter. If so has the refund to such a claimant been made within a period of one month (the period applicable to exporters) notwithstanding that there is no statutory requirement to do so. If so what were the circumstances that necessitated the issue of the refund so expeditiously.

4. I presume that you appreciate the need to probe a fraud of such gigantic proportions as the instant case, described in some media as being "unprecedented". It is our bounden duty, as responsible public servants, both you and I, to do our utmost to ensure that public funds are not allowed to be misappropriated.

5. I appreciate an early reply.

Yours faithfully

P.B. Jayasundara
Secretary to the Treasury

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நிதி, திட்டமிடல் அமைச்சு
MINISTRY OF FINANCE AND PLANNING

මහලේකම් කාර්යාලය, කොළඹ 01 செயலகம், கொழும்பு 01 The Secretariat Colombo 01

කාර්යාලය අනුබලය Office	3484500 2484700	දුරකථන වෙළුම Fax	(94) 011-2449823	වෙබ් අඩවිය වෙබ් අඩවිය Website	www.w.treasury.gov.lk
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මගේ අංකය ආණ්ඩු අංකය My No.	FP/06-20-09/20	ඔබේ අංකය අංකය Your No.		දිනය දිනය Date	21.10.2005
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The Attorney General

Secrecy Provisions in the Value Added Tax Act No. 14 of 2002
Investigation of Fraudulent VAT Refunds

You are probably aware of the recent media reports relating to fraudulent VAT refunds; the reports were based on certain parts of the Auditor General's report No. E. H/C/L.R./Wipiasum/2004/30 dated 03th June, 2005 (copy annexed).

02. It would appear that some of the refunds have been made to fictitious parties.

03. It is proposed to investigate the matter further with a view to ascertaining whether in fact there has been any fraud and if so, the person or persons responsible for same, the actual amount involved etc.

04. It has been pointed out that the provisions in Sections sections 73 of the VAT Act relating to official secrecy might stand in the way of any such inquiry. The provisions in the VTA Act appear to be more stringent than those in the Inland Revenue Act (Section 178 of Act 38 of 2000), in that Section 178 provides for a number of exceptions in subsections (4), (5), (6) etc. but there are no such exceptions in Sections 73 of the VAT Act.

05. I wish to have your opinion as to whether an inquiry/investigation by the Fraud Bureau/a person or a panel appointed by the Minister of Finance or by the Cabinet or by H. E. the President etc, would be violative of Section 73 of Act No. 14 of 2002 or whether there is any alternative course of action available to ascertain the matters referred to in paragraph 3.

06. My observations on the applicability of Section 73, as regards the refunds made to fictitious parties, are as follows:

The substance of Section 73(1) is that the Commissioner General and the other employees of the Inland Revenue Department shall preserve..... secrecy with regard to all matters relating to the affairs of any person the "person" (defined in Section 83 at page 75 as including "a company or body of persons") in this context is obviously the "taxpayer" - the one who as registered in the relevant records of the Tax Department as such, who furnishes tax returns corresponds with the Tax Department on various issues etc. in other words the persons has to be "real" (not fictitious)

Where the "Persons" who has (allegedly) furnished returns (with other documents in support of the same) claimed (and received) refunds is not real but fictitious, then any inquiry into or investigation of the returns, refund claims and other correspondence would not constitute in law, a violation of the "secrecy relating to the affairs of any persons", because no "person" exists in reality.

These observations would not apply where the "persons" (i.e., recipients of the refunds) are actual and real.

07. As the sum alleged to have been fraudulently refunded is around Rs. 3,450 Mr. It is necessary to take quick action identify and round up the culprits.

08. I look forward for your advice in this matter.

Sgd. P. B. Jayasundara
Secretary of the Treasury

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நிதி, திட்டமிடல் அமைச்சு
MINISTRY OF FINANCE AND PLANNING

මහලේකම් කාර්යාලය, කොළඹ 01 செயலகம், கொழும்பு The Secretariat, Colombo 01

කාර්යාලය අනුබලය Office	දුරකථන වෙළුම Fax	(94) 011-2449823	වෙබ් අඩවිය වෙබ් අඩවිය Website	www.w.treasury.gov.lk
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Commissioner General
Department of Inland Revenue

Fraudulent VAT Refunds

I wrote to you on October 26, 2005 raising certain issues with regard to the fraudulent Vat refunds. I regret that I have not, so far, had even an interim reply.

Please attend to this matter on an urgent basis and forward your response on or before December 30, 2005.

Sgd. P. B. Jayasundara
Secretary to the Treasury

16.01.2006

FP/06/20/09/20

Commissioner General
Department of Inland Revenue

Fraudulent VAT Refund

This refers to my any letter '26th October, 2005 and the reminder of 22nd December 2005. I regret that I have not so far had even an incrim reply.

Please attend to this matter on an urgent basis and forward your response on or before 4.00 p. m. today (16.01.2006). Please treat this as final reminder on this matter.

Sgd. P. B. Jayasundara
Secretary to the Treasury

ඇමුණුම - 11

- No. 3(c)

අදාළ පදනමේ අදාළ කොටස: Department of Inland Revenue

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ශ්‍රී ලංකා විකුණුම් මණ්ඩලයේ
පාලනාංශය,
කොළඹ 2, ශ්‍රී ලංකාව.

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Sri Chithampalain A,
Gardiner Mawatha,
Colombo 2, Sri Lanka.

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Secretary to the Treasury.

FRAUDULENT VAT REFUNDS

This refers to your letter dated 26th October 2005, the details as requested are kindly set out below.

(i) Query - No. 2(i)

No Audit has been carried out each of the cases stated in the list before the issue of respective refunds. However, audits have been carried out subsequently and assessments have been issued. This has been brought to your notice by item No.08 of my letter dated 21st September 2005.

- No. 2(ii)

A detailed list in respect of issue of refund cheques is attached. Where the name of the Assessor who authorized and approved the refund assessment and name of the Deputy Commissioner who certified the document have been indicated respectively.

- No. 2(iii)

There are two Officers who should signed refund cheques initially it is signed by the Deputy Commissioner In-charge of VAT Refund Branch. Thereafter it is signed by the Chief Accountant.

- No. 2(iv)

Names of the Deputy Commissioners and Commissioners served in VAT branch during the respective period are as follows.

Deputy Commissioners	Period
Mr. R.K.H.Kaluarachchi	from 2002/08/01 to 2003/06/30
Mr. Z.Jayathilake	from 2003/07/01 to 2004/12/31
Commissioners	
Mr. S.H.Gunawardane	from 2002/08/01 to 2003/09/30
Mr. A.A. Wijepala	from 2003/10/01 to 2004/12/31

(2) Query - No. 3 a(i)

The custom of auditing the first refund before issue of the refund was not continued with the change over from GST to VAT because of shortage of staff and necessity of issuing the refund within a period of one month.

- No. 3 a(ii)

The first refund cases available in the list. But, no an audit has been carried out before the issue of refunds. However, Audits have been carried out subsequently.

- No. 3(b)

In the cases of exporters, refunds were attributable to both the local purchases and import purchases.

- The input tax has not been checked with the custom information's before the issue of refund as the facility was not available in the system during the period.
- As regards the local purchases, the necessary schedules containing the details of inputs have already been obtained.

Yes, there are some refund claimants who have registered as non-exporters. According to the provisions of the Act refund had to be issued within a period of 90 days, whether the person is an exporter or non-exporter.

On the basis of findings it is suggested that an independent commission of inquiry be appointed to inquire in to these cases where irregularities have been taken place. Further, a copy of the reply to the audit query by Auditor General under reference No.EF/C/IR/Wimasum/2004/30 is attached herewith for your kind consideration.

P.P.D.P. Karunasekara
Commissioner General of Inland Revenue.

ඇමුණුම අංක 11

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බ. ම. ම. අංකය	බද්ද	බද්ද සහ දඩයේ එකතුව
114274224	71,306,525	107,464,503
114214883	120,706,671	178,091,144
114216623	233,433,237	666,704,625
114231630	188,512,214	299,940,678
114243531	251,302,389	369,406,823
740105060	222,038,363	270,827,298
409027687	214,614,844	315,599,160
114200115	137,334,863	205,410,042
114092908	142,463,864	208,525,371
409167632	366,010,495	473,522,845
409166164	353,297,359	508,657,932
409162517	38,426,808	54,870,975
114171417	154,241,620	221,076,224
620844691	216,689,265	266,925,950
409002633	20,742,238	36,309,877

ඇමුණුම 02

පහත සටහනේ විස්තර අවසන් වරට බදු වාර්තා එවා ඇති අන්දම

ආයතනයේ නම	ලිපිනයේ අංකය	අවසන් වරට බදු ඉදිරිපත් කළ කාණ්ඩ
World Gate Apparels Pvt. Ltd.	-114216623	04092
World Gate Euro Apparels Pvt. Ltd.	-114231630	05061
South Lanka Garment Industrial Pvt. Ltd.	-114243531	04062
Pro Garment	-409162070	04063
Creative Apparels	-409002633	03032
Laika Universal Garment sport Pvt. Ltd.	-409027687	04062
Lanka Apparels Pvt. Ltd.	-114200085	04062
Manium S. (Lotus Garment)	-409103111	04062
Rohan Apparels	-409162517	04091
Apparels Pvt. Ltd.	-114214833	04061
Apparels	-409166164	04063
Garment Pvt. Ltd.	-114092908	05091
Lotus Garment Pvt. Ltd.	-114168467	05091
Clothing	-409167632	04063
International Pvt. Ltd.	-114073612	05091
(Creations Apparels)	-740105060	04063
Garment Pvt. Ltd.	-114171417	04062
& Layer Pvt. Ltd.	-114190870	04062
Abdul Kareem (Polytex Apparels)	-620844691	04063
Immag Kandy Pvt. Ltd.	-114274224	04030

DETAIL OF VAT REFUNDS

Period	Date	Nil Number/ Voucher Number	Cheque No.	Amount Rs.	Name of Institution	Name of the Assessor who Authorized the Refund	Name of the Assessor who Approved the refund	Name of the D/C who Certified the Refund Document
09093	15.11.2002	50256	180277	2,483,468	World Gate Apparels Pvt. Ltd.	Document not traceable		R. K. H. Kaluarachchi
	02.01.2003	51021	181683	3,900,988	World Gate Apparels Pvt. Ltd.	-	Z. Jayatilake	
	02.01.2003	51023	181684	2,817,782	World Gate Euro Apparel (Pvt.) Ltd.	Document not traceable		
	14.02.2003	26280	182382	2,793,107	World Gate Euro Apparel (Pvt.) Ltd.	Document not traceable		
02123	12.02.2003	26337	182390	3,893,728	South Lanka Graments Industries (Pvt.) Ltd.	Z. Jayatilake	Z. Jayatilake	R. K. H. Kaluarachchi
02122	25.02.2003	26855	183442	3,291,619	World Gate Euro Apparel Pvt. Ltd.	Z. Jayatilake	Z. Jayatilake	R. K. H. Kaluarachchi
	25.02.2003	26919	183335	2,619,727	World Gate Apparels Pvt. Ltd.	Document not traceable		
	26.02.2003	26978	183526	3,393,177	World Gate Apparels Pvt. Ltd.	Document not traceable		
	12.03.2003	27706	184867	3,860,455	World Gate Apparels Pvt. Ltd.	Document not traceable		
03032	04.04.2003	29434	186438	711,312	Pro Garments	Z. Jayatilake	Z. Jayatilake	R. K. H. Kaluarachchi
03033	04.04.2003	29435	186441	4,096,783	World Gate Apparels Pvt. Ltd.	Z. Jayatilake	Z. Jayatilake	R. K. H. Kaluarachchi
	04.04.2003	29509	186679	5,117,923	World Gate Apparels Pvt. Ltd.	Document not traceable		
	08.04.2003	29621	187007	4,162,353	World Gate Euro Apparel (Pvt.) Ltd.	Document not traceable		
	11.04.2003	30951	187279	5,611,729	World Gate Euro Apparel (Pvt.) Ltd.	Document not traceable		
	22.04.2003	30604	187422	1,231,655	Creative Apparels	Document not traceable		
	22.04.2003	30613	187402	2,711,351	Creative Apparels	Document not traceable		
	23.04.2003	30838	187409	4,863,922	Lanka Universal Garment Exports	Document not traceable		
03031	29.04.2003	31261	187695	4,290,788	Lanka Universal Garment Exports	Z. Jayatilake	Z. Jayatilake	R. K. H. Kaluarachchi
03031	29.04.2003	31262	187748	4,567,911	Lotus Apparel (Pvt.) Ltd.	Z. Jayatilake	Z. Jayatilake	R. K. H. Kaluarachchi
	05.05.2003	31471	188084	3,819,641	Subramanium S. (Lotus Garments)	Document not traceable		
	06.05.2003	31591	188428	449,878	Subramanium S.	Document not traceable		
03031	20.05.2003	32393	188682	5,061,195	World Gate Apparels Pvt. Ltd.	Document not traceable		
	20.05.2003	32394	188674	5,231,826	South Lanka Graments Industries (Pvt.) Ltd.	Z. Jayatilake	Z. Jayatilake	R. K. H. Kaluarachchi
03033	21.05.2005	32583	188815	4,993,774	Pro Garments	Z. Jayatilake	Z. Jayatilake	R. K. H. Kaluarachchi
	23.05.2003	32675	189090	2,909,685	Creative Apparels	Document not traceable		
03033	26.05.2003	32782	188875	5,029,668	Subramanium S.	Z. Jayatilake	Z. Jayatilake	R. K. H. Kaluarachchi
03033	30.05.2003	32918	189080	4,981,773	Lanka Universal Garment Exports	Z. Jayatilake	Z. Jayatilake	R. K. H. Kaluarachchi
	30.05.2003	32921	189211	5,033,958	World Gate Euro Apparel (Pvt.) Ltd.	Document not traceable		
	05.06.2003	33320	189885	4,786,763	Kohb Apparels	Document not traceable		
03361	12.06.2003	33751	190473	5,692,111	Subramanium S.	-	Z. Jayatilake	R. K. H. Kaluarachchi
03061	16.06.2003	33852	190476	5,198,873	World Gate Apparels Pvt. Ltd.	Z. Jayatilake	Z. Jayatilake	R. K. H. Kaluarachchi
	16.06.2003	33972	190460	5,498,718	Pro Garments	Z. Jayatilake	Z. Jayatilake	R. K. H. Kaluarachchi
03061	23.06.2003	34085	190469	5,395,225	Lanka Universal Garment Exports	Z. Jayatilake	Z. Jayatilake	R. K. H. Kaluarachchi
03061	25.06.2003	34157	190453	5,365,912	South Lanka Graments Industries (Pvt.) Ltd.	-	Z. Jayatilake	R. K. H. Kaluarachchi
	15.07.2003	35904	192324	5,593,281	World Gate Euro Apparel (Pvt.) Ltd.	Document not traceable		
	15.07.2003	35905	192323	6,846,522	Kohb Apparels	Document not traceable		
	15.07.2003	35920	192231	5,813,105	Pro Graments	Document not traceable		
03061	25.06.2003	34156	190457	5,728,112	Lotus Apparels Pvt. Ltd.	Z. Jayatilake	Z. Jayatilake	R. K. H. Kaluarachchi
	15.07.2003	35828	192554	7,965,843	Kohb Apparels	Document not traceable		
	28.07.2003	36869	193314	5,725,812	World Gate Apparel (Pvt.) Ltd.	Document not traceable		
	01.08.2003	37134	193535	3,371,465	Creative Apparels	Document not traceable		
	01.08.2003	37135	193536	3,168,942	Creative Apparels	Document not traceable		
	01.08.2003	37136	193537	3,781,215	Creative Apparels	Document not traceable		
	04.08.2003	37153	193538	3,567,925	Creative Apparels	Document not traceable		
	12.08.2003	37629	194264	5,916,831	Subramanium S.	Document not traceable		
	12.08.2003	37630	194263	6,119,723	Janaka universal Garments Exports	Document not traceable		
03063	12.08.2003	37631	194262	9,856,567	World Gate Apparels (Pvt.) Ltd.			Z. Jayatilake
	12.08.2003	37632	194261	9,923,642	Outh Lanka Garment Industries (Pvt.) Ltd.	Document not traceable		
03063	12.08.2003	37633	194260	10,988,816	Khobo Apparels	Z. Jayatilake		Z. Jayatilake
03063	12.08.2003	37643	194253	11,971,085	Pho Garments	Z. Jayatilake		Z. Jayatilake
03063	15.08.2003	37740	194259	6,873,221	Lotus Apparel (Pvt.) Ltd.	Z. Jayatilake		Z. Jayatilake
	15.08.2003	37849	194069	3,857,673	Uni Line Apparels	Document not traceable		
	02.09.2003	38941	195335	9,698,811	World Gate Euro Apparels (Pvt.) Ltd.	Document not traceable		
	02.09.2003	38942	195336	5,719,811	Upali Garments (Pvt.) Ltd.	Document not traceable		
	02.09.2003	38943	195337	5,591,073	Lotus Garments (Pvt.) Ltd.	Document not traceable		

Period	Date	Nil Number/Voucher Number	Cheque No.	Amount Rs.	Name of Institution	Name of the Assessor who Authorized the Refund	Name of the Assessor who Approved the refund	Name of the D/C who Certified the Refund Document
03091	07.10.2003	46452	197483	3,941,623	Euro Clothing	Z. Jayatilake	A. W. Ambepitiya	Z. Jayatilake
03091	08.10.2003	46529	197322	9,768,916	Upali Garments (Pvt.) Ltd.	Z. Jayatilake	A. W. Ambepitiya	Z. Jayatilake
	10.10.2003	46657	197610	7,501,138	Lanka Universal Garments Exports	Document not traceable		
03092	13.10.2003	46769	197810	11,127,118	World Gate Apparels (Pvt.) Ltd.	A. W. Ambepitiya	Z. Jayatilake	Z. Jayatilake
	14.10.2003	46841	197613	8,551,289	Lotus Garments (Pvt.) Ltd.	Document not traceable		
	14.10.2003	46842	197615	8,498,416	World Gate Apparels (Pvt.) Ltd.	Document not traceable		
	14.10.2003	46843	197617	9,611,025	South Lanka Garments Industries (Pvt.) Ltd.	Document not traceable		
	14.10.2003	47844	197611	9,005,116	Subramaniam S.	Document not traceable		
	14.10.2003	47845	197611	16,881,337	Uni Lines Apparels	Document not traceable		
	15.10.2003	46938	197612	8,093,117	Lotus Apparels (Pvt.) Ltd.	Document not traceable		
	15.10.2003	46945	197807	8,058,125	Lotus Apparel (Pvt.) Ltd.	Document not traceable		
03091	15.10.2003	46946	197814	6,986,913	Ali M. S. L. (Creative Apparels)	Z. Jayatilake	A. W. Ambepitiya	Z. Jayatilake
	15.10.2003	46947	198021	8,573,911	World Gate Euro Apparels (Pvt.) Ltd.	Document not traceable		
03092	20.10.2003	47284	197809	25,096,122	Euro Clothing	Z. Jayatilake	Z. Jayatilake	
	20.10.2003	47285	198003	19,237,612	Pro Garments	Document not traceable		
03092	21.10.2003	47334	197566	7,798,114	Subramaniam S.	Z. Jayatilake	A. W. Ambepitiya	Z. Jayatilake
	21.10.2003	47335	197569	9,911,705	Lanka Universal Garments Exports	Document not traceable		
	22.10.2003	47400	198002	18,756,517	Kohb Apparels	Document not traceable		
03092	22.10.2003	47401	197808	25,101,214	Pro Garments	Z. Jayatilake		Z. Jayatilake
	22.10.2003	47402	197,570	24,495,12	Kohb Apparels	Document not traceable		
03092	27.10.2003	47528	198719	9,681,2003	Lotus Garments (Pvt.) Ltd.	A. W. Ambepitiya	A. W. Ambepitiya	Z. Jayatilake
03092	27.10.2003	47529	197567	7,802,613	Ali M. S. L. Z. Jayatilake	A. W. Ambepitiya		Z. Jayatilake
	27.10.2003	47530	197568	23,482,772	Uni Line Apparels	Document not traceable		
03092	27.10.2003	47531	196571	14,113,416	South Lanka Garment Industries (Pvt.) Ltd.	Z. Jayatilake	A. W. Ambepitiya	Z. Jayatilake
	27.10.2003	47560	198420	911,625	Kanbro International (Pvt.) Ltd.	Document not traceable		
03092	28.10.2003	47648	198720	13,115,223	World Gate Euro Apparels (Pvt.) Ltd.		A. W. Ambepitiya	Z. Jayatilake
03093	13.11.2993	48741	200147	25,314,600	Kohb Apparels	Z. Jayatilake	A. W. Ambepitiya	Z. Jayatilake
03093	13.11.2003	48743	200136	15,022,277	South Lanka Garment Industries (Pvt.) Ltd.	Z. Jayatilake	A. W. Ambepitiya	Z. Jayatilake
03093	13.11.2003	48818	200152	9,082,798	Lanka Universal Garments Exporters (Pvt.) Ltd.	Z. Jayatilake	A. W. Ambepitiya	Z. Jayatilake
	14.11.2003	48962	200167	9,832,596	Lotus Apparel (Pvt.) Ltd.	Document not traceable		
	17.11.2003	49054	200435	9,825,142	Louis Garments (Pvt.) Ltd.	Document not traceable		
	17.11.2003	49056	200560	25,624,120	Pro Garments	Document not traceable		
	18.11.2003	490209	200197	8,052,236	Ali M. S. L.	Document not traceable		
	18.11.2003	490219	200444	16,405,611	World Gate Apparels (Pvt.) Ltd.	Document not traceable		
	21.11.2003	490659	200776	9,734,652	Lord & Taylor (Pvt.) Ltd.	Document not traceable		
	21.11.2003	490668	200777	4,503,118	Kanbro International (Pvt.) Ltd.	Document not traceable		
	01.12.2003	50361	201352	11,323,422	Upali Garments (Pvt.) Ltd.	Document not traceable		
	01.12.2003	50444	201353	15,906,116	World Gate Euro Apparels (Pvt.) Ltd.	Document not traceable		
	03.12.2003	50423	201857	9,251,165	Lord & Taylor (Pvt.) Ltd.	Document not traceable		
03121	09.12.2003	51045	201175	26,413,612	Euro Clothing	Z. Jayatilake	A. W. Ambepitiya	Z. Jayatilake
03121	09.12.2003	51046	201179	16,491,702	World Gate Apparel (Pvt.) Ltd	Z. Jayatilake	A. W. Ambepitiya	Z. Jayatilake
03121	11.12.2003	51193	202176	20,306,118	Lanka Universal Garments Expo	Z. Jayatilake	A. W. Ambepitiya	Z. Jayatilake
	11.12.2003	51208	202177	25,640,799	Kohb Apparels	Document not traceable		
03121	11.12.2003	51209	202180	8,919,940	Subramaniam S.	Z. Jayatilake	A. W. Ambepitiya	Z. Jayatilake
03061	12.12.2003	51302	202223	3,901,263	Ali M. S. L.	Z. Jayatilake	A. W. Ambepitiya	Z. Jayatilake
	14.12.2003	30148	202921	12,645,257	Lord & Taylor Pvt. Ltd.	Document not traceable		
	15.12.2003	51354	202356	1,617,142	Kanbro International Pvt. Ltd.	Document not traceable		
	15.12.2003	51355	202354	7,912,123	Abdul Kareem S. L. (Polytex Apparels)	Document not traceable		
	15.12.2003	51356	202352	8,987,815	Ali M. S. L.	Document not traceable		
	16.12.2003	51357	202353	15,784,964	South Lanka Garments Industries Pvt. Ltd	Document not traceable		
	18.12.2003	51454	202355	25,574,981	Pro Garments	Document not traceable		
	18.12.2003	51455	202360	26,228,935	Uni Line Apparels	Document not traceable		
	06.02.2004	30047	202534	12,955,794	Lotus Garments Pvt. Ltd.	Document not traceable		
	06.01.2004	30048	202533	19,334,076	Upali Garments Pvt. Ltd.	Document not traceable		
	08.01.2004	30055	202532	15,756,780	World Gate Euro Apparel Pvt Li	Document not traceable		
	08.01.2004	30056	202530	9,140,261	Minipe Garments Pvt. Ltd.	Document not traceable		
	16.12.2003	31947	204943	27,635,149	Uni Line Apparels	Document not traceable		

Period	Date	Nil Number/ Voucher Number	Cheque No.	Amount Rs.	Name of Institution	Name of the Assessor who Authorized the Refund	Name of the Assessor who Approved the refund	Name of the D/C who Certified the Refund Document
-	17.02.2004	32104	205041	18,754,854	Lord & Taylor Pvt. Ltd.		Document not traceable	
-	17.02.2004	32105	205042	31,461,325	Euro Clothing		Document not traceable	
-	17.02.2004	32236	204938	14,513,893	Abdul Kareem S. L.		Document not traceable	
-	17.02.2004	32237	204939	13,117,523	Ali M. S. L.		Document not traceable	
-	17.02.2004	32238	204940	12,113,573	Minipe Garments Pvt. Ltd.		Document not traceable	
-	19.02.2004	32374	205214	1,911,909	Kanbro International Pvt. Ltd.		Document not traceable	
-	19.02.2004	32375	205213	8,691,911	Minipe Garments Pvt. Ltd.		Document not traceable	
-	23.02.2004	32637	205179	8,276,739	Lotus Apparels Pvt. Ltd.		Document not traceable	
-	23.02.2004	32690	205052	15,369,553	South Lanka Garment Industries (pvt) Ltd.		Document not traceable	
-	23.02.2004	32700	205288	29,105,117	Uni Line Apparels Pvt Ltd.		Document not traceable	
-	23.02.2004	32719	205272	16,522,331	Ali M. S. L.		Document not traceable	
-	23.02.2004	32725	205285	3,622,123	Kandro International Pvt. Ltd.		Document not traceable	
-	25.02.2004	32885	205740	17,761,318	South Lanka Garment Industries Pvt. Ltd.		Document not traceable	
-	01.03.2004	33166	206136	17,581,633	World Gate Euro Apparel Pvt. Ltd.		Document not traceable	
-	01.03.2004	33167	206135	16,532,241	Lotus Garment Pvt. Ltd.		Document not traceable	
-	24.02.2004	32746	204980	24,319,490	Pro Garments		Document not traceable	
-	24.02.2004	32747	204979	26,821,193	Khob Apparels		Document not traceable	
-	24.02.2004	32757	205623	16,771,199	World Gate Euro Apparel Pvt. Ltd.		Document not traceable	
-	24.02.2004	32758	205622	17,934,740	Upali Garments Pvt. Ltd.		Document not traceable	
-	27.02.2004	32764	205614	15,096,637	Lotus Garments Pvt. Ltd.		Document not traceable	
-	24.02.2004	32278	205283	27,011,313	Pro Garments		Document not traceable	
-	24.02.2004	32810	204978	15,155,139	World Gate Apparels Pvt. Ltd.		Document not traceable	
-	25.02.2004	32886	205545	15,182,905	Lanka Universal Garments Exporters Pvt. Ltd.		Document not traceable	
-	25.02.2004	32887	205745	14,413,668	Minipe Garments Pvt. Ltd.		Document not traceable	
-	25.02.2004	32888	205744	18,540,123	Lanka Universal Garments Exporters Pvt. Ltd.		Document not traceable	
-	25.02.2004	32889	205742	20,117,205	Lord & Taylor Pvt. Ltd.		Document not traceable	
-	25.02.2004	32890	205741	18,498,166	World Gate Apparels Pvt. Ltd.		Document not traceable	
-	26.02.2004	32944	205743	9,801,673	Lotus Apparels Pvt. Ltd.		Document not traceable	
-	26.02.2004	32946	205280	29,511,613	Khob Ppparels		Document not traceable	
-	26.02.2004	32947	205281	18,213,412	Upali Garments Pvt. Ltd.		Document not traceable	
-	26.02.2004	32948	205284	17,217,360	Abdul Kareem S. L.		Document not traceable	
-	26.02.2004	32049	205287	33,065,121	Euro Clothing		Document not traceable	
-	26.02.2004	32950	204981	12,943,357	Inimag Apparels Pvt. Ltd.		Document not traceable	
-	26.02.2004	32951	205278	9,255,138	Subramanium S.		Document not traceable	
-	26.02.2004	32991	204977	8,454,928	Subramanium S.		Document not traceable	
-	01.03.2004	33166	205136	17,581,633	World Gate Euro Apparels (Pvt.) Ltd.		Document not traceable	
-	04.03.2004	33557	206314	13,856,145	Inimag Apparels Pvt.Ltd.		Document not traceable	
-	23.03.2004	34099	206684	29,815,552	Uni Line Apparels		Document not traceable	
-	25.03.2004	34141	206685	31,293,730	Khob Apparels		Document not traceable	
-	15.04.2004	34573	207515	34,175,174	Euro Clothing		Document not traceable	
-	15.04.2004	34574	207517	17,105,514	Ali M.S.L.		Document not traceable	
-	15.04.2004	34575	207518	19,565,314	World Gate Apparels (Pvt.) Ltd.		Document not traceable	
-	15.04.2004	34578	207527	18,112,542	Abdul Kareem S.L.		Document not traceable	
-	15.04.2004	34576	207519	8,925,578	Lotus Apparels Pvt. Ltd.		Document not traceable	
-	15.04.2004	34577	207520	20,572,958	Lanka Universal Garments Exporters Pvt. Ltd.		Document not traceable	
-	15.04.2004	34578	207524	27,665,222	Pro Garments		Document not traceable	
-	25.04.2004	34579	207526	10,105,711	Subramanium S.		Document not traceable	
-	21.04.2004	34925	207893	18,011,331	World Gate Euro Apparels (Pvt.) Ltd.		Document not traceable	
-	21.04.2004	34926	207892	19,942,673	Upali Garments Pvt Ltd.		Document not traceable	
-	21.04.2004	34928	207890	17,902,345	Lotus, Garments PvtLtd.		Document not traceable	
-	23.03.2004	35878	208586	18,223,412	Minipe Garments Pvt. Ltd.		Document not traceable	
-	25.03.2004	35879	208586	11,245,615	Lotus Apparels Pvt.Ltd.		Document not traceable	
04031	28.04.2004	35372	208514	18,327,419	South Lanka Garment Industries (Pvt.) Ltd.	A.W.Ambepitiya	A.W.Ambepitiya	Z.Jayathilake
04031	28.04.2004	35371	208515	16,751,966	Minipe Garments Pvt. Ltd.	A.W.Ambepitiya	A.W.Ambepitiya	Z.Jayathilake
04031	28.04.2004	35373	208513	22,749,150	Lord & Taylor Pvt. Ltd.	A.W.Ambepitiya	A.W.Ambepitiya	Z.Jayathilake
-	30.04.2004	35751	209036	39,125,610	Inimag Kandy Pvt.Ltd.		Document not traceable	
-	30.04.2004	35752	209044	19,314,641	Inimag Apparels Pvt.Ltd.		Document not traceable	
-	30.04.2004	35753	209038	20,322,547	Inimag Apparels Pvt.Ltd.		Document not traceable	
-	30.04.2004	35754	209037	31,724,252	Inimag Apparels Pvt.Ltd.		Document not traceable	

Period	Date	Nil Number/ Voucher Number	Cheque No.	Amount Rs.	Name of Institution	Name of the Assessor who Authorized the Refund	Name of the Assessor who Approved the refund	Name of the D/C who Certified the Refund Document
	03.05.2004	35877	208587	24,113,065	South Lanka Garment Industries (Pvt.) Ltd	Document not traceable		
	11.05.2004	36052	208638	25,611,322	Abdul Kareem S.L.	Document not traceable		
	11.05.2004	36053	208636	31,228,619	Pro Garments	Document not traceable		
	11.05.2004	36054	208634	33,121,335	Khob Apparels	Document not traceable		
	11.05.2004	36055	208629	4,765,335	Kanbro International Pvt. Ltd.	Document not traceable		
	12.05.2004	36063	208633	25,615,321	Lord & Taylor Pvt. Ltd.	Document not traceable		
	12.05.2004	36064	208630	36,125,665	Euro Clothing	Document not traceable		
	12.05.2004	36065	208631	34,112,357	Uni Line Apparels	Document not traceable		
	13.05.2004	36088	208628	15,112,302	Inimag Apparels Pvt. Ltd.	Document not traceable		
	26.05.2004	36799	209483	21,122,367	Upali Garments Pvt. Ltd	Document not traceable		
	26.05.2004	36800	209480	19,541,623	World Gate Euro Apparels (Pvt.) Ltd.	Document not traceable		
	27.05.2004	36808	209475	18,302,551	Lotus Garments Pvt. Ltd.	Document not traceable		
	07.05.2004	36033	208632	12,822,114	Subramaniam S.	Document not traceable		
	07.05.2004	36035	208635	24,511,332	Ali M.S.L.	Document not traceable		
	07.05.2004	36036	208637	20,122,354	Lanka Universal Garments Exporters	Document not traceable		
	10.05.2004	36042	208635	19,216,573	World Gate Apparels (Pvt) Ltd.	Document not traceable		
	10.05.2004	37100	425092	35,987,294	Euro Clothing	Document not traceable		
	11.05.2004	37112	425091	19,900,263	Lanka Universal Garments Exporters	Document not traceable		
	11.06.2004	37113	405090	33,029,813	Uni Lines Apparels	Document not traceable		
	11.06.2004	37114	435090	11,101,849	Lotus Apparels Pvt. Ltd	Document not traceable		
	14.06.2004	37154	425088	12,631,103	Subramaniam S.	Document not traceable		
	14.06.2004	37155	425086	23,955,684	South Lanka Garments Industries (Pvt) Ltd.	Document not traceable		
	17.06.2004	37513	425607	19,107,114	World Gate Euro Apparels (Pvt) Ltd.	Document not traceable		
	17.06.2004	37514	425609	18,065,812	Minipe Garments Pvt. Ltd.	Document not traceable		
	18.06.2004	37521	425608	25,445,881	Lord & Taylor Pvt. Ltd.	Document not traceable		
	21.06.2004	37592	425610	32,985,605	Khob Apparels	Document not traceable		
	21.06.2004	37604	425476	24,322,142	Ali M. S. L.	Document not traceable		
	21.06.2004	37605	425475	4,563,327	Kanbro International Pvt. Ltd.	Document not traceable		
	22.06.2004	37616	425474	31,011,327	Pro Garments	Document not traceable		
	01.07.2004	38175	426066	20,919,896	Upali Garments Pvt. Ltd.	Document not traceable		
	01.07.2004	38178	426070	19,289,679	World Gate Euro Apparels (Pvt.) Ltd.	Document not traceable		
04033	06.07.2004	38286	426155	17,995,895	Lotus Garments Pvt. Ltd.	Document not traceable		
04061	06.07.2004	38318	426225	18,991,328	Inimag Apparels Pvt. Ltd.	Z. Jayatilake	A. W. Ambepitiya	Z. Jayatilake
	12.07.2004	38707	426666	2,111,960	Lanka Universal Garments Exporters Pvt. Ltd.	A. W. Ambepitiya	A. W. Ambepitiya	Z. Jayatilake
04061	12.07.2004	38709	426671	14,335,106	Subramaniam S.	Document not traceable		
	12.07.2004	38710	426667	29,224,117	South Lanka Garment Industries (Pvt.) Ltd.	A. W. Ambepitiya	A. W. Ambepitiya	Z. Jayatilake
	12.07.2004	38711	426668	35,095,531	Uni Lines Apparels	Document not traceable		
	14.07.2004	38766	426669	35,108,258	Pro Garments	Document not traceable		
	14.07.2004	38824	426928	18,440,163	Lotus Garments Pvt. Ltd.	Document not traceable		
	14.07.2004	38825	427038	25,312,523	Abdul Kareem S. L.	Document not traceable		
	16.07.2004	38829	426691	34,511,227	Khob Apparels	Document not traceable		
	16.07.2004	38830	426692	38,165,453	Euro Clothing	Document not traceable		
	15.07.2004	38827	426690	26,115,607	Lord & Taylor Pvt. Ltd.	Document not traceable		
	19.07.2004	38838	426693	29,442,516	Abdul Kareem S. L.	Document not traceable		
	19.07.2004	38839	426694	20,166,351	Inimage Apparels Pvt. Ltd.	Document not traceable		
	19.07.2004	38840	426697	4,117,803	Kanbro International Pvt. Ltd.	Document not traceable		
	20.07.2004	38859	426695	28,461,212	Ali M. S. L.	Document not traceable		
	20.07.2004	38860	426696	19,220,314	World Gate Apparels Pvt. Ltd.	Document not traceable		
	20.07.2004	38861	426698	10,224,302	Lotus Apparels Pvt. Ltd.	Document not traceable		
	20.07.2004	38862	426699	20,331,246	Minipe Garments Pvt. Ltd.	Document not traceable		
04062	11.08.2004	40302	248239	25,668,912	Lord & Taylor Pvt. Ltd.	A. W. Ambepitiya	A. W. Ambepitiya	Z. Jayatilake
04062	11.08.2004	40303	428238	18,965,331	World Gate Apparels Pvt. Ltd.	A. W. Ambepitiya	A. W. Ambepitiya	Z. Jayatilake
	11.08.2004	40304	428233	3,887,913	Kanbro International Pvt. Ltd.	Document not traceable		
04062	12.08.2004	40319	428237	29,103,328	South Lanka Garment Industries (Pvt.) Ltd.	A. W. Ambepitiya	A. W. Ambepitiya	Z. Jayatilake
04062	12.08.2004	40320	428236	14,227,613	Subramaniam S.	A. W. Ambepitiya	A. W. Ambepitiya	Z. Jayatilake
04062	12.08.2004	40321	428235	34,612,911	Uni Line Apparels	A. W. Ambepitiya	A. W. Ambepitiya	Z. Jayatilake
04062	12.08.2004	40322	428234	29,116,021	Abdul Kareem S. L.	A. W. Ambepitiya	A. W. Ambepitiya	Z. Jayatilake
	12.08.2004	40323	428232	34,653,146	Pro Garments	Document not traceable		
	12.08.2004	40337	428231	34,012,641	Khob Apparels	Document not traceable		
	23.08.2004	40927	428362	9,905,277	Lotus Apparels Pvt. Ltd.	Document not traceable		
	24.08.2004	40933	428358	28,165,119	Ali M. S. L.	Document not traceable		
	25.08.2004	40934	428357	20,091,662	Minipe Garments Pvt. Ltd.	Document not traceable		
	25.08.2004	40935	428356	20,812,337	Lanka Universal Garments Pvt. Ltd.	Document not traceable		
	25.08.2004	40938	428355	3,798,524	Euro Clothing	Document not traceable		
				Total Amount -	3,573,372,886			



අමුණු-12
 ඉදිරි හා ක්‍රම සම්පාදන අමාත්‍යාංශය
 நிதி, திட்டமிடல் அமைச்சு
 MINISTRY OF FINANCE AND PLANNING

මහ ලේකම්කාර්යාල
 කොළඹ 01

The Secretariat.
 Colombo 01

23rd January, 2006

Mr. Lalith Weerathunge
 Secretary to the President

Dear Sir,

APPOINTMENT OF A COMMISSION OF INQUIRY TO INQUIRE
 INTO ALLEGED FRAUDULENT VAT REFUNDS

As you may be aware, wide publicity was given to alleged fraudulent VAT refunds at the Department of Inland Revenue, based on findings by the Auditor General in his report No: EH/C/IR/vimasum/2004/30, dated June 2005.

The then Commissioner General of Inland Revenue (CGIR) on 23rd June 2005 brought to my notice of an Audit query made by the Auditor General's Department with regard to alleged malpractices involving VAT refunds, amounting to Rs. 3.6 billion to 20 companies through 235 cheques, during the period 15th November 2002 to 25th August 2004. I was also informed that this matter is being investigated by the Bribery Commission and that in addition and that the CGIR has appointed a committee headed by Mr. P. P. D. P. Karunasekera, the then Addl. Commissioner General as Chairman of this committee. The then CGIR further informed me that he is bringing this matter to my attention in view of his impending retirement on 9th July 2005.

In the meantime, Hon. Minister of Finance and Planning also directed me to appoint a suitable officer from the Ministry of Finance and Planning to examine this matter. However, as the VAT Act gives full powers to the Commissioner General of Inland Revenue, there was no room for an independent officer of this Ministry to conduct any inquiry. I was also advised that the Secrecy Provisions of the VAT Act (Section 23) do not permit internal Auditors to have access to tax files.

In this at background three alternatives were identified;

- * Request the CGIR to carryout a further inquiry focusing on identified aspects.
- * Request the Auditor General to carry out a further audit focusing on identified aspects.
- * To establish a Commission under the Commissions of Inquiry Act No. 17 of 1948 to investigate.

As such, I wrote to the Commissioner General of Inland Revenue and the Attorney General Seeking clarifications of what action this Ministry could take in this regard, since this matter would have a serious adverse impact on the credibility of the Inland Revenue Department. I wish to note that this matter was also raised in Parliament during the last Budget debate and the Hon. Deputy Minister of Finance and Planning informed the house that the matter has being referred to the Hon. Attorney General for relevant legal advise. After many reminders and follow up correspondence with the CGIR. And the Attorney General's Department, I have finally received a response from the CGIR. However I have still not received any response from the Attorney General's Department. In this background I do not consider that any further delay in action by this Ministry is in the best interest of the public. Since the Commissioner General of Inland Revenue has now documented in his report various information indicating a series of lapses and he, himself who headed the departmental inquiry had advised to appoint an independent inquiry commission to further go into the matter and since it involves an alleged fraud of billions of rupees and there is serious public concern, conducting a high powered inquiry appears to be the correct option.

Therefore, I kindly request you to consider advising His Excellency the President to appoint a Commission of Inquiry, to look in to this matter

and report within 3 months from the date of such appointment, the findings thereof. Considering the seriousness of the alleged fraud and also to ensure an impartial conclusion, in my view, two judges of the Superior Courts may be appointed to go into this matter.

Your faithfully,

P. B. Jayasundera
 Secretary to the Treasury

Cc; Auditor General
 Attorney General
 Commissioner General-IRD



My No. CSA/4/Comm/03.
 March, 07, 2006

OFFICE OF THE PRESIDENT

Dr. P. B. Jayasundera
 Secretary
 Ministry of Finance & Planning

Appointment of a Commission of Inquiry to inquire into alleged Fraudulent Vat Refunds

I write with reference to your letter dated January 23, 2006 on the above subject.

In view of the information and recommendation given in the letter under reference, it has been considered that the appropriate course of action would be establishment of a Commission of Inquiry to inquire into the alleged frauds.

I shall therefore be thankful if you could prepare a draft TOR and send me for further action.

Pushpa Wellappili
 Additional Secretary to the President

Sgd. Lalith Weeratunga
 Secretary to the President

13th March, 2006

Secretary to the President
 Dear Sir,

APPOINTMENT OF A COMMISSION OF INQUIRY TO INQUIRE
 INTO ALLEGED FRAUDULENT VAT REFUNDS

Your letter of 7th March, 2006 on the above subject refers.

As per your request, I have attached herewith the draft TOR for necessary action.

Yours faithfully,

P. B. Jayasundera
 Secretary to the Treasury

Terms of Reference

Background

Auditor General by his report dated 30.06.2005 (Annex 1) has alleged of malpractices pertaining to VAT refunds which have been made by the Inland Revenue Department during the period 01.10.2002 to 25.08.2004. In response to a communiqué sent by the Secretary to the Treasury, the Commissioner General of Inland Revenue by his letter dated 16.01.2006 (Annex 2) has admitted that there have been irregularities and that an independent Commission of Inquiry be appointed in this regard.

Objective and Scope of Work

The Commission of Inquiry is required to make an independent investigation into these allegations and make its findings on such allegations, along with its recommendations.

The Commission is specifically required to investigate and make its findings on the following :

1. Whether such VAT refunds have in fact been made to any one or more of the Companies, whose names are more fully mentioned in Annex 1 ;
2. If such VAT refunds have in fact been made, have they been made in contravention of any applicable Statutes and/or Guidelines of the Inland Revenue Department ;
3. Are the Companies whose names are mentioned in Annex 1, legally in existence or were in existence at the relevant time ;
4. If any irregularities or undue refunds have been made, identify persons who were responsible for such action.

The Commission may avail the assistance of any technically competent persons whom it may require to assist in making its findings and any incidental expenditure will be suitably borne.

Delivery of the Findings

The Commission is required to make inquiries and submit its report along with recommendations by 30th April 2006.

My No. CSA/4/Comm/03.
6 April, 2006

OFFICE OF THE PRESIDENT

Secretary
Ministry of Finance & Planning

Appointment of a Commission of Inquiry to inquire into alleged Fraudulent VAT Refunds

I write with reference to the draft TOR sent to me by your letter of 13th March 2006, which was subsequently referred to Attorney - General for his opinion and comments. The Attorney - General has informed me that there is no legal objection to a commission being appointed under the Commission of Inquiry Act to investigate and report on the relevant matters.

Hence, You may please send me the list of companies, which is referred to as Annex I in the draft TOR (copy annexed)

I would also like to inform you that, in view of the on going court case on this matter, it is proposed to appoint a retired Judge of the Superior Courts to chair the said commission.

Pushpa Wellappili
Additional Secretary to the President
For Secretary to the President

1. Whether such Value Added Tax refunds have in fact made to any one or more of the Companies or persons more fully set out in Annex (1) ;
2. If so, were the said refunds made in contravention of any law, and/or guidelines of the Inland Revenue Department ?
3. The names, identity and details of persons who were responsible for such refunds ;
4. Were all or any of the said companies in existence at the relevant period, and are they presently in existence ?

FP/06/20/09/20

CSA/4/COMM/03

21.04.2006

Attention : Pushpa Wellappili
Addl. Secretary to the President

Secretary to the President,

Appointment of a Commission of Inquiry to Inquire into alleged Fraudulent - VAT Refunds.

I write with reference your letter of April 6, 2006.

02. The relevant companies are mentioned in schedules 1 and 3 to the Audit Query. A copy of the entire Audit Query is sent herewith.

03. For convenience however I have prepared a summary in the form of a Schedule incorporating therein, the Schedules numbered 1 and 3; a copy of the summary is also enclosed.

P. B. Jayasundera,
Secretary/Finance & Planning

SUMMARY OF VAT REFUND

No.	Name of Institution	Tin No.	Total Amount Rs.
1	Abdul Kareem S. L. (Ploytex Apparels)	620844691 - 7000	167,238,300.00
2	Creations Apparels (Ali M. S. L.)	740105060 - 7000	187,936,013.00
3	Creative Apparels	409002633 - 7000	20,742,238.00
4	Euro Clothing	409167632 - 7000	268,229,913.00
5	Inimag Apperal (Pvt.) Ltd.	114214433 - 7000	120,706,671.00
6	Inimag Kandy (Pvt.) Ltd.	114274224 - 7000	70,849,862.00
7	Kanbro International (Pvt.) Ltd.	114065612 - 7000	29,900,195.00
8	Kohb Apparels	409162517 - 7000	347,022,324.00
9	Lanka Universal Garments Exports (Pvt.) Ltd.	409027687 - 7000	189,695,190.00
10	Load & Taylor (Pvt.) Ltd.	114190870 - 7000	196,098,004.00
11	Lotus Apparel (Pvt.) Ltd.	114200115 - 7000	112,634,115.00
12	Lotus Garments (Pvt.) Ltd.	114168467 - 7000	150,875,035.00
13	Lotus Garments (Subramaniam S.)	409103111 - 7000	128,463,012.00
14	Minipe Garments (Pvt.) Ltd.	114171417 - 7000	137,823,511.00
15	Pro Garments	409162070 - 7000	335,523,296.00
16	South Lanka Garments Industries (Pvt.) Ltd.	114243531 - 7000	236,801,274.00
17	Unit Line Apparels	409166164 - 7000	293,857,147.00
18	Upali Garments (Pvt.) Ltd.	114092908 - 7000	144,279,313.00
19	World Gate Apparel (Pvt.) Ltd.	114216623 - 7000	233,433,235.00
20	World Gate Euro Apparel (Pvt.) Ltd.	114231630 - 7000	201,264,299.00
			<u>3,573,372,947.00</u>

DETAIL OF VAT REFUND

1 Details of Institution	Date	Voucher No./ Nil Number	Cheque	Amount Rs.	N.I.C. No.	Date
Abdul Kareem S. L.	17.02.2004	32236	204938	14,513,893	834529304 V	19.02.2004
Abdul Kareem S. L. (Polytex Apparels)	26.02.2004	32948	205284	12,217,360	834529304 V	26.02.2004
Tin - No. 620844691-7000	15.04.2004	34578	207527	18,112,542	834240204 V	20.04.2004
	11.05.2004	36052	208638	25,611,322	834240204 V	11.05.2004
90/4, Caitthiya Road, Telangapatha, Watala	14.07.2004	38825	427038	25,312,523	834240204 V	16.07.2004
	19.07.2004	38838	426693	29,442,516	834240204 V	15.07.2004
	12.08.2004	40322	428234	29,116,021	834240204 V	13.08.2004
	15.12.2003	51355	202354	7,912,123	834240204 V	17.12.2003
				<u>167,238,300</u>		

2 Details of Institution	Date	Voucher No./ Nil Number	Cheque	Amount Rs.	N.I.C. No.	Date
Ali M. S. L.	27.10.2003	47529	197567	7,802,613	834240204 V	28.10.2003
Ali MSL (Creative Apparels)	18.11.2003	490269	200197	8,052,236	834240204 V	19.11.2003
	12.12.2003	51302	202223	3,901,263	834240204 V	15.12.2003
Tin No. 740105060-7000	15.12.2003	51356	202352	8,987,815	834240204 V	15.12.2003
	17.02.2004	32237	204939	13,117,523	834240204 V	17.02.2004
204 / C 1, Wennawatta, Wellamptiya	23.02.2004	32719	205272	16,522,331	834240204 V	23.02.2004
	15.04.2004	34574	207517	17,105,514	834240204 V	19.04.2004
	07.05.2004	36035	208639	24,511,332	834240204 V	07.05.2004
	21.06.2004	37604	425476	24,322,142	834240204 V	21.06.2004
	20.07.2004	38859	426695	28,461,212	834240204 V	19.07.2004
	24.08.2004	40933	428358	28,165,119	834240204 V	24.08.2004
	15.10.2004	46946	197814	6,986,913	834529304 V	20.10.2003
				<u>187,936,013</u>		

3 Details of Institution	Date	Voucher No./ Nil Number	Cheque	Amount Rs.	N.I.C. No.	Date
Creative Apparels	22.04.2003	30604	187422	1,231,635	832893405 V	22.04.2003
	22.04.2003	30613	187402	2,711,351	832893405 V	22.04.2003
TIN, No 409002633 - 7000	23.05.2003	32675	189090	2,909,685	832893405 V	23.05.2003
	01.08.2003	37134	193535	3,371,465	832954504 V	04.08.2003
	01.08.2003	37135	193536	3,168,942	832954504 V	04.08.2003
56/31, Sama Mawatha, Dehiwala Raod, Boralesgamuwa.	01.08.2003	37136	193537	3,781,215	832954504 V	04.08.2003
	04.08.2003	37153	193538	3,567,925	832954504 V	04.08.2003
				<u>20,742,238</u>		

4 Details of Institution	Date	Voucher No./ Nil Number	Cheque	Amount Rs.	N.I.C. No.	Date
Euro Clothing	07.10.2003	46452	197483	3,941,623	836421052 V	07.10.2003
	20.10.2003	47284	197809	25,096,122	836421052 V	20.10.2003
TIN No. 409167632 - 7000	09.12.2003	51045	201175	26,413,612	834240204 V	12.12.2003
	17.02.2004	32105	205042	31,461,325	834240204 V	17.02.2004
76, Jawatta Road, Colombo 05	26.02.2004	32949	205287	33,065,121	834240204 V	26.02.2004
	15.04.2004	34573	207515	34,175,174	834240204 V	19.04.2004
	12.05.2004	36064	208630	36,125,665	834240204 V	12.05.2004
	16.07.2004	38830	426692	38,165,453	834240204 V	16.07.2004
	25.08.2004	40938	428355	3,798,524	834240204 V	24.08.2004
	10.05.2004	37100	425092	35,987,294	834240204 V	11.06.2004
				<u>268,229,913</u>		

5 Details of Institution	Date	Voucher No./ Nil Number	Cheque	Amount Rs.	N.I.C. No.	Date
Inimag Apparei Pvt. Ltd.	30.04.2004	35752	209044	19,314,641	834240204 V	03.05.2004
	30.04.2004	35753	209038	20,322,547	834240204 V	03.05.2004
TIN No. 114214433 - 7000	06.07.2004	38318	426225	18,991,328	834240204 V	06.07.2004
	19.07.2004	38839	426694	20,166,351	834240204 V	19.07.2004
09, Chandra Wettasinghe Mawatha Koswatta Road, Nawala, Rajagriya	26.02.2004	32950	204981	12,943,357	834240204 V	26.02.2004
	04.03.2004	33557	206314	13,856,145	834240204 V	08.03.2004
	13.05.2004	36088	208628	15,112,302	834240204 V	13.05.2004
				120,706,671		

6 Details of Institution	Date	Voucher No./ Nil Number	Cheque	Amount Rs.	N.I.C. No.	Date
Inimag Kandy Pvt. Ltd.	30.04.2004	35751	209036	39,125,610	834240204 V	03.05.2004
TIN No. 114274224 - 7000	30.04.2004	35754	209037	31,724,252	834240204 V	03.05.2004
839, Kandian Arts & Crafts, Peradeniya Road, Mulgampola, Kandy				70,849,862		

7 Details of Institution	Date	Voucher No./ Nil Number	Cheque	Amount Rs.	N.I.C. No.	Date
Kanbro International Pvt. Ltd.	27.10.2003	47560	198420	911,625	834529304 V	29.10.2003
	21.11.2003	490668	200777	4,503,118	834529304 V	21.11.2003
TIN No. 11405612 - 7000	15.12.2003	51354	202356	1,617,142	834240204 V	15.12.2003
	19.12.2004	32374	205214	1,911,909	834240204 V	19.02.2004
257A, Walpola Road, Ragama	23.02.2004	32725	205285	3,622,123	834240204 V	23.02.2004
	11.05.2004	36055	208629	4,765,335	834240204 V	11.05.2004
	21.06.2004	37605	425475	4,563,227	834240204 V	21.06.2004
	19.07.2004	38840	426697	4,117,803	834240204 V	19.07.2004
	11.08.2004	40304	428233	3,887,913	834240204 V	11.08.2004
				29,900,195		

8 Details of Institution	Date	Voucher No./ Nil Number	Cheque	Amount Rs.	N.I.C. No.	Date
Kohb Apparels	05.06.2003	33320	189885	4,786,763	835422504V	05.06.2003
	15.07.2003	35905	192323	6,846,522	832954504V	16.07.2003
TIN No. 409162517 - 7000 57, Vystwyta Road, Colombo 15.	15.07.2003	35828	192554	7,965,843	832950424V	15.07.2003
	12.08.2003	37633	194260	10,988,816	835422504V	12.08.2003
	22.10.2003	47402	197570	24,495,120	836421052V	22.10.2003
	13.11.2003	48741	200147	25,314,600	834529304V	13.11.2003
	11.12.2003	51208	202177	25,640,799	834240204V	11.12.2003
	24.02.2004	32747	204979	26,821,193	834240204V	24.02.2004
	26.02.2004	32946	205280	29,511,613	834240204V	26.02.2004
	25.03.2004	34141	206685	31,293,730	834240204V	26.03.2004
	11.05.2004	36054	208634	33,121,335	834240204V	11.05.2004
	21.06.2004	37592	425610	32,985,605	834240204V	21.06.2004
	16.07.2004	38829	426691	34,511,227	834240204V	15.07.2004
	12.08.2004	40337	428231	34,012,641	834240204V	13.08.2004
22.10.2003	47400	198002	18,726,517	836421052V	22.10.2004	
				347,022,324		

Details of Institution	Date	Voucher No./ Nil Number	Cheque	Amount Rs.	N.I.C. No.	Date
Lanka Universal Germent Export (Pvt.) Ltd.	25.02.2004	32886	205545	15,182,905	834240204V	25.02.2004
Lanka Universal Germent Export	15.04.2004	34577	207520	20,572,058	834240204V	19.04.2004
TIN No. 409027687 - 7000	25.02.2004	32888	205744	18,540,123	834240204V	25.02.2004
2nd Floor, 50, K. Cyril C. Perera Mawatha, Colombo 13.	07.05.2004	36036	208637	20,122,354	834240204V	07.05.2004
	23.06.2004	34085	190469	5,395,225	832954504V	23.06.2003
	25.08.2004	40935	428356	20,812,337	834240204V	24.08.2004
	12.07.2004	38707	426666	2,111,960	834240204V	13.07.2004
	23.04.2003	30838	187409	4,863,922	832893405V	23.04.2003
	29.04.2003	31261	137695	4,290,788	832893405V	29.04.2003
	30.05.2003	32918	189080	4,981,773	832893405V	02.06.2003
	12.08.2003	37630	194263	6,119,723	835422504V	12.08.2003
	10.10.2003	46657	197610	7,501,138	836421052V	13.10.2003
	21.10.2003	47335	197569	9,911,705	834529304V	21.10.2003
	11.12.2003	51193	202176	20,306,118	834240204V	11.12.2003
	11.05.2003	37112	425091	19,900,263	834240204V	11.06.2004
	13.11.2003	43818	200152	9,082,798	834529304V	13.11.2003
				189,695,190		
10 Details of Institution						
Details of Institution	Date	Voucher No./ Nil Number	Cheque	Amount Rs.	N.I.C. No.	Date
Lord & Tailor (Pvt.) Ltd.	28.04.2004	35373	208513	22,749,150	834240204V	06.05.2004
TIN No. 114190870 - 7000	12.05.2004	36063	208533	25,615,321	834240204V	12.05.2004
16, Hewaheta Road, Tennakumbura, Kandy.	18.06.2004	37521	425608	25,445,881	834240204V	18.06.2004
	15.07.2004	38827	426690	26,115,607	834240204V	16.07.2004
	11.08.2004	40302	428239	25,668,912	834240204V	20.07.2007
	21.11.2003	49069	200776	9,734,652	834529304V	21.11.2003
	03.12.2002	50423	201857	9,251,165	834529304V	03.12.2002
	17.02.2004	32104	205041	18,754,854	834240204V	17.02.2004
	25.02.2004	32889	205742	20,117,205	834240204V	25.02.2004
	14.12.2004	30148	202921	12,645,257	834240204V	14.12.2004
				196,098,004		
11 Details of Institution						
Details of Institution	Date	Voucher No./ Nil Number	Cheque	Amount Rs.	N.I.C. No.	Date
Lotus Apparels (Pvt.) Ltd.	20.07.2004	38861	426698	10,224,302	834240204V	20.07.2004
TIN No. 114200115 - 7000	14.11.2003	48962	200167	9,832,596	834529304V	17.11.2003
568/18 A, Sri Sangaraja Mawatha, Colombo 12.	25.06.2003	34156	190457	5,728,12	835290246V	25.06.2003
	15.10.2003	46938	197612	8,093,117	834529304V	16.10.2003
	15.10.2003	46945	197807	8,058,125	834529304V	16.10.2003
	26.02.2004	32944	205743	9,801,673	834240204V	26.02.2004
	15.04.2004	34576	207519	8,925,578	834240204V	19.04.2004
	25.03.2004	35879	208585	11,245,615	834240204V	06.05.2004
	11.06.2004	37114	435089	11,101,849	834240204V	11.06.2004
	23.08.2004	40927	428362	9,905,277	834240204V	13.08.2004
	29.04.2003	31262	187748	4,567,911	832893405V	29.04.2003
	15.08.2003	37740	194259	6,873,221	835422504V	15.08.2003
	23.02.2004	32637	205179	8,276,739	834240204V	23.02.2004
				112,634,115		
12 Details of Institution						
Details of Institution	Date	Voucher No./ Nil Number	Cheque	Amount Rs.	N.I.C. No.	Date
Lotus Germents (Pvt.) Ltd.	01.03.2004	33167	206135	16,532,241	834240204V	02.03.2004
TIN No. 114168467 - 7000	27.02.2004	32764	205614	15,096,637	834240204V	27.02.2004
568/18 A, Sri Sangaraja Mawatha, Colombo 12.	02.09.2003	38943	195337	5,591,073	835422504V	03.09.2003
	14.10.2003	46841	197613	8,551,289	836421052V	14.10.2003
	27.10.2003	47528	198719	9,681,905	834529304V	28.10.2003
	17.11.2003	49054	200435	9,825,142	834529304V	17.11.2003
	06.02.2004	30047	202534	12,955,794	834240204V	06.01.2004
	21.04.2004	34928	207890	17,902,345	834240204V	25.04.2004
	27.05.2004	36808	209475	18,302,551	834240204V	27.05.2004
	06.07.2004	38286	426155	17,995,895	834240204V	06.07.2004
	14.07.2004	38824	426928	18,440,163	834240204V	16.07.2004
				150,875,035		

13 Details of Institution	Date	Voucher No./ Nil Number	Cheque	Amount Rs.	N.I.C. No.	Date
Subramanium S.	14.10.2003	47844	197611	9,005,116	836421052V	14.10.2003
Subramanium S. Lotus Garments	21.10.2003	47334	197566	7,798,114	834529304V	21.10.2003
TIN No. 409103111 - 7000	11.12.2003	51209	202180	8,919,940	834240204V	11.12.2003
568/18 A, Sri Sangaraja Mawatha, Colombo 12.	26.02.2004	32951	205278	9,255,138	834240204V	26.02.2004
	26.02.2004	32991	204977	8,454,928	834240204V	27.02.2004
	25.04.2004	34579	207526	10,105,711	834240204V	19.04.2004
	07.05.2004	36033	208632	12,822,114	834240204V	07.05.2004
	14.06.2004	37154	425088	12,631,103	834240204V	14.06.2004
	12.07.2004	38709	426671	14,335,106	834240204V	17.07.2004
	12.08.2004	40320	428236	14,227,613	834240204V	12.08.2004
	06.05.2003	31591	188428	449,878	832925443V	07.05.2003
	26.05.2003	32782	188875	5,029,668	835422504V	26.05.2003
	12.06.2003	33751	190473	5,692,111	832954504V	16.06.2003
	12.08.2003	37629	197264	5,916,831	832954504V	12.08.2003
	05.05.2003	31471	188084	3,819,641	832893405V	06.05.2003
				128,463,012		

14 Details of Institution	Date	Voucher No./ Nil Number	Cheque	Amount Rs.	N.I.C. No.	Date
Minipe Garment (Pvt.) Ltd.	19.12.2004	32375	205213	8,691,911	834240204V	19.12.2004
TIN No. 14171417 - 7000	08.01.2004	30056	202530	9,140,261	834240204V	08.01.2004
Export Processing Zone, BIO, Sri Lanka	17.02.2004	32238	204940	12,113,573	834240204V	17.02.2004
Pallekele, Kandy.	25.02.2004	32887	205745	14,413,668	834240204V	25.02.2004
	23.03.2004	35878	208586	18,223,412	834240204V	06.05.2004
	28.04.2004	35371	208515	16,751,966	834240204V	28.04.2004
	17.06.2004	37514	425609	18,065,812	834240204V	17.06.2004
	20.07.2004	38862	426699	20,331,246	834240204V	20.07.2004
	25.08.2004	40934	428357	20,091,662	834240204V	24.08.2004
				137,823,511		

15 Details of Institution	Date	Voucher No./ Nil Number	Cheque	Amount Rs.	N.I.C. No.	Date
Pro Garments	21.05.2003	32583	188815	4,993,774	832893405V	22.05.2003
TIN No. 409162070 - 7000	16.06.2003	33972	190460	5,498,718	832954504V	20.06.2003
07, Subodharama Road, Dehiwala	15.07.2003	35920	192231	5,813,105	835290246V	16.07.2003
	12.08.2003	37643	194253	11,971,085	835422504V	12.08.2003
	20.10.2003	47258	198003	19,237,612	836421052V	20.10.2003
	22.10.2003	47401	197808	25,101,214	836421052V	22.10.2003
	17.11.2003	49056	200560	25,624,120	834529304V	19.11.2003
	18.12.2003	51454	202355	25,574,981	834240204V	18.12.2003
	24.02.2004	32746	204980	24,319,490	834240204V	24.02.2004
	24.02.2004	32278	205283	27,011,313	834240204V	24.02.2004
	15.04.2004	34578	207524	27,665,222	834240204V	19.04.2004
	04.04.2004	29434	186438	711,312	832893405V	04.04.2004
	11.05.2004	36053	208636	31,228,619	834240204V	11.05.2004
	22.06.2004	37616	425474	31,011,327	834240204V	23.06.2004
	14.07.2004	38766	426669	35,108,258	834240204V	17.07.2004
	12.08.2004	40323	428232	34,653,146	834240204V	13.08.2004
				335,523,296		

<i>Details of Institution</i>	<i>Date</i>	<i>Voucher No./ Nil Number</i>	<i>Cheque</i>	<i>Amount Rs.</i>	<i>N.I.C. No.</i>	<i>Date</i>
South Lanka Garment (Pvt.) Ltd	20.05.2003	32394	188674	5,231,826	832944504V	20.05.2003
South Lanka Garments Industries (Pvt.) Ltd.	12.02.2003	26337	182390	3,893,728	832950424V	17.02.2003
	25.06.2003	34157	190453	5,365,912	832954504V	25.06.2003
TIN No. 114243531 - 7000	12.08.2003	37632	194261	9,923,642	835422504V	12.08.2003
No. 4, 4th Cross Lane, Borupana Road, Kathmalana	14.10.2003	46843	197617	9,611,025	836421052V	14.10.2003
	27.10.2003	47531	197571	14,113,416	834529304V	28.10.2003
	13.11.2003	48743	200136	15,022,277	834529304V	13.11.2003
	16.12.2003	51357	202353	15,784,964	834240204V	18.12.2003
	23.02.2004	32690	205052	15,369,553	834240204V	23.02.2004
	25.02.2004	32885	205740	17,761,318	834240204V	25.02.2004
	28.04.2004	35372	208514	18,327,419	834240204V	28.02.2004
	03.05.2004	35877	208587	24,113,065	834240204V	06.05.2004
	14.06.2004	37155	425086	23,955,684	834240204V	14.06.2004
	12.07.2004	38710	426667	29,224,117	834240204V	17.07.2004
	12.08.2004	40319	428237	29,103,328	834240204V	11.08.2004
				236,801,274		

<i>Details of Institution</i>	<i>Date</i>	<i>Voucher No./ Nil Number</i>	<i>Cheque</i>	<i>Amount Rs.</i>	<i>N.I.C. No.</i>	<i>Date</i>
Mini Lanka Apparels	12.08.2004	40321	428235	34,612,911	834240204V	12.08.2004
Mini Line Apparels	15.08.2003	37849	194069	3,857,673	835422504V	15.08.2003
Mini Line Apparels (Pvt.) Ltd.	27.10.2003	47530	197568	23,482,772	834529304V	28.10.2003
TIN No. 409166164 - 7000	18.12.2003	51455	202360	26,228,935	834240204V	18.12.2003
No. 2, Subodharama Road, Dehiwala	16.12.2003	31947	204943	27,635,149	834240204V	07.02.2004
	11.06.2004	37113	425090	33,029,813	834240204V	11.06.2004
	23.03.2004	34099	206684	29,815,552	834240204V	24.03.2004
	12.05.2004	36065	208631	34,112,357	834240204V	12.05.2004
	23.02.2004	32700	205288	29,105,117	834240204V	23.02.2004
	14.10.2003	47845	197611	16,881,337	836421052V	14.10.2003
	12.07.2004	38711	426668	35,095,531	834240204V	17.07.2004
				293,857,147		

<i>Details of Institution</i>	<i>Date</i>	<i>Voucher No./ Nil Number</i>	<i>Cheque</i>	<i>Amount Rs.</i>	<i>N.I.C. No.</i>	<i>Date</i>
Upali Garments (Pvt.) Ltd.	02.09.2003	38942	195336	5,719,811	835422504V	03.09.2003
TIN No. 114092908 - 7000	08.10.2004	46529	197322	9,768,916	836421052V	08.10.2003
No. 568/18, A, Sri Sangaraja Mawatha, Colombo 12.	06.01.2004	30048	202533	19,334,076	834240204V	06.01.2004
	21.04.2004	34926	207892	19,942,673	834240204V	25.04.2004
	26.05.2004	36799	209483	21,122,367	834240204V	26.05.2004
	01.07.2004	38175	426066	20,919,896	834240204V	01.07.2004
	01.12.2004	50361	201352	11,323,422	834529304V	02.12.2003
	24.02.2004	32758	205622	17,934,740	834240204V	24.02.2004
	26.02.2004	32947	205281	18,213,412	834240204V	26.02.2004
				144,279,313		

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23rd August 2007.

CONFIDENTIAL

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

Dear Sir,

Alleged VAT Fraud - Department of Inland Revenue

Further to the telephone conversation I had with you after my having appearing before the Committee on Public Accounts (COPA) which was held on 22.08.2007.

As you are aware, I have been constantly in touch with you and your predecessor with regard to the investigations relating to the aforesaid alleged VAT fraud which was referred to the Criminal Investigations Department (CID) in mid 2006 by this Ministry, on the instructions of His Excellency the President.

This Ministry also commenced related Administrative investigations on the instructions of the then Minister of Finance in early 2005. The then Commissioner General of Inland Revenue (CGIR) having carried out initial investigations over a period of three months submitted his report to me in September 2005, observing that the issue of refunds is a collective activity of a number of officers and as such it is not possible to identify and single-out any individual as being responsible. In one of his reports, the CGIR has named the Deputy commissioners who certified related refund documents but not identified any specific default on the part of any officer.

In view of the complexities involved with this matter associating several parties, including third parties, I was compelled to seek the advise of the Attorney General as to how the investigation should be proceeded with i.e. through a Presidential Commission of Inquiry or in any other authoritative form through whom third parties could also be summoned. Further such advise was considered necessary in the light of the specific charges that were being formulated by the CID inter-alia through the examination of relevant officials of the Inland Revenue Department.

In the meantime, as I explained to you over the phone at the COPA meetings before which I appeared on 21st-22nd August 2007 pertaining to the Inland Revenue Department, a view was expressed that an administrative inquiry should have been proceeded with in terms of the provisions of the Establishments Code. Since this is contrary to the understanding we had in relation to the manner in which this inquiry should be proceeded with having recognized the associated complexities and the seriousness of the allegations, I seek your views as to whether it is advisable to appoint an Inquiring Officer to conduct an inquiry under the Establishments Code.

If the CID inquiry has now been completed, it may be possible to identify officials against whom specific charges could be framed to proceed with an administrative investigation, in addition to the legal proceedings being handled by the Attorney General's Department. In this case I would appreciate if you could forward the names of the officials and the

possible charges based on which this Ministry could initiate such administrative investigation.

I shall be thankful if you could advise me accordingly.

Yours faithfully

P. B. Jayasundera
Secretary to the Treasury

Cc : Secretary to the President.



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නකාලම් 12, ශ්‍රී ලංකාව
சட்டத்துறை அறிபதியின் கூடம்
கொழும்பு 12, இலங்கை.
Attorney-General's Chambers
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Fax } 436421

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My Ref. : CRI/109/2006

24th August, 2007

Dr. P. B. Jayasundera,
Secretary to the Treasury,
Ministry of Finance and Planning,
The Secretariat,
Colombo 1.

ALLEGED VAT FRAUD-DEPARTMENT OF INLAND REVENUE

I refer to your letter dated 23rd August 2007. I wish to inform you that it had been decided to forward an indictment against the following officers namely, Agampodi Gnanasiri de Soysa Jayatilleke and Ananda Wickramasinghe Ambepitiya along with 12 others on charges of conspiracy to commit misappropriation and misappropriation of state property to the value of Rs. 399,600,815.55.

In view of the magnitude of this fraud and the serious shortcomings in the procedure pertaining to the refund of VAT in the Department of Inland Revenue and to prevent a recurrence of similar offences in the future, I would suggest that you recommend to His Excellency the President to appoint a Commission of Inquiry in terms of the Commission of Inquiry Act No. 17 of 1948 to investigate the commission of the fraud and irregularities. This would enable the relevant authorities to ascertain the persons directly and indirectly responsible and also to identify the shortcomings in the procedure that existed in the Department of Inland Revenue which would enable the said authorities to make recommendations regarding measures that should be taken to prevent the recurrence of irregularities and frauds of similar nature in future.

I also wish to inform you that although the CID has conducted very exhaustive investigations in respect of criminal aspects of this fraud there appear to be several other aspects relating to this fraud and other similar acts that may be necessary to be inquired and investigated. Therefore, I believe that this is a matter that should be left to a Commission of Inquiry to investigate and report as suggested above.

Further it is suggested that upon the conclusion of the said inquiry, appropriate disciplinary action may be instituted against errant officers as provided for under the Establishments Code.

C. R. De Silva,
President's Counsel
Attorney General



PARLIAMENTARY SERIES NO. 12

OF

**THE SIXTH PARLIAMENT OF
THE DEMOCRATIC SOCIALIST REPUBLIC OF SRI LANKA
(SECOND SESSION)**

INTERIM REPORT

FROM

THE COMMITTEE ON PUBLIC ACCOUNTS

ON

THE MANAGEMENT OF GOVERNMENT TAX REVENUE

THE SPECIAL REPORT OF THE AUDITOR-GENERAL IN TERMS OF ARTICLE 154(6) OF
THE CONSTITUTION OF THE DEMOCRATIC SOCIALIST REPUBLIC OF SRI LANKA
PUBLISHED IN PARLIAMENTARY SERIES NO. 02 OF 2006

PRESENTED BY

**HON. RAUFF HAKEEM, M.P.
CHAIRMAN COMMITTEE ON PUBLIC ACCOUNTS**

ORDERED BY THE PARLIAMENT OF SRI LANKA TO BE PRINTED
29 DAY, NOVEMBER 2007

Chapter 1

Executive Summary

Background

The key responsibility of the Public Accounts Committee is to examine institutions in the public sector – other than public enterprises – and to report its findings to Parliament with necessary recommendations.

Accordingly, your Committee conducted all its deliberations by relying upon the submissions made by Chief Accounting Officers (CAO) and Accounting Officers (AO) at the respective sessions held.

Your Committee observed at the outset of the examinations of the Department of Inland Revenue that the CAO/AO had made their declarations to the effect that they were totally in disagreement with the contents of the relevant Audit Paragraphs. As per those declarations, they did not agree with the deficiencies revealed. They maintained that there was no necessity to take any action as there were no deficiencies. However, subsequently in the process of the examination proceedings they failed to maintain that position.

Your Committee noted that there was a concerted effort to dispute and reject almost every audit finding by distorting the actual situation through misleading declarations.

Major Findings

(I) VAT fraud (given in Chapter 6 of this Report.)

- Your Committee is in agreement with the findings of the Auditor General that the IRD had fraudulently refunded VAT to the tune of Rs. 3.6 billion during the period 15.11.2002 to 15.08.2004.
- Subsequent to the above report, the Auditor General notified your Committee of a further fraudulent VAT refund of Rs. 315 million made during the period 19.03.2004 to 11.08.2004 thus increasing the above identified VAT fraud to Rs. 3.9 billion. Your Committee is of the opinion that this appears to be merely the tip of the iceberg, and further investigation will be required to ascertain the full extent of the defrauded amounts.
- The actual total fraudulent VAT refunds in the years 2002 to 2004 is likely to be much higher than what is presently discovered.
- Your Committee noted that lack of supervision as well as possible collusion among certain officers at the various hierarchical levels of the IRD had resulted in these fraudulent activities.
- Your Committee found that the incumbent CGIR had been the Senior Deputy Commissioner in the VAT Branch from the inception of the VAT system up to 30.06.2003 and had been the Commissioner-in-Charge of the VAT Branch from 01.10.2003 to 03.01.2005.

- If fraudulent refunds of this magnitude, both in absolute and relative terms were made without his knowledge while he was performing the supervisory role of the VAT, Branch, as its Deputy Commissioner and as the Commissioner of the Branch, then the incumbent CGIR's supervisory ability is highly doubtful in the very least.
- Refunds amounting to Rs. 3.648 billion out of the total fraudulent VAT refunds of Rs. 3.922 billion identified thus far had been made during the incumbent CGIR's tenure as Commissioner VAT during the period 01.10.2003 to 03.01.2005.

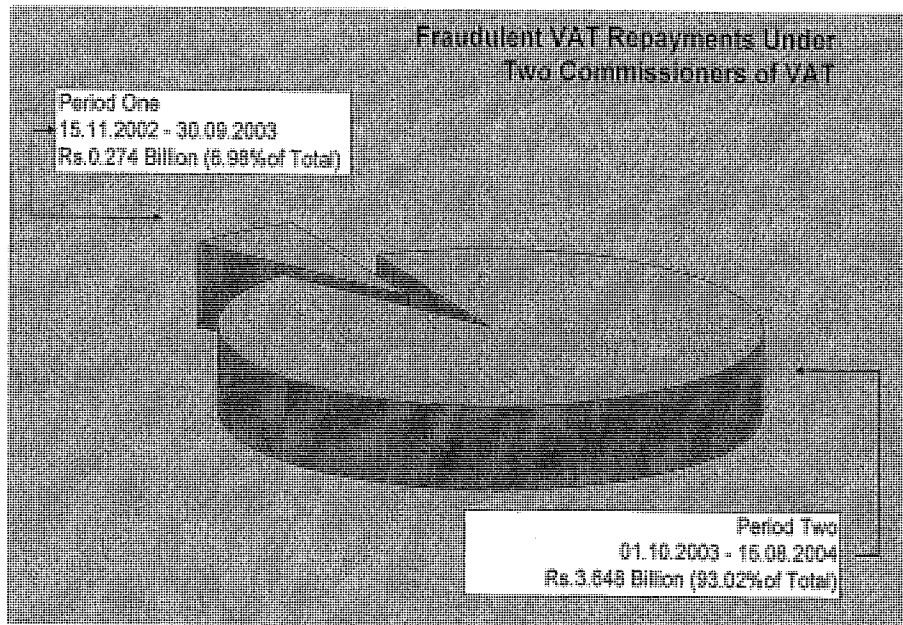


Figure 1

- Your Committee discovered that subsequent to the original audit query dated 26.03.04 on fraudulent VAT refunds, the then Commissioner-in-charge of VAT (present CGIR), issued a circular dated 30.03.2004. This circular, issued without the knowledge and approval of the CGIR, restricted audit and investigative reports on "Refunds on Exports" to one VAT Audit Unit as opposed to the then practice of 4 VAT Audit Units being engaged in this function. By such restriction, the Commissioner-in-charge of VAT paved the way for subsequent undetected fraud. Ironically, the head of the said Audit Unit and the Senior Assessor were subsequently accused of making fraudulent VAT refunds.

- There seems to be a strong co-relation between the advent of the tenure of Mr. A.A Wijepala to the position of Commissioner VAT and the increase in payment of Fraudulent VAT refunds.

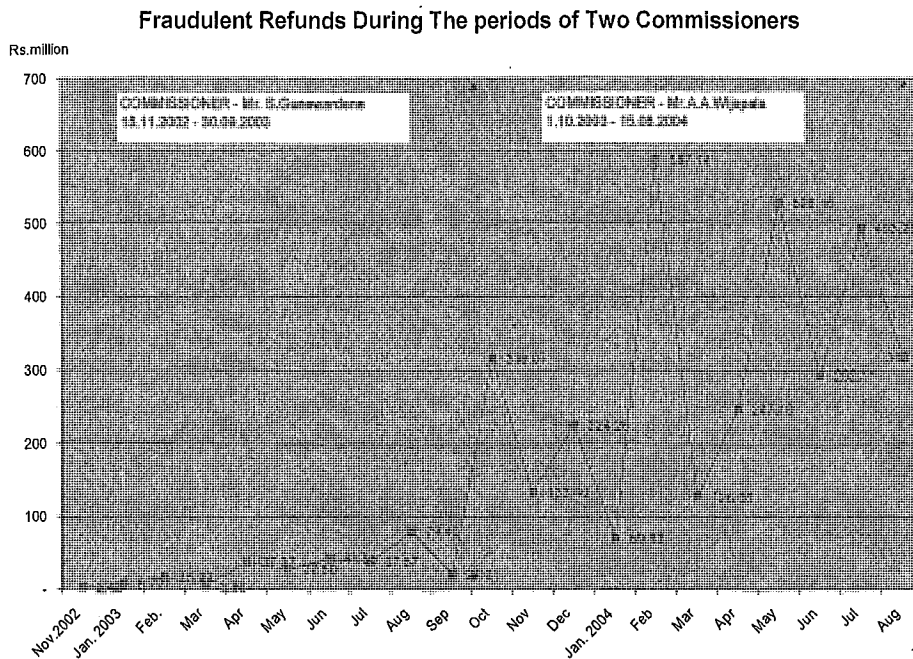


Figure 2

- As per the details submitted by the AO to CAO on 16 January 2006 your Committee was shocked to learn that documents relevant to 183 out of the 235 refunds made could not be traced. Even though this fact had been reported to the Ministry of Finance in January 2006, neither the Auditor General nor the Police had been notified. Furthermore, no internal investigations had been initiated so far to identify persons responsible.
- Subsequent to the fraud being exposed by the Auditor General through an Audit query addressed to CAO and AO on 03rd June 2005, your Committee identified an inordinate delay in taking action upon the matters reported.
- According to the evidence made available to your Committee, the CAO has requested some clarifications from the AO for the first time on certain aspects of the Audit query by a letter dated 16th October 2005. Even though there were some previous correspondence relating to certain matters pertaining to the Audit query, the more significant and major issues had not been addressed.
- Most importantly, your Committee takes serious note that a Departmental inquiry had not been initiated, pertaining to the issues raised by the Auditor General. When this was questioned, the CAO/AO informed your Committee that this was not done on the advice of the Attorney General which your Committee later found to be incorrect.
- Your Committee also observed that the Financial Regulations & Establishments Code requirements had been disregarded in not holding an internal inquiry despite the magnitude of the fraud.

(II) GST Fraud

- **Your Committee further found that similar fraudulent refunds had been made under the GST system which was in operation from 1998 to July 2002 details of which are given in Chapter 7.**
- Your Committee noted that a sample check by the Auditor General has revealed fraudulent refunds amounting to Rs. 114.6 million which had been made under the GST system.
- It appeared that the VAT fraud had occurred as an extension of the above fraudulent GST refunds following a similar pattern.
- Your Committee observed that a Departmental Inquiry had not been carried out on the fraudulent GST refunds as per requirements of Financial Regulations and the Establishments Code.

(III) **Your Committee observed that the IRD's computer system had been manipulated to the extent that two VAT Assessments amounting to Rs. 200.6 billion issued by the Department could not be viewed through the computer screen for control and audit purposes.**

The details of fraudulent assessments of Rs. 200.6 billion are given in Chapter 3 of this report.

- It was found that the original declaration made by the CAO/AO was a complete rejection of the audit observation made in regard to the above. This was furthermore interpreted to your Committee by CAO/AO as an innocent mistake made by the tax payers when placing decimal places in their declarations. The Annual Report 2006 of the MOFP states that the figures referred to by the Auditor General was a misinterpretation of numerical values. Upon intense cross-examination by your Committee, however, the CAO/AO subsequently reversed their stance to accept the audit observations
- Your Committee moreover found that the IRD had entertained two bogus VAT declarations made by two non-existent firms at end of September 2004 even though the Department's own investigations carried out on 16th August 2004 established the fact that these two entities were non-existent. The individual taxable supplies declared in the two documents amounted to Rs. 1,216 billion and Rs. 108.4 billion totaling to Rs. 1,324.4 billion which constituted 73.5% of the GDP of that year.
- Your Committee noted that those two firms were the recipients of the highest amount of fraudulent VAT refunds out of the twenty firms identified in the Rs. 3.6 billion VAT fraud.
- In this regard your Committee observed that the two fraudulent declarations were arranged with the intention of confusing the VAT files relating to the said two firms and your Committee of the view that the responsibility lies with the supervisory staff of the IRD.
- These fraudulent entries were not corrected by the IRD up to 26.10.2006 that is 24 months after the entries were made and 5 ½ months after it was exposed by the Auditor General.
- Your Committee was surprised to note that CAO/AO had not taken prompt action despite the amount involved in absolute and the relative value being unrealistic and excessive.

(IV) Another significant observation your Committee made was the heavy accumulation of the tax in arrears during the last few years, details of which are given in Chapter 2 of this report.

- As per the evidence made available to your Committee, tax in arrears as at the end of the year 2000 was Rs. 22.4 billion which increased to Rs. 67.3 billion as at the end of 2003 and subsequently to Rs. 157.6 billion at the end of 2006.
- The tax in arrears as a percentage of collections during the year 2000 was 19% which had increased to 62% in the year 2006.
- When reviewing the position for the year 2006 your Committee found that the annual tax collection had increased by Rs. 55 billion over the previous year while the tax in arrears had also increased by a similar amount during the same year.
- According to the published statements of the IRD and MOFP your Committee noted with great concern that a larger portion of taxes in arrears is bad and doubtful.
- As per the Performance Report – 2006 of the IRD, Rs. 125.6 billion out of Rs. 157.7 billion of taxes in arrears has become bad and doubtful.
- As per the Annual report 2006 of the Ministry of Finance and Planning the possibility of recovery has further deteriorated as at 31.03.2007. Within the 1st Quarter of 2007 the taxes in arrears has increased by Rs. 10.2 billion and the estimated collectable taxes in arrears had decreased by Rs. 5.4 billion resulting in an overall adverse effect of Rs. 15.6 billion during the quarter referred to.

(V) When your Committee examined the position of VAT in Arrears, it was found that the position had worsened.

- By its very nature, there is no reason to have heavy accumulation of VAT in arrears, as VAT is collected by third parties on behalf of the Government and remitted to the IRD within 20 days after the closure of the VAT period.
- Surprisingly VAT in arrears had increased drastically and amounts to Rs. 74.4 billion as at the end of the year 2006. As at 31.03.2007 VAT in arrears is 51.6% of the total taxes in arrears and stands at Rs. 86.6 billion out of Rs. 167.7 billion.
- As per the report of the IRD the VAT in arrears as at 31.12.2006 was Rs. 74.4 billion of which Rs. 60.0 billion is perceived as being bad and doubtful leaving only Rs. 14.4 billion as being collectible.
- Your Committee found that within the 1st Quarter of 2007 VAT in arrears had increased by another Rs. 12.2 billion to Rs. 86.6 billion.

(VI) Heavy arrears on VAT assessment notices exceeding Rs. 10 million each (Ref. Chapter 5)

- Your Committee has discovered that the outstanding amounts of individual VAT dues exceeding Rs.10 million has remained uncollected for periods ranging from two to four years.

- Your Committee noted however that of the total outstanding balance in this category of Rs.271.254 billion, it was subsequently reported that Rs. 200.6 billion were fraudulent assessments.
- Even after the fraudulent assessments were excluded, the outstanding balances remained very high as at 15.05.2006 representing 82.7% of the revised figure of Rs. 48.89 billion and the amount collected was only Rs. 8.48 billion representing 17.3%.
- As these assessments were issued only to 233 institutions, your Committee is of the view that the IRD should have been paid special attention to the fact of the limited number of institutions involved, considering the high values of these assessments.
- When the CAO/AO were examined by your Committee they failed to show any progress over the recovery and provide any updated information on this matter.

(VII) Systems and Control Weaknesses

- Your Committee observed much non-compliance with statutory/regulatory requirements.
- The delegation of financial authority stipulated in FR 135 amplified in FRR 136/137/138 and 139 were ignored by the IRD.
- That situation has enabled avoidance of all the possible internal checks to be performed in the operation of the systems and to commit all these irregular transactions. Even though Financial Regulations and Establishments Code required action to be taken on delays, negligence, fault or fraud of an officer in non-compliance with requirements, your Committee noted those requirements were not adhered to.
- Even after the fraudulent transactions were observed, no internal inquiry has been conducted to identify the causes of losses and officers responsible.
- Deliberate delays in initiating inquiries on audit queries raised on 26th March 2004, allowed Mr. Z. Jayatileke, Deputy Commissioner in Charge of VAT refund, who is presently in remand custody, to retire on 27.01.2005 with full pension rights without any inquiry. The other officer, Mr. Ambepitiya, who is in remand custody and is presently being prosecuted, continues to be paid his full salary without any internal inquiry.

Under the Establishments Code discretionary power is vested with the Head of the Institutions to recommend to the Disciplinary Authority to interdict the person as the offences identified warrant an interdiction or alternatively sending the said party on compulsory leave on full-pay.

- Your Committee paid its attention to the safety of the documents related to the fraudulent transactions and found 183 out of 235 payment documents relevant to VAT fraud of Rs. 3.6 billion to be missing.

This situation had not been reported to the Police and no investigation has been initiated to discover those responsible for the loss of these documents.

- The possibility of having more documents missing or subject to be manipulated cannot be ruled out.
- Your Committee found the Internal Control Systems to ensure prevention and detection of frauds and errors, the maintenance of the accuracy and completion of Accounting Records for timely preparation and presentation of reliable financial information to be very poor.
- The secrecy clause as stipulated in the Inland Revenue Act has been used as a shield to cover up misdeeds committed and to avoid internal investigations and inquiries.
- The situation has been further aggravated in certain situations when some senior officers continued to serve in the same post for prolonged periods within the same branch or unit even after obtaining promotions.
- Wide ranging discretionary power is vested in the CGIR to confer power to waive or to write off any penalty imposed by the Department. Your Committee is of the opinion that sufficient checks and balances have not been inbuilt in the system to maintain a significant level of transparency and audit trail.
- Your Committee further noticed the system was further weakened by restricting the submission of information to Auditor General to assist your Committee and the Parliament. This seems to be a limitation of rights vested with the Auditor General in terms of Article 154 (5) of the Constitution.

Recommendations

In addition to the individual recommendations given in the each of following Chapters, your Committee submits following recommendations;

- * Your Committee recommends an investigation to be carried out by a team of IRD officials under the purview of your Committee.
- * The boundaries of that investigation should expand beyond the reported VAT fraud and cover the possible irregularities of tax collections and fraudulent tax refunds not yet detected.
- * To facilitate the conduct of an unimpeded and independent investigation as proposed by your Committee it is imperative that the present Commissioner General of IRD should be relieved of his duties until the investigations are over, as the role he has played, directly and indirectly in this matter is open to question.
- * The proposed investigation by your Committee is of paramount importance in exercising Parliamentary Oversight of Public Finance. The Presidential Commission already appointed may conduct its inquiry independent of the investigations proposed by your Committee.
- * It is necessary to emphasize the importance of introducing and implementing a sound Internal Control System, and Management and Accounting Information System to address most of the system weaknesses prevailing in the Department, with a sound database.

- * Take prompt action to have a clean tax assessment system based on objectivity to ensure the timeliness of revenue collection.
- * Sound Planning System to make Medium Term Plans to provide a firm basis for revenue forecasting for Annual Budget Exercise and to prepare a realistic Action Plan with monthly targets on each tax component to make the reviews at executive level and Parliamentary level.
- * Introduce proper procedures based on the manuals to ensure the highest possible compliance with statutory and other regulatory requirements.
- * Enforcement of the Code of Ethics already introduced to avoid the recurrence of the unacceptable situations experienced in the form of fraudulent tax refunds not only at the cost of the general public but also the loss of public confidence in the Department.
- * Effective supervision at all the levels of the staff to ensure smooth flow of Departmental Activities on Tax Administration and Revenue Management.
- * Finally, your committee proposes the enactment of a public interest disclosure act to enable and encourage public sector employees to expose corruption and malpractices in the public sector with a guarantee of absolute confidentiality and protection from any possible victimization. In this regard the Ministry of Finance must initiate action to examine examples of "whistleblower" protection legislation in other countries and adopt the necessary measures.



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(දෙවැනි සැසිවාරය)

පාර්ලිමේන්තු ප්‍රකාශන මාලා අංක : 02

இலங்கை சனநாயக சோசலிசக் குடியரசினது
ஆறாவது பாராளுமன்றத்தின்
(இரண்டாவது அமர்வு)

பாராளுமன்றத் தொடர் இல : 02

PARLIAMENTARY SERIES No : 02

OF THE SIXTH PARLIAMENT OF THE DEMOCRATIC
SOCIALIST REPUBLIC OF SRI LANKA
(SECOND SESSION)

(ඉංග්‍රීසි මුද්‍රණය/ஆங்கிலப் பதிப்பு / English Print)

ශ්‍රී ලංකා ප්‍රජාතාන්ත්‍රික සමාජවාදී ජනරජයේ
ආණ්ඩුක්‍රම ව්‍යවස්ථාවේ 154(6) ව්‍යවස්ථාව ප්‍රකාර

රාජ්‍ය බදු ආදායම් කළමනාකරණය ආශ්‍රිත විශේෂ
ව්‍යාපෘති විගණනය පිළිබඳව
විගණකාධිපතිවරයාගේ වාර්තාව

இலங்கை சனநாயக சோசலிசக் குடியரசு அரசியல் யாப்பின் 154(6) ஆம்
உறுப்புரையின் பிரகாரம்

அரசாங்க வரி வருமானத்தின் முகாமைத்துவம் மீதான விசேட செயற்திட்டக்
கணக்காய்வு கணக்காய்வாளர் தலைமை அறிபதியின் அறிக்கை

REPORT OF THE AUDITOR GENERAL ON
SPECIAL PROJECT AUDIT ON THE MANAGEMENT OF
GOVERNMENT TAX REVENUE

IN TERMS OF ARTICLE 154(6) OF THE CONSTITUTION OF THE
DEMOCRATIC SOCIALIST REPUBLIC OF
SRI LANKA



විගණකාධිපති දෙපාර්තමේන්තුව
கணக்காய்வாளர் தலைமை அறிவுறு திணைக்களம்
AUDITOR GENERAL'S DEPARTMENT



මගේ අංකය
எனது இல
My No.

888/88-20/8988/2004

ඔබේ අංකය
உமது இல
Your No.

දිනය
திகதி
Date

2006 ජූනි 7 දින

ගරු හටානාසනාන මහා,
පාර්ලිමේන්තුව,
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පිළිබඳ විගණකාධිපතිවරයාගේ වාර්තාව.

ශ්‍රී ලංකා ප්‍රජාතාන්ත්‍රික සමාජවාදී ජනරජයේ ආණ්ඩුක්‍රම ව්‍යවස්ථාවේ 154(6) වගන්තියට ප්‍රකාරව " රාජ්‍ය බදු ආදායම් කළමනාකරණය ආශ්‍රිත විශේෂ ව්‍යාපෘති විගණනය " සම්බන්ධ මාගේ වාර්තාව පාර්ලිමේන්තුවේ කාරාගාර කිරීම සඳහා හොඳව ප්‍රසිද්ධ කර දැනුම් දෙමි.

මට - විශ්වාසී

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විගණකාධිපති.

විද්‍යාල පහසුකම්,
කොට්ටේ 07, ශ්‍රී ලංකාව

வியாபார சృஷ்டிக்கை,
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2. Executive Summary

- Even though the Tax Revenue represents about 90 per cent of the overall Government Revenue, a sound and efficient management had not been maintained for the management of the Tax Revenue.
- Even though the contribution of the Value Added Tax represented about 42 per cent of the Government Tax Revenue, its management is replete with serious deficiencies.
- One of the major reasons for the weak management of the Tax Revenue is the neglect of the responsibility for the introduction of specialised methodology of systems and controls by the authorities concerned.
- The most important weakness is the neglect of the usage of the existing methodology of systems and controls and the exercise of supervision thereon.
- The co-ordination of the flow of information and confirmations which should be in operation among the major Government institutions dealing in matters relating to the Tax Revenue had been at an extremely weak level.
- The inter-division co-ordination within the Government institutions responsible for the management of the Tax Revenue had also not been maintained adequately.
- The institutions dealing with the Tax Revenue had not maintained an adequate tax management co-ordination with their supervisory institutions that is, the General Treasury and the Ministry of Finance.
- The responsibilities devolving on the Secretary to the relevant Ministry in terms of the provisions in the Constitution, and on the Secretary to the Treasury and the respective Heads of Departments as the Accounting Officers through the Financial Regulations had not been discharged properly.
- Even though the timely reconciliation of the estimates and the actuals in relation to the Tax Revenue and the refunds from Tax Revenue, identification of discrepancies, identification of reasons for discrepancies, follow up action and taking appropriate action thereon are essential, any such action taken by the parties concerned could not be established in audit.
- A reliable, complete and up to date information data network essential for the tax management had not been built up and used.
- A methodology capable of preventing the irregular revision or deletion of the computerised data on tax is not in operation.
- Even though the sphere of tax forms the major source of revenue which forms the basis of the budget proposals of the Government, a methodology for estimating the Tax Revenue at an adequately reliable level is not being used.
- The reliability of statistics published as the Government Tax Revenue and Exports are uncertain to a considerable extent.
- The risk of uncertainty over the future economic plans exists due to the inability to utilise accurate data as a basis for planning.
- Questionable responses made instead of taking the immediate steps necessary to be taken even after serious lapses are brought to the notice of the institutions concerned by audit, pose problems.

3. General Matters

3:1 Authority for Audit

This audit was carried out under my direction in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka relating to the Management of the Government Tax Revenue.

3:2 Scope of Audit

Special coverage was given to the process for the refund of Value Added Tax (VAT) while general coverage was given to the overall tax management on a test basis during the course of this audit of the Management of the Government Tax Revenue.

Even though serious structural weaknesses in the functions relating to preparation of estimates of collection of Tax Revenue and refunds made therefrom and implementation and follow up action were observed in this audit, this report contains only a few simple observations on those areas due to the limitations of resources and time available.

3:3 Importance of the Tax Revenue Sphere

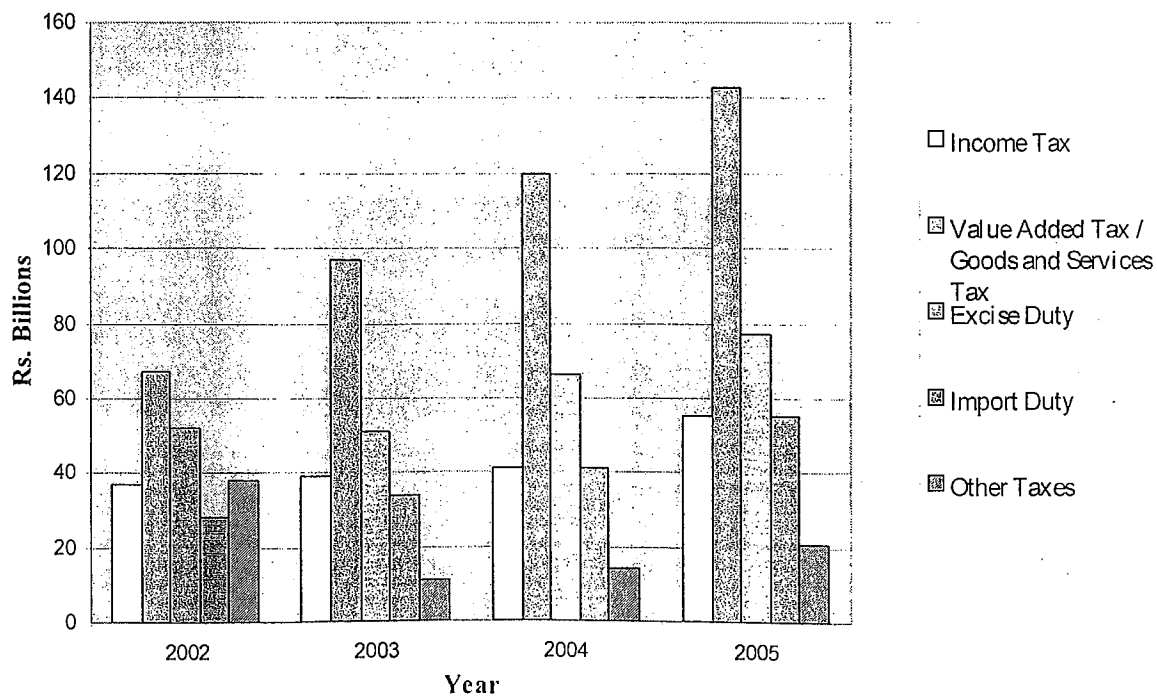
- The Tax Revenue holds a large percentage of the Government Revenue.
- The Tax Revenue represented about 84 per cent of the overall Government Revenue during the years 2002 and 2003 while it had been estimated at about 90 per cent in respect of the years 2004 and 2005.
- The Summary of Government Revenue for the last few years is given below.

Tax Revenue	Rs. Billions			
	2002	2003	2004 (Provisional)	2005 (Budgeted)
Income Tax	37	39	41	55
Value Added Tax / Goods and Services Tax	67	97	120	143
Excise Duty	52	51	66	77
Import Duty	28	34	41	55
Other Taxes	38	11	14	21
	-----	-----	-----	-----
	222	232	282	351
Non-Tax Revenue	40	45	30	38
	-----	-----	-----	-----
	262	277	312	389
	=====	=====	=====	=====

(Source: Budget Estimates - 2006)

Bar Chart - 01

Summary of Government Tax Revenue



- The Tax Revenue during the above years ranged between 13 per cent to 15 per cent of the overall gross national product.

- Even though the Value Added Tax /Goods and Services Tax for the year 2002 represented only about 30 per cent of the total Tax Revenue it had increased to between 41 per cent to 43 per cent during the period 2003 – 2005.

3:4 Tax Revenue Variance

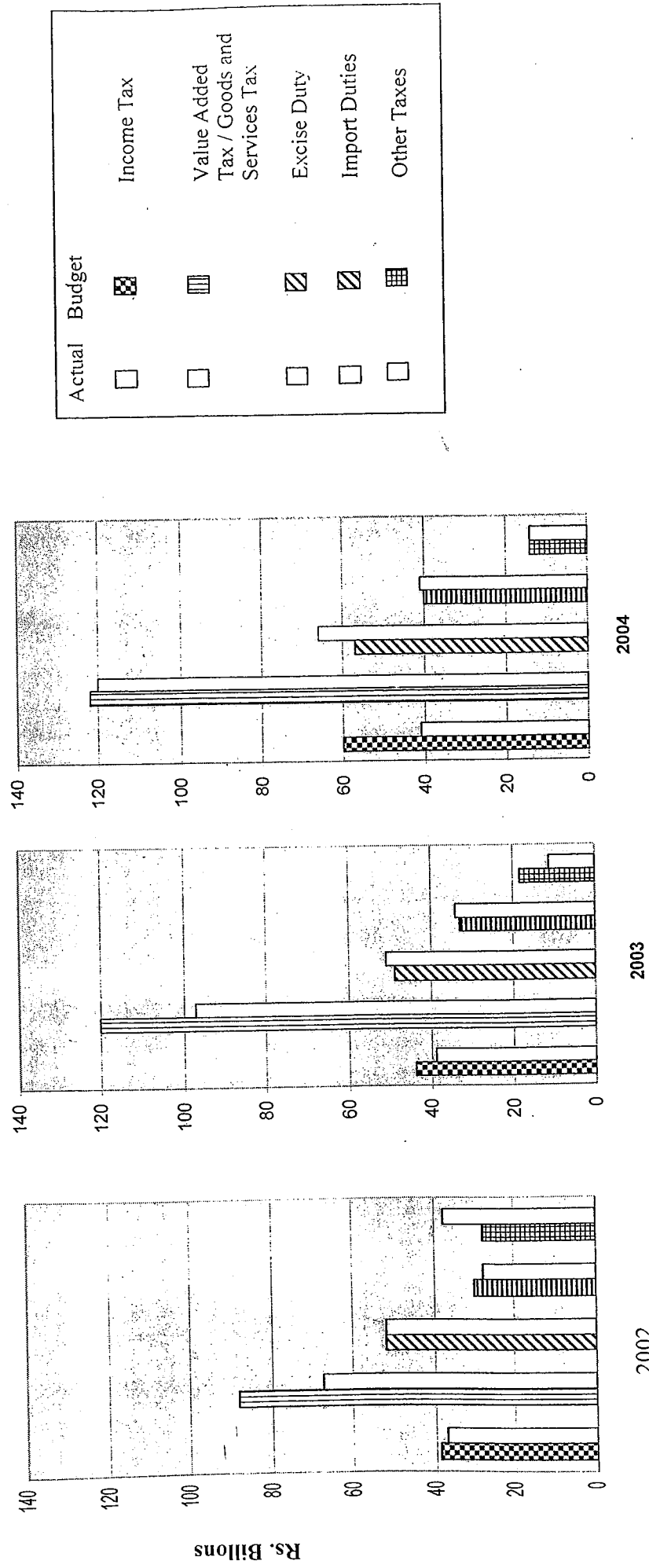
A reconciliation of the estimated Tax Revenue with the actual revenue reveals a considerable adverse variance in the overall Tax Revenue in the Income Tax and the Value Added Tax during the last several years.

	(Rs. Billions)					
	2002		2003		2004	
	Budget	Variance	Budget	Variance	Budget	Variance
Income Tax	39	(-2)	44	(-5)	60	(-19)
Value Added Tax / Goods and Services Tax	88	(-21)	120	(-23)	122	(-2)
Excise Duty	52	--	49	+2	57	+9
Import Duty	30	(-2)	33	+1	40	+1
Other Taxes	28	+10	18	(-7)	14	-
	237	(-15)	264	(-32)	293	(-11)

(Bar Chart -
02)

The availability of adequate, updated, reliable and accurate data with the respective institutions for the estimation of the above Tax Revenue was not substantiated in audit. Thus the validity of the values shown as variances is open to question due to the failure to prepare accurate estimates.

Tax Revenue Variance



Rs. Billions

2004

2003

2002

Year

3:5 Refunds of Value Added Tax/ Goods and Services Tax

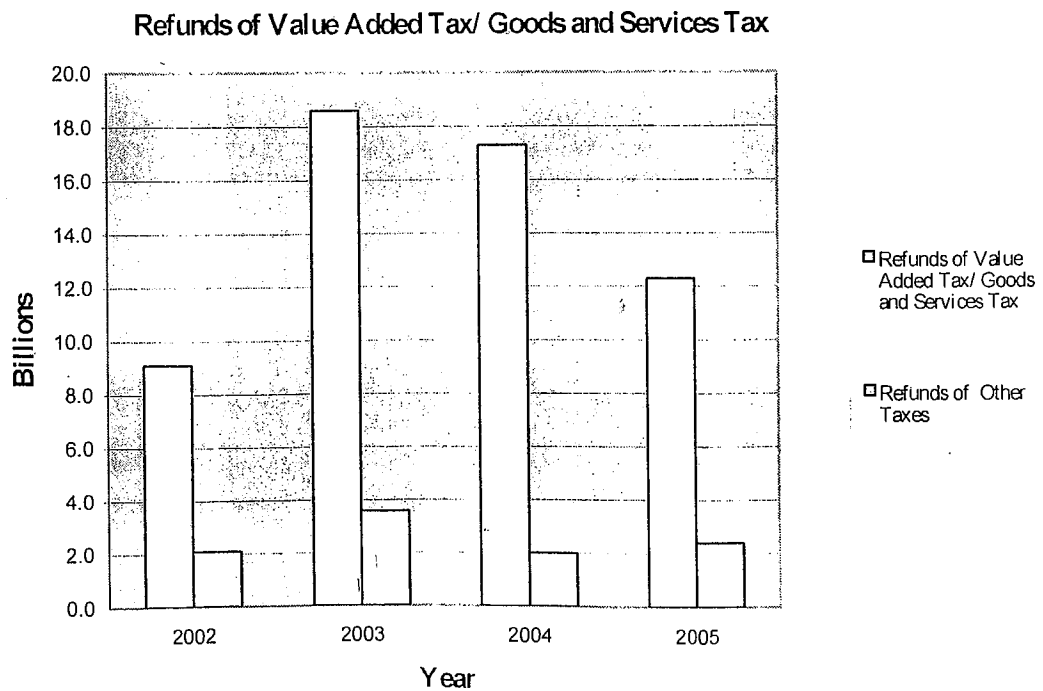
The refunds of Value Added/ Goods and Services Tax and the refunds of other Taxes made by the Department of Inland Revenue during the years 2002 to 2005 are given in the following note.

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
	<u>Rs. Billions</u>	<u>Rs. Billions</u>	<u>Rs. Billions</u>	<u>Rs. Billions</u>
Refunds of Value Added Tax/ Goods and Services Tax	9.1	18.6	17.3	12.3
Refunds of Other Taxes	2.1	3.6	2.0	2.4
Total	11.2	22.2	19.3	14.7

(Bar Chart -
03)

A distinct decrease in the refunds of Value Added Tax in the year 2005 is observed according to the above note.

Bar chart - 03



3:6 Tax Structure

The tax structure within the Taxation Policy of Sri Lanka has been introduced in a method that facilitates a large portion of the Tax Revenue to flow direct to the Government.

- Out of the total Tax Revenue of Rs.198.3 billion received during the year 2005 by the Department of Inland Revenue, 97.6 per cent had been directly remitted to the Government as direct and indirect taxes through the Department of Customs including other Government Departments, Banks including financial institutions, individuals and other institutions.
- According to the report on Form "C General 35" showing the collection of taxes by the various Divisions of the Department of Inland Revenue, the total tax collected by the issue of Assessments during the year 2005 amounted to Rs.4.8 billion and represented an insignificant portion of 2.4 per cent of the total Tax Revenue.
- Out of the total Tax Revenue for the year 2004 amounting to Rs.164.8 billion, 95.6 per cent had been received direct by the Government as explained above while the tax collected by the Department of Inland Revenue on Assessments issued amounted to Rs.7.3 billion and represented an insignificant portion of 4.4 per cent.

3:7 Arrears of Revenue

Taxes in arrears is very huge and the reliability of a data thereon is beyond belief. A reconciliation of Statements of Arrears of Revenue showing the arrears of revenue as at 31 December 2003 and 31 December 2004 prepared by the Department of Inland Revenue is given below.

Category of Taxes	Total Tax in arrears as at 31 December 2003	Total Tax in arrears as at 31 December 2004	Difference Increase/ (Decrease)
	Rs.	Rs.	Rs.
Income Tax	22,747,514,274	18,993,101,045	(3,754,413,229)
Surcharge on Income Tax	2,398,399,652	2,036,913,969	(361,485,683)
Wealth Tax	122,411,530	122,757,220	345,690
Surcharge on Wealth Tax	4,865,741	4,865,741	-
Gift Tax	18,888,883	18,650,674	(238,209)
Estate Duty	37,096,985	35,135,729	(1,961,256)
Stamp Duty	821,519	821,519	-
Goods and Services Tax	20,978,250,565	20,228,920,368	(749,330,197)
Value Added Tax (VAT)	5,377,526,181	38,887,748,532	33,510,222,351

Turnover Tax	7,867,543,992	7,947,316,099	79,772,107
National Security Levy	7,220,339,352	6,642,504,597	(577,834,755)
Save the Nation Contribution Fund	118,267,096	103,822,075	(14,445,021)
Betting and Gaming Levy	314,683,533	25,125,200	(289,558,333)
Compounding Penalty	18,237,873	10,074,981	(8,162,892)
Obsolete Taxes	48,927,853	2,712,220	(46,215,633)
Total	67,273,775,029	95,061,469,969	27,787,694,940

- The Statement of Arrears of Revenue as at 31 December 2005 was not presented for audit even up to 15 May 2006.

Extracts of the observations of the Commissioner General of Inland Revenue

"..... There was a delay in the presentation of the Statement of Arrears of Revenue as at the end of the year 2005. Action will be taken to prevent such delays as it is possible to deploy staff to avoid such recurrence in the future"

Post-audit Note

- The Statement of Arrears of Revenue referred to had not been presented to audit even up to 10 July 2006.
- It has not been proved that the audit observation is inaccurate.

- The following observations are also made with reference to the Statements of Arrears of Revenue.

- The arrears of revenue had increased from Rs.67.3 billion to Rs.95.1 billion by Rs.27.8 billion or 41 per cent during the year 2004.
- An insignificant amount only had been collected out of the arrears of Goods and Services Tax during the year 2004. The balance of Rs.21.0 billion as at the beginning of the year had been reduced only by Rs.0.7 billion or 3.6 per cent during the year.
- The arrears of Value Added Tax had increased from Rs.5.4 billion to Rs.38.9 billion by Rs.33.5 billion or 623 per cent.

- The audit observations on the inefficiencies relating to the collection of arrears of revenue are given in detail in paragraphs 4.2, 4.10 and 4.11 of this report.

- The age analysis of the taxes in default (arrears of tax) as at 31 December 2004 presented by the Deputy Director of the Department of Fiscal Policy under the date 30 September 2005 is given below.

Category of Tax	Period	Tax Identified	Amount in	Grand Total
		Amount	Suspense	
		Rs.	Rs.	Rs.
Profit Tax	1965-1977	31,212	--	31,212
Rice Subsidy Tax	1969-1977	4,644	--	4,644
Stamp Duty	1971-2001	821,519	--	821,519
Surcharge on Income Tax	1966-1994	2,125,414	745,147	2,870,561
Compounding Penalty	1987-2004	16,602,181	--	16,602,181
National Security Levy	1995-2004	6,642,504,576	--	6,642,504,576
Income Tax	1956-2004	22,402,638,866	57,443,125	22,456,245,911
Surcharge on Income Tax	1974-2004	2,049,941,070	3,422,380	2,053,363,400
Gifts Tax	1965-1994	15,726,999	2,914,414	18,641,413
Turnover Tax	1983-2004	7,949,261,504	--	7,949,261,504
Wealth Tax	1965-2001	116,586,494	6,463,529	123,050,023
Surcharge on Wealth Tax	1970-2000	4,716,256	149,485	4,865,741
Estate Duty	1970-2004	36,135,728	--	36,135,728
Capital Tax	1976-1980	1,629,505	1,046,859	2,676,364
			72,184,939	39,307,074,798
			=====	=====

The following observations are also relevant in this connection.

- Each of the items relating to the arrears of Rs.39.3 billion shown above did not agree with the corresponding balances as at that date supplied by the Department of Inland Revenue.
- (A reconciliation with the amounts shown in the table given at the beginning of this paragraph confirms this position)
- An age analysis is not furnished in respect of Rs. 72,184,939 (Rs.72.2 million) out of the total amount shown.
- This age analysis does not include taxes such as the arrears of Goods and Services Tax, Value Added Tax, Betting and Gaming Tax, etc.
- Some of the balances are older than 50 years. Arrears of Income Tax has been shown from the year 1956 and the arrears of Income Tax in suspense without an age analysis amounted to Rs. 57.4 million.

- It appears that certain items relating to the arrears of tax had remained obsolete as far back as 3 decades ago. Arrears remaining under Profit Tax 1965-1977, Rice Subsidy Tax 1969-1977, Capital Tax 1976-1980, etc. can be cited as examples.

Arrears of Value Added Tax (VAT)

This tax implemented as an indirect tax with effect from 01 August 2002 in terms of provisions in the Value Added Tax Act, No. 14 of 2002 is borne in respect of goods and services by the final consumer. This tax should be deducted from the third party individuals/ institutions only by those registered with the Department of Inland Revenue for the purposes of the Value Added Tax and remitted to the Government. It was observed in audit that the registered individuals/ institutions had been misappropriating public moneys by withholding the tax due to the Government collected by them and that the arrears of tax withheld without being paid to the Government had rapidly increased to abnormal proportions.

According to the data obtained from the Department of Inland Revenue, the following information is relevant to the arrears of Value Added Tax from the year 2003 to 2005.

Year End	Arrears of Tax	Increase as compared with the preceding Date	VAT collected as at the end of each year	Percentage of Arrears of VAT on VAT Revenue collected
-----	-----	-----	-----	-----
	Rs.(Millions)	Rs.(Millions)	Rs.(Millions)	
31.12.2003	5,377.5	--	97,753.8	5.5
31.12.2004	239,500.7	234,127.2	117,030.9	202.6
31.12.2005	270,953.6	31,452.9	141,877.9	190.1

The following observations are made in connection with the above position.

- These data exceed even the total amounts shown in the Statement of Arrears of Revenue.
- The arrears of Value Added Tax as at 31 March 2006 had increased by a further sum of Rs.17,944.9 million up to Rs.288,898.5 million and the VAT revenue collection made thereon had not been precisely computed up to the date of this report.
- The arrears of tax amounting to Rs.5.4 billion as at 31 December 2003 had increased up to Rs.288.9 billion as at 31 March 2006.
- A comparison of the Value Added Tax collected each year with the arrears of tax indicated that the arrears amounting to 5.5 per cent as at 31 December 2003 had increased to 190.1 per cent as at 31 December 2005.
- The primary reason for the increase in the arrears of tax had been due to the large scale fraudulent VAT refunds made by the Department without proper investigation and the negligence and the failure to recover such refunds despite the issue of assessments for the recovery of those refunds.
- Even though the Department had issued assessments for the collection of large amounts of tax, there was no evidence of any action taken by the Department for the recovery of the tax in terms of provisions in terms of Chapter VIII of the VAT Act.

3:8 Reliability of Data

According to audit test checks it was observed that the Department had computed the arrears of tax without including certain items of arrears of tax in such computation.

- The following two instances of Value Added Tax totalling Rs.200.6 billion not so included in the computation of the arrears of tax are cited as examples.

TIN Number	Assessment Number	Date	Amount
409162070	9961882	2004.10.21	182,406.2
409162517	9961883	2004.10.21	18,206.8
			200,613.0

- Even though these assessments had been computerised, those were not displayed on the computer screen. Further examination revealed that according to the programme, any data fed into the computer beyond a certain limit are rejected by the computer as an erroneous entry.
- The following observations are made in this connection.
- Even though the 2 duplicate copies of the above undated VAT 20 assessments issued by the Department with the official seal of an Assessor had been completed and handed over to the Department, the receipt of them by the Department had been manually written as 29 and 30 September 2004 instead of placing the Departmental date stamp.
 - In view of this position it was observed that it is possible to enter data exceeding the maximum capacity of the computer fraudulently with the intention of committing irregularities even in instances where assessments should be issued.
 - Even though the two assessments related to two different institutions both had been filled up and signed by the same person.
 - A further examination revealed that the very same person had signed and furnished another assessment relating to yet another institution. It had been franked 29 September 2004 with the Departmental date stamp.

- The possibility of further instances which do not display on the computer screen cannot be ruled out in audit without a minute examination of information relating to the questionable tax files.

Extract of the Observations of the Commissioner General of Inland Revenue

"The arrears of Value Added Tax" under 3.7 above, as I have stated amounts to Rs.344.6 million and not Rs.200,613.0 million"

"The fact that this value is not displayed on the screen and the matters referred to in the query are correct.

- *The date is written manually as the date in the date stamp is not clear.*
- *When values exceeding acceptable upper ceiling are reported, it can be detected at the time of entering such data to the computer.*
- *Whenever a certain person is a partner of several partnerships such partner can sign reports of partnerships. Therefore, the existence of such instances is possible.*

Any incidents, other than this incident, have not been reported so far. This matter is receiving further attention in the Computer Development Programme implemented at present".

Post-audit Note

- *There is no evidence whatsoever relating to the value stated as correct.*
- *There is no evidence of any steps whatsoever taken up to date to inform the value stated as correct to the parties concerned.*
- *Even though 20 months had elapsed from the issue of Assessment Notices up to the date of this report no rectification entries whatsoever have been made.*
- *No penalty whatsoever has been imposed even up to 10 July 2006 in relation to the Assessment of Rs.182.4 billion according to the computer printed schedule dated 15 May 2006 presented to audit or the value reported as correct.*
- *Even though such a huge amount appears in the computer printout, none of the officers in the higher management had exercised any supervision.*

- *It has not been proved that the audit observation is inaccurate.*

3:9 Discrepancies in Accounts/ Registers relating to the Computation of Tax Revenue

3:9:1 Discrepancies between the Accounts of the Republic and the Revenue Accounts

Even though the values appearing under each Revenue Account in the Accounts of the Republic should agree with the individual accounts prepared in respect of each item, instances to the contrary were observed in audit.

- The prevalence of serious discrepancies between the values shown in the Accounts of the Republic on Government Revenue relating to the year 2004 and 2005 and the values of the individual accounts relating to each item of revenue were observed. This is an instance showing the erroneous nature of the State Accounts. A summary of such discrepancies is given below.

Head	According to Individual Revenue Account	According to the Accounts of the Republic	Discrepancy
2004	Rs.(Millions)	Rs.(Millions)	Rs.(Millions)
1002.10.00	117,030.9	117,031.7	0.8
1002.20.00	852.6	856.7	4.1
1004.20.00	25,293.0	24,708.4	584.6
Total			589.5
<hr/>			
2005			
1002.10.00	141,877.9	141,887.3	9.4
1002.20.00	448.9	461.6	12.7
1004.10.00	26,995.1	21,395.1	5,600.0
1004.20.00	22,442.9	31,140.5	8,697.6
Total			14,319.7

- According to the above information, the non-reconciliation of the individual accounts for the year 2004 with the Accounts of the Republic amounting to Rs.0.6 billion had increased to Rs.14.3 billion in the year 2005.

Extract of the observations of the Commissioner General of Inland Revenue.

"

Year 2004

I. 1002.10.00 Difference Rs. 0.8 million

The difference is due to the difference between the revenue under Revenue Head 1002.10.00 credited to the Treasury through the Banks and the revenue shown in the Summaries of Accounts of the Department of Inland Revenue

II. 1002.20.00 Difference

According to the audit query the total of revenue under Revenue Heads 1002.20.01, 100.20.20 and 1002.20.03 had been included under 1002.20.00 and accordingly the difference is Rs.4,149,594.

III. 1004.20.00

.....The difference of 584.6 million in this connection according to the Departmental accounts is shown under Revenue Head 1004.20.09.

....."

Year 2005

I. 1002.10.00

The balance of 9.4 million shown under 1002.10.00 shown in your audit query does not reconcile either with the Treasury Accounts or the Departmental Accounts.

II. 1002.20.00

Please note that the difference shown in your audit query under 1002.20.00 for the year 2005 does not reconcile with our books.

III. 1004.10.00 and 1004.20.00

The manner of ascertaining the values included in the audit query is not clear".

Post-audit Note

Year 2004

- *Whenever there are differences between the revenue credited to the Treasury through the Banks and the revenue credited by the Department through the Summaries of Accounts, reasons for such differences should be examined and rectified and the individual Revenue Accounts and the Accounts of the Republic should be prepared thereafter. Therefore, the fact that such action was not taken is confirmed.*

Year 2005

- *The above differences appeared very clearly in the Accounts of the Republic presented by the Secretary to the Ministry of Finance and Planning and the Secretary to the General Treasury under the date 19 April 2006 and the individual Revenue Accounts for the year 2005 presented for audit under the date 03 July 2006.*
- *I had informed very clearly by my letter dated 25 May 2006 forwarded to the Secretary to the Ministry of Finance that if there are any matters not clearly stated in this draft report or any clarification is needed in respect of any matter, to name an officer for such purpose. Nevertheless, no such relief was sought.*
- *Discrepancies pointed out in the audit observations exist intact. It has not been proved that the audit observation is incorrect.*

Maintenance of Discrepant Accounting Records on Tax Revenue

Each of the Units of the Department of Inland Revenue accounting for Tax Revenue shows balances relating to the same item in different ways.

Information on the discrepancies revealed in connection with the accounting for receipts under Economic Service Charges (ESC) (1004.10.02) during the year 2005 is given below as an example in support of the existence of such serious discrepancies.

The Economic Service Charges for the year 2005 as shown by each Unit.

	Rs.
According to Individual Revenue Account	7,283,167,056
According to total of Monthly Reports of the Data Processing and Revenue Accounting Division	8,463,247,750
According to the totals of Monthly Reports of the Computer Development Division	8,461,285,455
According to the total of the Monthly Revenue Analysis of the Secretariat Division	1,683,138,767
According to the Summaries of Accounts	1,683,131,003

According to the Final Computer Printout
of the Treasury (Table 70)

1,683,131,003

- The following observations are made in this connection.
- The discrepancy between the revenue collected during the year 2005 and the data reported by the Department to the Treasury through the Summaries of Accounts amounted to Rs.6,780,116,747 (Rs.6,780.1 million)
 - The discrepancy between the revenue collected during the year 2005 and the data shown in the individual Revenue Accounts amounted to Rs.1,180,080,694 (Rs.1,180.1 million).
 - Large discrepancies exist among the Inter-Division Monthly Reports of the Department.
- The serious matter observed in that connection is the emergence of the following constraints due to the absence of an accurate and reliable network of data enabling the taking of appropriate decisions on public finance.
- Absence of a reliable basis for follow up action to ensure that the targets of the Department had been achieved or for future plans.
 - Uncertainty of the future plans of the country due to the erroneousness of the data on which the future plans of the country are based.
 - Absence of a reliable base for the user institutions of statistics on data relating to Tax Revenue, such as the Department of Census and Statistics, the Central Bank of Sri Lanka, the Department of National Budget, the Ministry of Policy Development and Implementation.

Differences in the Accounts of the Department of Inland Revenue and the Treasury Computer Printouts

There were very serious discrepancies even in the accounting for the items of accounts of the Department of Inland Revenue at the Treasury.

A summary of three instances of differences totalling Rs.16.2 billion between the Individual Revenue Accounts of the Department of Inland Revenue and the Treasury Computer Printouts relating to 3 items in the Revenue Account for the year 2005 is given below.

Revenue Head	Revenue according to the Individual Account for 2005	Revenue according to the Treasury Computer Printout (Table 70)	Discrepancy
	(Rs. Millions)	Rs. (Millions)	Rs. (Millions)
1002.10.00	--	1,949.1	1,949.1
1004.10.02	7,283.2	1,683.1	5,600.0
1004.20.09	4,453.5	13,151.1	8,697.6

16,246.7
=====

3:9:2 Questionable Discrepancy of Rs.4.1 million between the Data of the Department of Customs and the Data of the Department of Inland Revenue....

The existence of discrepancies between the similar data on imports fed into the computers by the Department of Customs and the Department of Inland Revenue is highly questionable.

The following observations are made.

- The Value Added Tax on 8 Import Entries relating to 2 institutions for the year 2002 and 2003 according to the records of the Department of Inland Revenue and the Department of Customs indicated a discrepancy of Rs.1,218,506 (Rs.1.2 million). (Annex 01)
- The Value Added Tax on 6 Import Entries relating to an institution fed into the database of the Statistical Division of the Department of Customs and not appearing in the database of the Department of Inland Revenue amounted to Rs.863,095. (Annex 02)
- The Value Added Tax on 23 Import Entries of that institution for August, September and October 2002 included in the database of the Department of Inland Revenue without being included in the database of the Department of Customs amounted to Rs.2,003,550. (Rs. 2.0 million). (Annex 03)

(Reference : EF/C/IR/AQ/2003/61 – 19.04.2004)

Extract of the Observations of the Director General of Inland Revenue

"..... Particulars of imports sent by the Department of Customs to the Department of Inland Revenue are subjected to alterations by the Customs itself. Even if the particulars originally sent are not included, such records may be available in revised statements. The reasons for such revisions should be ascertained from the Department of Customs. Accordingly a difference of the particulars in the computer system of the Department of Inland Revenue can be seen. However, when they are reported to us the data in the computer system of the Department of Inland Revenue are updated. Sometimes, there may be a difference in any figure which was not updated".

Post-audit Note

- According to the comments of the Commissioner General of Inland Revenue audit observations remain confirmed.

Annex 01

Instances of Variances in the same Customs Documents

Institution	Cheque Number	Month	Amount of Value Added Tax		
			According to Records of Statistics Division	According to Records of Department of Inland Revenue	Difference
			Rs.	Rs..	Rs..
--	800025	August -2002	-	5,980	5,980
	900740	September -2002	10,379	17,552	7,173
	900671	September -2002	4,337	8,366	4,029
	1001162	October -2002	11,038	42,798	31,038
	1000940	October -2002	578,772	839,219	260,447
	1000050	October -2002	868	441,896	441,028
--	400628	April-2003	69,788	60,788	(9,000)
	404442	April - 2003	-	459,811	459,811
					1,218,506

Annex 02

Customs Entries entered in the Data Base of the Statistics Division of the Department of Customs but not entered in the Data Base of the Department of Inland Revenue

Institution	Tax Period	Cheque Number	Amount of Value Added Tax
--	August 2002		
	September 2002		
	October 2002	8001347	
	October 2002	9000456	Rs. 30,475

	October 2002	1000819	3,906
	October 2002	1000996	27,767
		1001264	30,559
		1000239	769,520
			868

			863,095
			=====

Annex 03

Customs Documents not entered in the Data Base of the
Department of Customs but entered in the Data Base of
Department of Inland Revenue

Institution	Tax Period	Cheque Number	Value Added Tax
-----	-----	-----	-----
-	---	-----	-
-	August 2002	-----	Rs.
			114,701
		800299	1,397
		800462	8,419
		800465	3,741
		800569	20,768
		800636	56,515
		800764	14,744
		800921	
	September		77,630
	2002	900954	17,190
		900078	3,907
		900156	

			130,401
	October 2002	1000847	142,943
		1000850	266,219
		1001173	42,802
		1000866	62,427
		1000872	17,142
		1000018	371,522
		1000043	5,322
		1000644	1,580
		1000046	441,896
		1000050	159,469
		1000119	19,003
		1000109	23,812
		1000358	-----
			-
			2,003,550
			=====

3:9:3 Discrepancies in the Data of the Performance Reports and Data of "C General 35" Reports of the Department of Inland Revenue.

- The data in the Statement of Arrears of Revenue showing the arrears of tax under each category of tax prepared by the Department of Inland Revenue should agree with the data appearing in the "C General 35" reports showing the arrears of taxes under each Division and all the Regional Offices.

Nevertheless the following note indicates that abnormal discrepancies prevail between the two categories of reports.

	Total Arrears according to "C General 35"	Total Arrears according to the Performance Reports	Discrepancy
	----- (Rs. (Billions))	----- Rs.(Billions)	----- Rs.(Bilions)
As at 31 December 2003	33.0	67.3	34.3
As at 31 December 2004	28.9	95.1	66.2
As at 31 December 2005	83.9	?	?

- Possibility of a discrepancy as at 31 December 2005 cannot be stated as the Statement of Arrears of Tax Revenue as at 10 July 2006 had not been presented for audit even up to the date of this report.

Extract of the observations of the Commissioner General of Inland Revenue.

"The following matters affect these discrepancies.

- i. *Goods and Services Tax included only in the Statement of Arrears of Revenue without being stated in form C General 35 Report.*
- ii. *Arrears of certain Old Taxes not included in C General 35 Report being included only in the Statement of Arrears of Revenue.*
- iii. *Suspended Tax and the Tax that could not be recovered in terms of the Inland Revenue Special Provisions Act not being recorded in form C General 35 Report.*

Statement of Arrears as at 31 December 2005 is being prepared at present".

Post-audit Note

- *According to the comments of the Commissioner General of Inland Revenue, it appears that the audit observations are confirmed.*

3:9:4 Discrepancies in the Census of Files – Department of Inland Revenue

Audit test checks established the existence of very highly abnormal discrepancies between the Performance Reports and the Census Reports of the Department.

The following observations are made.

- The discrepancy between the number of files as appearing in the Performance Report for the year 2002 and the Census Reports on Files was very large.

Category of Files	Number of Files according to the Performance Report as at 31 December 2002	Number of Files according to the Census Reports as at 30 June 2003	Discrepancy
Public Corporations and other Institutions	46	4,894	4,848
Employees under the Pay As You Earn Scheme	789,221	215,424	573,797
Turnover Tax	2,568	5,059	2,491

- Even though there is a gap of 6 months in the above two instances, the unreliability of information is established due to the magnitude of the discrepancies.

- Even though all the Divisions in the Head Office should prepare Census Reports, only 8 Divisions had not prepared the Census Reports.
- A comparison of the Census Reports and the Performance Reports as at 31 December 2002 and 01 January 2003 revealed discrepancies in 7 Divisions totalling 780.
- Even though the closing balance of Census Report for a particular month should agree with the opening balance of the subsequent month, instances where such balance did not to a large extent were observed during the course of audit.
- The discrepancies between the opening balances of 4 Regional Offices with the closing balances of the preceding month in relation to 4 instances totalled 1,195.
- The discrepancies between the number of files as at 31 December 2003 and as at 01 January 2004 according to the Census Reports totalled 2,890.
- According to test checks, 26 files reported to have been transferred by 4 Branches to other Branches had disappeared. Such disappearance results in the disappearance of information relating to the previous tax matters of the respective taxpayers as well the vitiation of their future tax matters. Information for the computation of the value of these irregularities was not available.

(Reference : EF/C/IR/2003/AQ/48 – 12.02.2004
EF/C/IR/2004/AQ/23 – 05.04.2005)

Extract of the observations of the Commissioner General of Inland Revenue

"According to the Performance Reports the Public Corporations and Other Government institutions are stated as 46, but the non-Government institutions are not included therein. However, the Census Reports show the files of all the Government and other institutions maintained in Divisions 1 and 2. Therefore, what is mentioned in the query is incorrect.

The number of employees shown as 789,221 as at 31 December 2002 represents the original balance according to the reports furnished annually by the employers. Further, this includes the employees who had paid taxes only on the in-service benefits. But the number 14,901 represents the number of employees on whom actual files are maintained by Divisions. If there is nothing else and if a direction is not obtained due to the correctness of tax recovered under the Pay As You Earn system, maintaining a file is not necessary.

All other Turnover Tax Files other than the files relating to the wholesale and retail sale in the North East had become inactive since 01 April 1998. Nevertheless, a proper census of the files with arrears of tax among those inactive files was carried out and the current number was confirmed as 5,069.

..... Divisions maintaining Tax Files, generally carry out a reconciliation of the files maintained by such Division as at the beginning of each year with the Register of Files or a physical census and carries out a census of the correct number of files on the specified date. This could facilitate the commencement of the work for the commencing year by rectifying the errors, omissions, errors of addition, subtraction or typing errors caused during the preparation of the reports for the preceding year, if any. In the circumstances, the value shown in the records as at 01 January 2003 are the values so rectified.

All the files will be computerised in the modernisation process of the Department and such errors will not arise thereafter.

Whenever files are transferred, action is not taken to dispatch such files to the relevant Divisions immediately..... Therefore, there is no system for such Divisions to record the receipt of the files in the transferred month itself. The records are updated in accordance with the receipt of the files and as such there are no cases of vanishing files".

Post-audit Note

- The Commissioner General of Inland Revenue has attempted to justify the discrepancies through his explanations.
- Existence of such discrepancies among registers is detrimental to the reliability of information.
- The audit observation has not been proved as inaccurate.

3:9:5 Discrepancies between the Data of the Performance Report of the Department of Inland Revenue and the Data of the Department of Fiscal Policy.

Serious discrepancies between the Performance Report of the Department of Inland Revenue and the Statement of Arrears of Revenue of the Department of Fiscal Policy were observed.

A reconciliation carried out in respect of the years 2003 and 2004 revealed discrepancies totalling Rs.50.8 million in respect of the year 2003 and discrepancies totalling Rs.3,445.6 million in respect of the year 2004.

The reconciliation is given below.

Category of Tax	Arrears of Tax according to the Performance Report of the Department	Arrears of Tax according to the Report of the Department of Fiscal Policy	Difference



The right thing. The right way.

PUBLIC ENTERPRISES REFORM COMMISSION OF SRI LANKA

BY HAND

10th 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.

Declarations would have made by persons who have no Income Tax Files to get Custom Duty and penalty waivers and refunds, Exchange Control fines and penalties and fines that had been imposed for violation of the several other Laws that came under the purview of the now repealed infamous Inland Revenue (Special Provisions) Act No. 10 of 2003. Such persons not having Income Tax Files in relation to the value volume of such transactions would have been an evasion of Income Tax. Hence Income Tax Files ought to be promptly opened and the provisions of the Inland Revenue Act No. 38 of 2000 strictly enforced.

In addition, such Declarations ought to result in collection of indirect taxes such as GST, VAT and Provincial Turnover Tax. Such Taxes ought to be correctly assessed and collected. No Amnesty has been afforded such Taxes under the Inland Revenue (Regulation of Amnesty) Act No. 10 of 2004. The previous Amnesty in respect of such indirect taxes have been specifically dealt with by the Supreme Court and condemned.

2. In respect of the 38,323 persons, who had submitted Declarations and who had had Income Tax Files, it was confirmed that these Declarations will be grouped in respect of the respective Income Tax Units and dispatched directly to the relevant Deputy Commissioners in charge of the respective Units immediately.

The respective Deputy Commissioners ought examine the Income Tax Returns forwarded by such persons for the Years of Assessment 2002/03 and 2003/04, to ascertain as to whether the income returned in respect of these 2 Years have been in conformity and sympathy with the Declarations made as at 31.3.2002.

Here again, Declarations would have been made to get Customs Duty and penalty waivers and refunds, Exchange Control fines waived, and penalties and fines etc. The Income Tax Returns in respect of the Years of Assessment 2002/03 and 2003/04 ought be in conformity with the value volume of such transaction, or else, Income Tax would continue to be paid by such persons, below their actual levels of income.

Furthermore, for example if Fixed Deposits had been declared as at 31.3.2002, then naturally interest income would arise in respect of this additional monies for the Years of Assessment 2002/03 and 2003/04, similarly rental incomes, etc.

In this category, the Assessor ought be directed by the Deputy Commissioner to raise additional Assessments for the Years of Assessment 2002/03 and 2003/04 in the context of the disclosures in the Declarations; or in the alternative, the Deputy Commissioners calling for explanations on such additional items / informations from the relevant Tax Payers, and thereafter causing Additional Assessments to be made; including in respect of indirect taxes, GST, VAT and Provincial Turnover Tax.

Here again new dates for payment of any Additional Taxes for the Years of Assessment 2002/03 and 2003/04 would have to be stipulated, with penalties for delay.

3. As regards the written requests made to you by the Controller of Exchange for Declarations of any Foreign Assets by persons for him to enforce the provisions of the Exchange Control Act, it was confirmed that the relevant Deputy Commissioners, upon examining the declarations would forward the relevant informations to the Controller of Exchange.

In the alternative, the names of the relevant Deputy Commissioners could be provided to the Controller of Exchange, so that the Controller of Exchange could give directions to provide such informations in terms of Section 39 of the Exchange Control Act. Such Declarations could even pertain to monies attributable to offences such as drugs, terrorism, etc.

4

As regards communication to the Commission to Investigate Allegations of Bribery or Corruption by persons who fall within the purview of the Bribery Act, it was confirmed that such information would be forwarded similarly by the relevant Deputy Commissioners upon the examination of the Declarations, where it is disclosed that persons coming under the purview of the Bribery Act or the Declaration of Assets law are identified.

In the alternative, the names of the relevant Deputy Commissioners could be provided to the Commission to Investigate Allegations of Bribery or Corruption so that the Commission could give directions to provide such informations in terms of the Bribery Act.

As you are aware, even the now repealed infamous Inland Revenue (Special Provisions) Act No. 10 of 2003, did not contemplate the granting of amnesty or pardon for offences of Bribery or Corruption, which offences were expressly excluded in terms of Section 6 (4) of the Inland Revenue (Special Provisions) Act 10 of 2003.

Given the dicta of the Supreme Court that the now repealed infamous Inland Revenue (Special Provisions) Act 10 of 2003 defrauded public revenue causing extensive loss to the state, and in the context of questions being raised as to how and why such perverse law was conceived and enacted behind the back of Her Excellency the President and extended regardless of her objections, warrants that copies of all Declarations be forwarded to the Commission to Investigate Allegations of Bribery or Corruption, for the Commission to identify those persons, who should be dealt with for Bribery or Corruption; inasmuch as no legitimacy or entitlement flows from a fraud to a Declarant.

5. As regards, the draft Instructions to Deputy Commissioners dated 2.6.2005, my further observations as requested are as follows:

Classification of Declarations 1 (i)

These Declarations ought not be accepted as per paragraph 2 (a) of the said Instructions for grant of Income Tax Amnesty without verification of correctness of such Declarations. For instance false Cash Balances, Stocks, Receivables could have been declared as at 31.3.2002 to show cash inflows in subsequent years and to evade the payment of correct Income Tax in the subsequent years.

In terms of Section 4 (3) of Inland Revenue (Regulation of Amnesty) Act No. 10 of 2004, no Loss disclosed as at 31.3.2002 can be carried forward for the subsequent years.

It ought be noted that these Declarants had obviously not conformed and complied with the Laws coming under the purview of repealed infamous Inland Revenue (Special Provisions) Act No. 10 of 2003. Hence the need to verify the authenticity and the correctness, prior to unilaterally granting an Income Tax Amnesty.

Section 3 (3) of the Inland Revenue (Regulation of Amnesty) Act No 10 of 2004 imposes the requirement to verify the correctness of Declarations, prior to granting Income Tax Amnesty.

In addition, there being no Amnesty being granted as aforesaid in respect of indirect taxes, GST, VAT, Provincial Turnover Tax, steps ought be taken to assess and collect such indirect taxes.

Classifications of Declarations 1 (ii)

Here endeavour is made as per paragraph 2 (b) of the said Instructions to obtain incomplete information, calling for further information in terms of Section 3 (3) of the Inland Revenue (Regulation of Amnesty) Act No. 10 of 2004 for the grant of Income Tax Amnesty.

Here again it would be noted that these Declarants had obviously not conformed and complied with the Laws coming under the purview of repealed infamous Inland Revenue (Special Provisions) Act No. 10 of 2003. Hence the need to verify the authenticity and correctness, prior to unilaterally granting the amnesty.

Section 3 (3) of the Inland Revenue (Regulation of Amnesty) Act No 10 of 2004 imposes the requirement to verify the correctness of Declarations, prior to granting Income tax Amnesty.

In addition, there being no Amnesty being granted as aforesaid in respect of indirect taxes, GST, VAT, Provincial Turnover Tax, steps ought be taken to assess and collect such indirect taxes.

Classifications of Declarations 1 (iii)

~~These Declarations ought not be rejected as per paragraph 2(c) of the Instructions simply because the Declarants had not declared any income or assets or any source of income.~~

As dealt with above, some of these Declarations would have been made, simply to obtain Custom Duty and penalty waivers and refunds, Exchange Control fines and penalties and fines imposed under the several statutes coming under the purview of the now repealed infamous Inland Revenue (Special Provisions) Act No. 10 of 2003.

As dealt with above, these Declarations ought to be examined to consider whether levels of income declared are in conformity and sympathy with the levels of these other business transactions in respect of which they have sought Amnesty / Pardon for breach of the law; some of which could be criminal offences.

In addition, there being no Amnesty being granted as aforesaid in respect of indirect taxes, GST, VAT, Provincial Turnover Tax, steps ought be taken to assess and collect such indirect taxes.

VAT & GST Fraudulent Refunds

As regards, the fraud perpetrated *vis-à-vis* refunds of VAT and GST reported upon by the Auditor General, it was suggested that this matter be referred to the Presidential Investigation Unit for investigations and warranted action under the law.

As you are aware, the Supreme Court on two different occasions, one when Reference was made under Article 129 of the Constitution by Her Excellency the President, and second, when making determination on the Inland Revenue (Regulation of Amnesty) Bill, *inter-alia*, pronounced and determined that by the Inland Revenue (Special Provisions) Act No. 10 of 2003, there has been defraud of public revenue causing extensive loss to the State.

Hence, no legitimacy or entitlement, whatsoever, would flow from fraudulent transactions. Thus the Declarants have to be strictly dealt with in terms of Inland Revenue Act No. 38 of 2000, as persons who had endeavoured defraud public revenue causing extensive loss to the State; which is also an offence of corruption in terms of Section 70 of the Bribery Act. Thus the need to communicate with the Commission to Investigate Allegation of Bribery or Corruption.

I understand that all Declarations were given a "serial number". Hence a proper record ought be maintained in accordance with such "serial number" disclosing as to how the said respective Declarations have been dealt with, i.e. whether new Income Tax Files have been opened in respect of those who had no Income Tax Files; and whether additional Assessments have been made in respect of those who had Income Tax Files; including as to how the incidence of indirect taxes, GST, VAT and Provincial Turnover Tax had been dealt with.

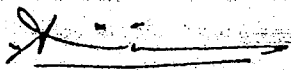
It was also confirmed that action has already been taken to collect all taxes that were due, which had been written-off or refunded, consequent to Inland Revenue (Regulation of Amnesty) Act No. 10 of 2004, and that litigations have been re-instituted, where withdrawn, and Appeal Hearings continued with, where stopped. This information too ought to be maintained on the above record.

The foregoing should be expeditiously implemented, inasmuch as the Inland Revenue (Regulation of Amnesty) Act No. 10 of 2004 became law as far back as 20.10.2004 with the certification by the Hon. Speaker, having been presented as an "Urgent Bill". The repeal of the infamous Inland Revenue (Special Provisions) Act No. 10 of 2003 by the enactment of Inland Revenue (Regulation of Amnesty) Act No. 10 of 2004, became a reality due to my efforts and the sole commitment and determination by Her Excellency the President, and the voice of the people, whose funds had been defrauded as aforesaid, and which funds are held on their behalf in trust by the State.

It would stand to reason that no one, who had been actively involved in mooted, formulating, articulating and supporting the now-repealed infamous Inland Revenue (Special Provisions) Act No. 10 of 2003, ought to be associated and/or involved in the implementation of the foregoing. It was acknowledged that some of such persons function as Members of the now created Tax Cluster I

No Gold or Silver Cards ought to be given to any of the Declarents until a passage of time whereby they are accepted to be honest and responsible Tax Payers ! There is no logic in recognising those Tax Payers, who pay Rs. 1 Mn. tax where they ought to have paid very much more; whereas there is merit to recognise even the small tax Payer who has paid Tax honestly, with responsibility.

Yours faithfully,



Nihal Sri Ameresekere
Chairman

cc: Controller of Exchange
Director General, Commission to Investigate Allegations of Bribery or Corruption

Auditor General

Secretary to Her Excellency the President
Her Excellency the President

ACT 14/10/5

Jun. 2, 2005

To DCC,

Instructions on implementation of the provisions of the Inland Revenue (Regulation of Amnesty) Act No. 10 of 2004.

You are required to carry out the instructions given below in respect of declarations that were received under the Inland Revenue (Special Provisions) Act No. 7 of 2002 and Act No. 10 of 2003 which are deemed to be declarations under the Inland Revenue (Regulation of Amnesty) Act No. 10 of 2004. Declarations relating to tax payers will be sent to relevant units and declarations relating to non tax payers will be sent to Information Branch. Information branch will open income tax files for persons who become liable to pay tax. Once they are opened, they will also be directed to relevant units to grant immunity under the Regulation of Amnesty Act in accordance with the instructions laid down below.

1. Classified the declarations into following categories.

- (i) Where income, all the sources of income and assets as at 01.04.2002 have been declared.
- (ii) Where out of the three requirements mentioned in category (i), either one or two of them have been declared.

The following examples are relating to some of the possible situations.

- (a) Income /Assets only declared without the source
- (b) Only an income declared without assets or sources

- (iii) Where Declarant has not declared any income or assets or any source of income.

2. (a) Declarations classified under category (i) shall be treated as valid declarations for the purpose of granting amnesty and the Declarant concerned will be informed in writing the acceptance of the declarations.
(Form - TPSU 01)

- (b) Declarations classified under category (ii) above will have to be regularized by obtaining necessary particulars mentioned under category (i) in the prescribed form (a specimen of the prescribed form is attached -TPSU 02). If the reply is not received within 14 days as stipulated in the Law, such declarations will be treated as invalid and declarants will be informed accordingly. In cases where the replies have been received within the stipulated time with the requested information, such declarations also should be treated as valid declarations and declarants be informed accordingly. The procedure of calculation of 14 days will be the same as the procedure applied for calculation of 30 days in appeal procedure.
- (c) Declarations coming under above category (iii) will have to be rejected as invalid and same shall be communicated in writing to the declarant concerned.(TPSU 03)
3. (i) All invalid or rejected declarations should be returned to the Taxpayer Services Unit
- (ii) All matters relating to declarations shall be dealt with only by respective Deputy Commissioners.
- (iii) Records should be kept in respect of all declarations and a report has to be sent at the end of each month to CIR (TPS Unit). A specimen is annexed herewith.

Further instructions on the implementation of the provisions of the said Act will be issued shortly.

Commissioner General of Inland Revenue

Government Notification

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

Regulation made under Section 6 of the of the Inland Revenue (Regulation of Amnesty) Act No. 10 of 2004, read with subsection (3) of section 3 of that Act.

Ministry of Finance & Planning
Colombo

..... 2005.

Dr. Sarath Leelananda Bandara Amunugama
Minister of Finance & Planning

Regulation

For the purpose of subsection (3) of Section 3 of the Inland Revenue (Regulation of Amnesty) Act No. 10 of 2004, the prescribed form to be used by the Commissioner General of Inland Revenue for requesting the necessary particulars is specified in the schedule hereto.

SCHEDULE

My Ref: TPSU/.....

TPSU -02

Particulars furnished under Section 3 of the Inland Revenue (Regulation of Amnesty) Act No. 10 of 2004

I do hereby furnish further particulars in respect of income / assets / sources of income to support my declaration made under the Inland Revenue (Special Provisions) Act No. 7 of 2002 / Inland Revenue (Special Provisions) Act No. 10 of 2003.

(1) (a) Undeclared/additional Income as at April 1, 2002.

.....
.....

(b) Undeclared /additional sources of income as at April 1, 2002.

.....
.....

(c) Undeclared/additional Assets as at April 1, 2002.

.....
.....

(2) Full name of Declarant
Address.....
* Designation.....
Telephone No.....
Income Tax file No, if any
National Identity card No, in case of individuals
* Company/Partnership Registration No.

* Not applicable to individuals.

I declare that to the best of my knowledge and belief all the particulars furnished above by me are true and correct.

Date.....

Signature.....



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AUDITOR-GENERAL'S DEPARTMENT



විගණන විච්ඡාදන - AUDIT QUERY - සමෘද්ධි සහ සාධාරණතාව

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This is only a query calling for information for clarification and not an Audit report
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පරිච්ඡේදයේ 16.5 ට අනුව යටෝත්ත අපනයනකරුවන්ට හමු යෙදවුම් බද්ද, නිමවුම් බද්ද
හිලිවී කිරීමටත්, නිමවුම් බද්දක් නොමැති නම් සම්පූර්ණ යෙදවුම් බද්ද (දේශීය මිලදී ගැනී
හා ආනයන මත හෙවු වැට් බද්ද) ආරාධනා ලබා ගැනීමටත් හැකිවේ.

යටෝක්ත පනතේ 7(1)(අ) වගන්තියට අනුව ඉහත අනුප්‍රමාණ ගත අපනයන කරුවන් ලෙස මෙම ආයතන/සමාගම් 20 කටයුතු කරන බවට වාර්තා වලින් ව්‍යාජ ලෙස තොරතුරු ඉදිරිපත් කරමින් මෙම මුදල් ලබා ගෙන තිබීම/ගෙවා තිබීම.

02. ඇමුණුම් අංක 03 හි සඳහන් සියළුම වෙස්පත් එනම් රු. 3,573,372,886 ක් වූ වෙස්පත් 235 ම තැපැල් කිරීමට ප්‍රථම වෙස්පත් ලියු දිනම හෝ ඊ ආයතනම දිනක එකම පුද්ගලයෙකු විසින්, දෙපාර්තමේන්තුවට පැමිණ ලබා ගෙන තිබීම.

03. එසේ වෙස්පත් ලබා ගැනීම සඳහා විවිධ අවස්ථාවල ව්‍යාජ ජාතික හැඳුණුම්පත් 13 ක්ද ඉදිරිපත් කර එම මුදල් ලබාගෙන තිබීම.

04. බොහෝ අවස්ථාවලදී විශාල වටිනාකම් ඇති වෙස්පත් රාශියක් පහසුවෙන් එකම දිනක එකවර ලබා ගත හැකි වන පරිදි දෙපාර්තමේන්තුව විසින් සමාගම් කිහිපයක වෙස්පත් එකම දිනක/ ආයතන දින කිහිපයක ලියා තිබීම. නිදසුන් ලෙස 2004. ජනවාරි 23,24,25,26 සහ 27 යන දිනවලදී එකතුව රු.459,081,571 ක් වූ වෙස්පත් 26 ක් ලියා තිබීම, 2004 මැයි 11,12 සහ 13 යන දිනවලදී එකතුව රු.205,692,256 ක් වූ වෙස්පත් 08 ක් ලියා තිබීම, 2004 අගෝස්තු 11 සහ 12 යන දිනවලදී එකතුව රු. 224,247,814 ක් වූ වෙස්පත් 09 ක් ලියා තිබීම පෙන්වා දිය හැක. (වැඩි විස්තර ඇමුණුම් 04 හි දැක්වේ.)

05. මෙම ආයතන 20 විසින් දෙපාර්තමේන්තුව වෙත ඉදිරිපත් කර තිබුණු එකතු කළ අගය මත බදු වාර්තා වලට අනුව යටෝක්ත කාලපරිච්ඡේදය තුළදී දේශීය මිලදී ගැනීම්, ආනයනය කිරීම්, අපනයනය කිරීම් සහ දේශීය විකුණුම්වල එකතු වටිනාකම් ලෙස පිළිවෙලින් රු.23,061,115,074 ක්, රු.164,846,003 ක්, රු.26,072,412,498 ක් සහ රු.1,900,802,986 ක් බව සඳහන් කර තිබුණද ඒ පිළිබඳ පරීක්ෂා කිරීමේදී පහත සඳහන් කරුණු නිරීක්ෂණය විය.

(i) ආයතන 20 න් ආයතන 16 විසින් එකතුව රු.20,457,900,942 ක් අපනයනය කළ බවට වාර්තා වල සඳහන් කර තිබුණද රේගු දෙපාර්තමේන්තුව විසින් දේශීය ආදායම් දෙපාර්තමේන්තුවේ පරිගණක වලට ඇතුළත් කර ඇති (බද්ධිත) (Linked) තොරතුරු වලට අනුව මෙම ආයතන 16 විසින් යටෝක්ත කාලපරිච්ඡේදය තුළදී කිසිදු අපනයනයක් සිදුකර නොතිබුණි.

ක් ලෙස
ඉදිරිපත්

පත්
ගලයෙකු

13 ක්ද

කම දිනක
ක්පත් එකම
1,25,26 සහ
2004 මැයි
හිමිම, 2004
09 ක් ලියා

ගත මත බදු
සහය කිරීම
ඉස පිළිවෙලින්
198 ක් සහ
ඉදි පහත සඳහන්

ක් අපනයනය කළ
න් දේශීය ආදායම්
Linked) තොරතුරු
පේදය තුළදී කිසිදු

(ii) ඉතිරි ආයතන 4 විසින් එකතුව රු.5,614,511,556 ක් අපනයනය කළ බවට වාර්තා වල සඳහන් කර තිබුණද රේගු දෙපාර්තමේන්තුව විසින් දේශීය ආදායම් දෙපාර්තමේන්තුවේ පරිගණක වලට ඇතුළත් කර ඇති (Linked) තොරතුරු වල අනුව එම ආයතන 4 විසින් 2004 වර්ෂයේදී අපනයනය කර තිබූ රු.340,354,277 ක් පමණි.

(iii) මෙලෙස ආයතන 20 විසින් වාර්තා වල සඳහන් කර තිබුණු එක රු.26,072,412,498 ක් වූ අපනයන වටිනාකමින් එකතුව රු.25,732,058,221 ක් අපනයනයන් එනම් සියයට 98.69 ක්ම ව්‍යාජ අපනයනයන් බව නිරීක්ෂණය වේ.

(iv) ඊ අනුව ආයතන 20 විසින් වාර්තා වල දේශීය මිලදී ගැනීම්, ආනයනය කිරීම් දේශීය විකුණුම් වල වටිනාකම් ලෙස දක්වා තිබුණු පිළිවෙලින් එක රු.23,061,115,074 ක්, රු.164,846,003 ක් සහ රු.1,900,802,986 ක් වටිනාකම් වලින්ද සියයට 98.69 ක ව්‍යාජ වූ වටිනාකම් බව විගණන නිරීක්ෂණය කෙරේ.
(අදාළ විස්තර ඇමුණුම් 05 සහ 06 හි දැක්වේ)

06. 2002 සැප්තැම්බර් 06 දිනැති එකතු කළ අගය මත බදු උපදෙස් පොතේ 16.1 වගන්තියට 25.5 වගන්තියට අනුව ඉතා අනුප්‍රමාණ ගත කරනු ලැබූ අපනයනයන් පරීක්ෂා කළ බවත්, එසේම එම අපනයනයන් ඉතාමත් ගැඹුරින් පරීක්ෂා කළ යුත්තේ කෙසේද යන්න ඉතාමත් පැහැදිලිව දක්වා තිබුණි.

නමුත් ආයතන වලට එකතු කළ අගය මත බදු මුදල් ආපසු ගෙවීමට පෙර එම වාර්තා වල ඉදිරිපත් කර තිබුණු තොරතුරු පිළිබඳව, වගකිව යුතු නිලධාරීන් විසින් යටෝක්ත වගකීම් වලින් දී ඇති උපදෙස් වලට අනුව ඉතා සුළු හෝ පරීක්ෂාවක්, සැලකිල්ලක්, අධීක්ෂණ සිදුකර නොතිබුණා පමණක් නොව වාර්තා වලින් ඉල්ලා තිබුණු සම්පූර්ණ බදු මුදලම සුප්‍රමාදයකින් තොරව ආපසු ගෙවා (Vat Refund) තිබුණි.

ඊ අනුව ඉතා සුළු හෝ පරීක්ෂාවක් දැක්වූයේ නම් වාර්තා වලින් ඉදිරිපත් කර තිබූ තොරතුරු වල ව්‍යාජභාවය ඉතා පහසුවෙන් හඟවුරු කර ගැනීමට හැකිවනවා පමණක් නොව මේ සා විශාල රාජ්‍ය මුදලක් ගෙවීම වලක්වා ගැනීමට හැකිව තිබුණි.

07. යථෝක්ත ආයතන 20 න් ආයතන 17ක්ම 2004 මාර්තු, අප්‍රේල්, මැයි, ජූනි, ජූලි යන අගෝස්තු යන මාස වලින් පසුව දෙපාර්තමේන්තුව වෙත බදු වාර්තා එවීම සම්පූර්ණයෙන්ම නතර කර තිබීම.

(විස්තර ඇමුණුමේ 07 හි දැක්වේ.)

08. සමහර සමාගම්/ ආයතන වලට ආදායම් බදු ලිපිගොනුවක් පවා නොතිබීම.

- උදාහරණ :- Euro Clothing
Abdul Kareem s l (Polytex Apperals)
Ali m.s.l. (Creations Apperals)
Lanka Universal Graments Exports
Subramaium S. (Lotus Garments)
Uni Line Apperals
Pro Garments
Kohb Apperals

09. සමහර සමාගම්/ ආයතන වලට මුදල් ගෙවා තිබුණද එම ආයතන තිබෙන බවට සාක්ෂි නොවීම.

- උදාහරණ : Pro Garments
Kohb Apperals
Inimag Kandy Pvt.Ltd
World Gate Apperals Pvt. Ltd

10. විශාල වටිනාකමින් යුතු වෙස්පත් ලබා ගැනීම සඳහා ඉදිරිපත් කර ඇති ලිපි ශීර්ෂ / ලිපි පරික්ෂා කිරීමේදී :-

- (i) බොහොමයක් ජ්‍යෙෂ්ඨ පරිගණක මුද්‍රිත වීම
- (ii) බොහෝ ලිපිවල දිනයක් සඳහන් කර නොතිබීම
- (iii) බොහෝ ලිපිවල සඳහන් අත්සන් ජ්‍යෙෂ්ඨ පරිගණක බවක්/ ව්‍යාජ බවක් නිරූපනය වීම
- (iv) බදු මුදල් විශාල වශයෙන් ලබා ගෙන තිබුණු සමහර සමාගම් ඉදිරිපත් කර තිබුණු ලිපි ශීර්ෂවල දුරකථන අංකයක් පවා සඳහන් කර නොතිබීම.
- (v) සමහර ආයතන වලට අදාළ ලිපි ශීර්ෂ වල ලිපිනයක් හෝ දුරකථන අංකයක් පවා නොතිබීම.

උදාහරණ :-
Kanbro International Pvt Ltd

- (vi) ලිපි ශීර්ෂවල සඳහන් කර තිබුණු බොහෝ දුරකථන අංක භාවිතයේ නොමැති අංක හෝ තාවකාලිකව විසන්ධි කර තිබූ අංක වීම.
- (vii) සමාගම්/ ආයතන වල ලිපි ශීර්ෂවල ජායා පිටපත් ලබා ගෙන ලිපි ඉදිරිපත් කර තිබීම.
- (viii) පහත සඳහන් සමාගම්/ ආයතන 4 හි ලිපි ශීර්ෂවල සඳහන් ලිපිනයන් සහ දුරකථන අංකයන් සමාන වීම

Upali Garments Pvt Ltd
 Lotus Garments (Subramaniam S)
 Lotus Apperals Pvt Ltd
 Lotus Garments Pvt Ltd

11. සමහර ආයතන විසින් ඉදිරිපත් කර තිබුණු එකතු කළ අගය මත බදු වාර්තා පිළිබඳව පරීක්ෂා කිරීමේදී :-

- (i) ඉදිරිපත් කර ඇති වාර්තාවල එකම තනතුරු දරන එකම නම සඳහන් පුද්ගලයින්ගේ අත්සන් වෙනස්වීම/ විවිධ වීම.
- (ii) සමහර වාර්තාවල එකම නම සඳහන් පුද්ගලයින් සඳහා සඳහන් කර ඇති තනතුරු නාම විවිධ වීම.
- (iii) විවිධ අවස්ථා වලදී වාර්තා වල එකම තනතුර සඳහා සඳහන් කර ඇති නම් වෙනස්වීම.
- (iv) බොහෝ වාර්තාවල යොදා ඇති අත්සන් ජ්‍යාකාර් බවක්/ව්‍යාජ බවක් නිරූපනය වීම.

12. වංචනිකව ලබාගෙන තිබුණු රු. බිලියන 3.57 ක් වූ මුළු මුදලෙන් රු. බිලියන 2.62 ක්ම 2004 ජනවාරි 01 දින සිට 2004 අගෝස්තු 25 දින දක්වා වූ කාලපරිච්ඡේදය තුළ එනම් 2004 වර්ෂයේ පළමු මාස 8 තුළ ලබාගෙන තිබුණු /ගෙවා තිබුණු අතර එම මුදල් ප්‍රමාණය 2004 වර්ෂය තුළදී දෙපාර්තමේන්තුව ගෙවා තිබුණු රු. බිලියන 17.29 ක් වූ මුළු එකතු කළ අගය මත බදු ආපසු ගෙවීම් වලින් (Vat Refund) සියයට 15.15 ක් බවත්, 2004 වර්ෂය තුළදී දෙපාර්තමේන්තුව උපයා ගෙන තිබුණු රු. බිලියන 117.03 ක් වූ මුළු එකතු කළ අගය මත බදු (Vat) ආදායමෙන් සියයට 2.24 ක් වන බවත්, 2004 වර්ෂය තුළදී දෙපාර්තමේන්තුව උපයා ගෙන තිබුණු රු. බිලියන 164.80 ක් වූ සියළුම බදු ආදායමෙන් සියයට 1.59 ක් වන බවත්,

පුලි සහ
නායෙන්ම

වට සාක්ෂි

සරණි/ලිපි

විම

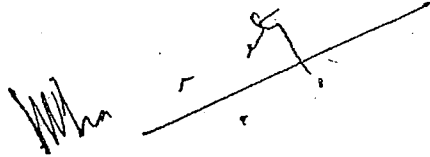
ව තිබුණු ලිපි

අංකයක් පවා

එසේම පසුගිය වර්ෂ හා සසඳන කළ රජය උපයුතු ලබන මුළු ආදායමෙන් සියයට 50 කට වැඩි ප්‍රමාණයක් දේශීය ආදායම් දෙපාර්තමේන්තුව විසින් බදු වශයෙන් උපයුතු ලබන බැවින් මෙසේ 2004 මුල් මාස 8 තුළදී පමණක් වංචනිකව ලබාගෙන තිබුණු මුදල් ප්‍රමාණය, රජය 2004 වර්ෂය තුළදී ඉපයූ මුළු ආදායමෙන් සියයට 0.79 ක් පමණ වන බවත් ඔබ වෙත පෙන්වා දෙනු කැමැත්තෙමි.

13. මේ අනුව දෙපාර්තමේන්තුවේ එකතු කළ අගය මත බදු පිළිබඳ ක්‍රියාවලිය ඉතාමත් අක්‍රමවත්ව පවතින බවත්, එහි පවතින අභ්‍යන්තර පාලනය ඉතාමත්ම දුර්වල මට්ටමක පවතින බවත් නිරීක්ෂණය කෙරේ.

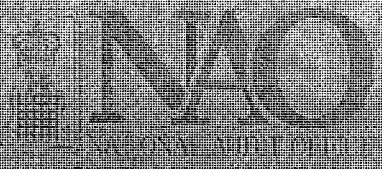
යථෝක්ත කරුණු සලකා බැලීමේදී දෙපාර්තමේන්තුවේ පවතින අභ්‍යන්තර පාලනයේ දුර්වලතාවය නිසා සහ වගකිව යුතු නිලධාරීන් නිසි පරිදි පරීක්ෂා වීම, අධීක්ෂණයක් නොදැක්වීම නිසා රාජ්‍ය මුදල් ඉතා විශාල ප්‍රමාණයක් වංචනික ලෙස එක පුද්ගලයෙකු විසින් ලබාගෙන තිබුණු බව/ දෙපාර්තමේන්තුව විසින් එක් පුද්ගලයෙකුට ගෙවා තිබුණු බව නිරීක්ෂණය වන බැවින් මේ පිළිබඳව ඔබගේ පැහැදිලි කිරීම් සහ ඔබ විසින් මේ සම්බන්ධයෙන් ගනු ලබන ක්‍රියාමාර්ග කටරේද යන්න ඉතා කඩිනමින් විගණනයට ලබා දීමට කටයුතු කරන්නේ නම් මැනවි.



(එස්.ඒ.ඩී.එස්.ඒ.ක්‍රිස්ටි)
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2. ලේකම්, මහා භාණ්ඩාගාරය



HM Customs and Excise Tackling VAT Fraud

REPORT BY THE COMPTROLLER AND AUDITOR GENERAL
HC 357 Session 2003-2004: 3 March 2004



executive summary

- 1 Value Added Tax (VAT) is a self assessed tax on the supply of goods and services, introduced in the UK in 1973. It is collected by 1.7 million registered traders and paid over to Customs. In 2002-03 Customs collected net VAT receipts of £63.6 billion, made up of just over £108.8 billion in receipts of which £45.2 billion was repaid to businesses that had paid more VAT on purchases than they had collected on sales and could reclaim the difference. Traders may not pay the correct amount of VAT for a number of reasons including error, deliberately understating their VAT liabilities or through systematic attacks on the VAT system. Customs estimate that the amount lost on VAT could be around £11.9 billion in 2002-03, which includes substantial non-fraud losses. The Government has set Customs a target to stop the long-term growth in the size of the overall VAT gap and to cut it from 15.7 per cent in 2002-03 to 12 per cent of the total amount that could be theoretically collected from VAT by 2005-06. This report examines Customs' approach to:

- detecting, investigating and preventing VAT fraud (Part 2);
- tackling the most serious type of VAT fraud known as VAT missing trader intra-Community fraud where bogus traders register for VAT, buy goods VAT free from another EU Member State, sell them on at VAT inclusive prices and then disappear without paying over to Customs the VAT they have collected (Part 3);
- those traders operating in the shadow economy who fail to register to pay VAT (Part 4).

- 2 On VAT missing trader fraud, Customs estimate that losses amounted to £1.65 billion to £2.64 billion in 2002-03 which was a reduction on the previous year. They became concerned about this type of fraud in late 1999 and in September 2000 introduced measures to tackle it. Customs published details of additional steps being taken to tackle this fraud in November 2002 and April 2003. On the shadow economy, Customs estimated the losses to be £400 million to £500 million in 2001-02 (the latest figures available).

- 3 To evaluate Customs' methodology for measuring fraud and error, we employed specialist economic and risk management consultants. We interviewed staff at locations around the UK and analysed operational data to establish how Customs prevent, detect and investigate fraud. We spoke to a number of organisations and individuals in the public and private sector and overseas to identify examples of good practice in tackling fraud. Our work helped us to assess whether Customs' approach matched best practices and identify where improvements could be made. Our methodology is set out in Appendix 1.



Estimating the VAT losses

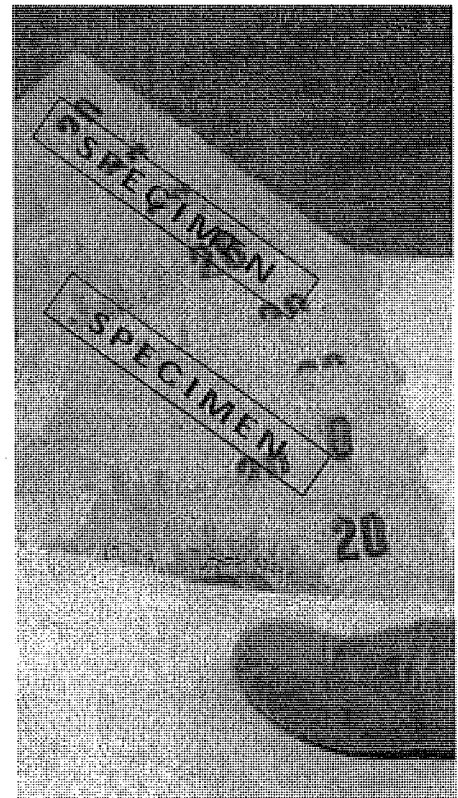
- 4 Customs have done well to estimate the scale of losses on VAT and are leaders in Europe in this type of work. They have determined how they need to respond to the problem, the resources needed and set targets for reducing the loss. Customs' estimates are necessarily subject to a margin of error because of the number of assumptions made and the reliability of the data used. Research by our consultants established that Customs have used appropriate methods to estimate the VAT losses and have made the best use of the data available, even though these are subject to uncertainty. Customs have estimated the trends in losses for VAT missing trader fraud and are carrying out further work on estimating other losses to determine whether their response is proportionate to the risks.

Preventing Fraud

- 5 Customs are giving increased emphasis to helping traders comply with their VAT obligations by improving guidance and support and offering solutions to businesses which have problems. For example Customs have produced a range of guidance for new businesses on their responsibilities including some in cooperation with other government departments and trade bodies. Such information can be important to businesses operating in the shadow economy which may not fully understand the requirements to register with Customs where their turnover exceeds £56,000 a year.
- 6 Fraud comes in many guises from traders from omitting the occasional sale from their records to systematic suppression of sales or falsification of purchase invoices. Other fraudsters may have little or no legitimate business activity and register with Customs for the purpose of stealing VAT. An example of this is missing trader intra-Community fraud where fraudsters pose as genuine traders to purchase goods VAT free in other Member States, sell on at a paper loss and then disappear without paying to Customs the VAT collected on sales. Customs are seeking to prevent potential missing trader fraudsters from registering with them. In 2002-03 Customs' checks on new registration applications led to 914 suspect applications being refused or around 0.35 per cent of those applying to register. They also attached conditions to many other registrations (such as requiring the trader to provide financial security) because of concerns about possible fraud.
- 7 In the European Commission's view, a fundamentally different system to the way in which VAT is administered in respect of Intra-Community transactions would help amongst other things to tackle missing trader fraud. The alternative system would involve traders paying VAT in the Member States where the goods are produced, known as taxation in the place of origin. The Commission considers that the scope for the current type of missing trader intra-Community fraud would be reduced as goods would no longer be traded VAT free between States. However, taxation at the point of consumption (the current system) is a widely accepted principle within the EU and it is unlikely that political agreement would be reached on any changes, especially as it is generally accepted that the alternative system may require closer harmonisation of VAT rates with implications for products and services which the UK currently zero rates. Although the incidence of this type of missing trader fraud might be reduced such a change would result in an increase in other types of fraud such as repayment frauds using false invoices. The alternative system is not viewed as a practical option at the present time and it is not the responsibility of Customs to take forward. Customs and some other Member States have therefore developed their own approach to tackling missing trader fraud. Customs have also worked with the European Commission and some other Member States to develop good practice guidelines for tackling it.

Detecting non-compliance and fraud

- 8** To tackle non-compliance in the general trader population Customs audit the systems of the largest traders and select other traders for audit based on risk criteria. Their experience shows that around a third of traders under-declare their VAT liability for a variety of reasons and in 2002-03 their checks identified an additional liability of over £3 billion from their targeted visits. Customs have found that distinguishing between what is error and what is fraud is often not possible because of the difficulties in proving the intention of the traders. The thrust of their approach therefore is to deliver year on year improvements in the compliance of businesses with their obligations and maximising the yield.
- 9** Customs' Intelligence staff have an important role in establishing patterns of non-compliance and targeting activity at the high risk sectors of the economy. Since September 2002 Customs have been improving their approach to intelligence work by focusing on national, regional and local risks rather than individual leads. They also expect the introduction of e-Business applications across their operations by 2005 to help generate summarised real time information which will help them assess the risks to VAT revenue more accurately and quickly. In deciding on the resources to be allocated, Customs regularly review the risks to ensure these are focused on the priority areas set out in their strategies. In 2002-03 Customs allocated 13 per cent of their Intelligence resources on VAT work down from 16 per cent in the previous year. This was mainly because some Intelligence staff were redeployed onto higher yielding revenue work and improvements were made in the way staff are used on VAT work.
- 10** Some businesses operating in the shadow economy take deliberate steps to avoid registration by suppressing their declared turnover or fragment their businesses into separate units to show a turnover below the VAT registration threshold of £56,000 a year for each business. Some may also not realise that they need to register. Customs estimate they may be losing £400 million to £500 million a year from between 125,000 and 180,000 traders operating in the shadow economy who have not registered for VAT at around £3,000 to £4,000 in VAT for each trader. By working closely with the Inland Revenue and Department for Work and Pensions, Customs have detected almost 4,000 traders a year who should be registered, or around 3 per cent of the total estimated to be operating in the shadow economy. They get a good return on this work of around £16 for every £1 spent and are allocating more resources to detecting traders that should be registered. The work however is resource intensive because of the high turnover of businesses operating in the shadow economy.
- 11** In Budget 2003 the Government announced a one-off incentive scheme which ran from 10 April to 30 September 2003 for businesses which should have previously registered for VAT, but had not. These businesses would not incur penalties for late registration if they came forward voluntarily, assisted in establishing the amount of VAT due and paid any arrears in full and furnished all VAT returns and payments on time for 12 months after registration. By the end of December 2003, almost 3,900 applications for late registration had been processed under the scheme involving arrears in the region of £26 million. To help identify those who continue to operate in the shadow economy, Customs are taking forward an exercise to match selected Inland Revenue data with their own database of traders.



- 12** Customs make good use of information from a number of different sources to help them detect VAT missing trader fraud. One source of information is the notifications of suspicious transactions by financial institutions made to the National Criminal Intelligence Service which, over the last few years, have worked on increasing the numbers of notifications made. Another is a European Union information system which can detect possible intra-Community VAT frauds known as the VAT Information Exchange System or VIES (a computerised system for automatically exchanging information about VAT registered taxpayers and the value of their intra-Community supplies of goods). On the VIES, data on transactions can be at least three months old, and some traders do not record transactions or they record them incorrectly. With the support of Customs, the European Commission have been working on proposals to improve and strengthen administrative cooperation between tax authorities to tackle this type of fraud which are expected to come into force in 2004. Customs have also developed bilateral agreements directly with eight Member States and three other agreements are being pursued which will allow information to be exchanged more rapidly and which will help to identify fraudsters.
- 13** Where Customs detect a missing trader they will deregister the company to stop it trading, raise assessments for the amount of VAT owed, where possible obtain freezing orders on the company's bank accounts, and prosecute those involved where appropriate. During 2002-03 Customs also disallowed £63 million of VAT repayments to exporters suspected of being part of a supply chain where VAT had gone missing from carousel fraud (a type of missing trader fraud). In Budget 2003 further measures were announced to help Customs deal with companies who might be part of a missing trader supply chain, such as making a business jointly and severally liable for VAT unpaid on sales of mobile phones and computer components.

Investigations and Sanctions

- 14** Customs seek first to stop VAT frauds at the earliest opportunity to prevent any further losses, and second to impose a civil evasion penalty or prosecute those involved. Decisions on actions to be taken depend on whether the case falls within Customs' criteria on prosecutions (such as whether the business was set up with the intention to carry out fraud, the occurrence of other criminal activities, or whether lawyers, accountants and others who advise on VAT matters are involved), the available evidence, and the likelihood of evidence being obtained from another source or through investigation. Customs also seek to collect arrears to ensure that the economics of the crime are attacked and that penalties act as a deterrent.
- 15** Where VAT fraud is suspected, Customs look wherever possible to impose a civil evasion penalty which can be up to 100 per cent of the amount evaded. Customs generally only investigate with a view to criminal prosecution, the more serious or aggravated cases. For example, where the fraud involves the registration of one or more businesses whose activities are solely or primarily bogus, or the carrying out of systematic fraud against the VAT system. In September 2000, Customs introduced a strategy to tackle VAT missing trader fraud and, as part of this, reallocated investigation resources from less serious VAT cases to those involving missing trader fraud. Customs also began to target other more complex and larger value cases using their civil evasion procedures.
- 16** The number of finalised cases where civil evasion penalties have been imposed has fallen from 898 in 1997-98 to 276 cases in 2002-03 but the average value of each case has risen. In these cases Customs identified VAT evaded of around £27 million or around £30,000 a case in 1997-98 and in 2002-03 £16 million and around £59,000 a case. In April 2002 Customs introduced a new approach to tackling some VAT fraud cases which seeks to reach agreement with traders on the nature, extent and reason for irregularities. The indications are that the elapsed time to complete cases under the new civil evasion procedures is quicker at an average of nearly seven months compared with 11 months for those completed under the standard civil evasion procedures. Payment of arrears has also been more prompt and Customs case handling capacity has increased.

- 17 The number of VAT prosecutions finalised in courts has remained broadly constant in recent years at around 90 a year. Customs now concentrate on bringing to trial the more serious cases, such as missing trader frauds, where the amount of VAT lost can be considerable. Customs are currently working on around 100 ongoing missing trader fraud criminal cases involving VAT totalling some £2 billion, with over 80 of these cases awaiting trial. Of the 86 VAT fraud cases finalised in court in 2002-03, 69 resulted in convictions of which seven were for missing trader fraud. VAT fraud cases successfully prosecuted took on average two years and eight months to complete (including investigation and prosecution), with some taking over five years. The complexity of the cases has been an important factor in the time taken involving issues such as the number of defendants involved and the need to carry out the investigations in other jurisdictions, particularly for VAT missing trader fraud. The availability of court time can also delay a case. Early pleas of guilty could help to reduce the time taken on a case, especially where there are lengthy waiting times before the trial but there is little incentive in terms of reduced sentence to encourage such pleas before the trial and some defendants will wait until the early stages of the trial to enter a guilty plea.
- 18 The Butterfield report, published in July 2003, found that the basic training given to investigators is reasonably thorough but that subsequent training is somewhat ad hoc and not systematic and recommended that improvements should be made. Customs are continually developing the training of their investigators such as on the handling of informants and the disclosure of unused material on a case and supplement their training with instructions and guidance on investigative procedures and the law. Customs are now in the process of introducing national standards that will form the basis for future training in common with other Law Enforcement Agencies and in partnership with the Police Skills and Standards Organisation. The Butterfield report also recommended that Customs' Prosecutions Office should become independent. It concluded that, although over the last few years there had been considerable changes to the independence of the prosecuting lawyers in Customs, these changes had not gone far enough. Customs' lawyers needed to be in a position to exercise their "minister of justice" role without fear or favour and needed to be seen by others as in a position to do so. The Government has announced that an independent Customs and Excise Prosecutions Office will be set up during 2004 which will be directly accountable to the Attorney General.
- 19 Where Customs have prosecuted fraudsters they seek to recover the proceeds or benefit of the criminal activity through the use of confiscation orders. These orders can be a powerful deterrent to fraudsters as they tackle the economics of the crime. The enforcement of a confiscation order involves complex legal processes which, up to the end of December 2002, were managed exclusively by Customs' Asset Forfeiture Unit. At that time the Unit were handling around 330 confiscation orders with a value of £59 million. From December 2002 cases have been passed to a Task Force set up by the Home Office which enforces confiscation orders (whether obtained by Customs or by the Crown Prosecution Service). It can take many years to recover the assets. For example the courts may give the convicted person up to 5 years to pay, or there may be refusals to pay and Customs will monitor the case to see whether there are assets which can be realised to satisfy the confiscation order.
- 20 From February 2003, the newly created Assets Recovery Agency has been taking on cases from Customs and other agencies for civil recovery of assets where a criminal investigation has been carried out but it has proved impossible to continue with the criminal case and consequently there is no possibility of obtaining a confiscation order (which is dependent on conviction). The new civil recovery scheme enables the Director of the Assets Recovery Agency to take proceedings in the High Court for the recovery of the proceeds of unlawful conduct without the need for anybody to have been convicted of an offence. The Agency also has the option to tax the proceeds of crime where there are reasonable grounds to suspect that a person's income, profit or gain was obtained from crime.

COMBATING VAT FRAUD IN THE EU
THE WAY FORWARD



INTERNATIONAL VAT ASSOCIATION

REPORT PRESENTED TO THE EUROPEAN COMMISSION - MARCH 2007

EXECUTIVE SUMMARY

European VAT fraud is growing at an alarming rate – both in its quantum and its level of sophistication – to the point that it is today beginning to affect the accuracy of Member states' trade statistics. Estimates vary concerning the actual level of VAT losses, with figures ranging from €60bn - €100bn per annum for all Member states. Whatever the actual level of fraud, these figures highlight the urgent need for Europe to address the issue of the reform of the VAT system. What shape that reform should take is the subject of this paper.

The suppression of fiscal borders in the EU has allowed businesses to purchase goods and services cross-border without being charged VAT. This is the source of much of the missing trader intra-community (MTIC) fraud, or "carousel" fraud, predominantly achieved using mobile telephones and computer chips as a conduit to facilitate the fraud.

Whilst Member states are fighting hard to stop this activity, VAT fraud has become an established industry. New innovative forms of fraud are constantly under development – with the most sophisticated new variants of MTIC fraud incorporating the purchase of cross-border services to defraud National Treasuries. This latest move assists the fraud because services by their very nature are intangible, and more difficult for tax administrations to police.

In a bid to tackle these issues, a number of Member states have already introduced their own "solutions". One such example includes the application of the reverse-charge to the supply of goods and services in France by a non-established supplier, with effect from 1 September 2006. More recently, Germany and Austria have sought dispensation by way of derogation from the VAT Directive 2006/112/EC to apply a generalised reverse-charge to domestic B2B transactions, effectively shifting the application of the tax to the retail phase. The UK has also applied for a similar derogation, but has confined its scope to specific supplies of goods.

Whilst the motivations behind these changes focus on addressing VAT fraud, it is regrettable that to date the solutions put forward by Member states, appear to have been drawn up without significant levels of coordination. This lack of coherence and coordination reduces the effectiveness of the measures, places an extreme burden on legitimate businesses and acts to the detriment of Europe's competitiveness as a whole.

This report analyses a number of options for addressing the current haemorrhaging of Europe's VAT system and draws the following key conclusions:

1. Moving away from today's fractionated payment system to a sales-tax approach based on the "reverse-charge" mechanism would multiply the potential sources of tax evasion in the

EU. The assumption that such a fundamental change to Europe's VAT system holds the key to combating VAT fraud must, in our view be seriously challenged.

2. The existing 'transitional' VAT system, despite its flaws, has contributed effectively to the collection of a broad-based consumption tax. To strengthen the current system, Member states must act in a coordinated manner and resist the temptation for unilateralism. Failure to do so will lead to more complexity and fragmentation, place new burdens on legitimate business and further stimulate fraud.
3. Europe's first priority should be to strengthen fiscal cooperation between Member states. Information-sharing and coordinated action form the backbone of Europe's VAT enforcement provisions. This remains the priority, however, Europe's VAT architecture evolves over time
4. Supporting this, Member states' administrations should consider establishing a multi-jurisdictional, VAT enforcement unit. The unit would require an adequate level of resources and incentives to overcome the endemic inertia of national administrations to tackling VAT losses in other Member states.
5. Member states' administrations working with businesses should be able to determine how, through the use of new technologies the opportunities for fraud can be significantly reduced – whether through transaction tracking or more rapid exchanges of information. The improvement of the VIES system is a critical component of this strategy.
6. The use of traditional measures to combat fraud – which include subjecting new VAT registrations, refund claims and a sample of intra-EU traffic flows to additional checks – should be approached in a more coordinated and consistent fashion across all jurisdictions. The disproportionate use of such controls, concentrated in a few Member states, harms the legitimate taxpayer whilst 'transporting' the problem to other jurisdictions.
7. Any move to a 'country-of-origin' principle, which should provide the best VAT system for Europe's Single Market, is fraught with political challenges. Notwithstanding this fact, there are significant benefits to be obtained in the fight against VAT fraud, in exploring the notion of a 'hybrid' system between the origin and transitional systems of today. This would be pursued via the application of a standard EU-based tax on intra-EU supplies, possibly at a standard rate of 10% - sufficient to reduce the incentive of carousel fraud.
8. Finally, Europe is witnessing a rise in fraud using the reverse charge mechanism applied to cross-border supplies of services. The increasingly sophisticated fraud industry, in a bid to counteract new enforcement controls over goods, is leveraging services as a new tool to expand their industry. Proposed solutions to Europe's VAT dilemma must take account of this growing phenomenon.