

BRIDGING THE BUDGET GAP IN 1985

the Taxation and Other Revenue Measures

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The overall budget deficit for 1984, which according to the Final Estimates was assumed to be Rs. 16.5 billion, is now likely to go up to Rs.16.7 billion.

The gross expenditure projected for 1985 is Rs.59.8 billion (capital expenditure Rs.29.5 bn. plus recurrent expenditure Rs.30.3 bn). This shows an increase of gross expenditure by Rs.6.2 bn. over the Final Estimates for 1984 (Rs.53.7 bn). The increase is in the range of Rs.4.5 bn. capital expenditure and Rs.1.7 bn. in recurrent expenditure. The upsurge is due mainly to debt repayment in 1985 in regard to capital expenditure and an increased interest payment in respect of recurrent expenditure.

The anticipated revenue for 1985 reflected in the Draft Estimates is Rs.38.0 bn. resulting in an overall deficit of Rs.23.0 bn. after adjustment for net lending on Advance Accounts estimated at Rs.2 bn.

The Final Estimates, however, project a surplus of Rs.1.7 bn. The result is hoped to be achieved on the basis of gross expenditure Rs. 59.2 bn. (capital expenditure Rs. 29.5 bn. plus recurrent expenditure Rs.29.7 bn) against a revenue of Rs.38.0 bn. and with financing from various sources amounting to Rs.23.1 bn. The overall deficit of Rs.23.0 bn. (which stands at Rs. 21.4 bn. in the Final Estimates) is proposed to be bridged in the following manner:-

- (a) a net increase in revenue of Rs.1.0 bn. - the net increase in revenue springs from new proposals Rs.2.2 bn. less the resulting decrease of Rs.1.2 bn; (details appear at the end of this article);
- (b) foreign aid - grants and loans Rs.14.0 bn; and

- (c) rupee loans (non-bank sources) Rs. 9.1 bn.

NEW MEASURES

PERSONAL TAXES

INCOME TAX:

Resident Individuals

- 1) It is proposed to increase the present limit of Rs. 18,000/- to Rs. 24,000/- from the Year of Assessment 1985/86 which has the effect of exempting from Income Tax a resident individual in receipt of an income up to Rs. 24,000/-. This will be operative from 01.04.85.

Note 1

Under the Inland Revenue Act No. 4 of 1963 as amended from time to time the exemption limit for Income Tax in regard to resident individuals was based on the family circumstances, the main status for this purpose being determined on the basis of whether the person was -

- 1) (a) a single individual;
(b) a single individual with/without children and/or dependent relatives;
2. (a) married with wife;
(b) married with wife and children and/or dependent relatives.

This basis was in vogue up to the Year of Assessment 1978/79. Up to and including this Year of Assessment the concept of a family unit was recognised. The husband was the head of the family unit and the income and wealth of the members of the family were aggregated with those of his and he was liable to tax on

the total, subject to a deduction of specified family allowance in respect of income and exempt limit in respect of wealth. A departure from this practice was that in the Year of Assessment 1978/79 each spouse was given an exemption of employment income up to Rs 9,000/-.

A significant change was effected by the Inland Revenue Act No. 28 of 1979 whereby the non aggregation of income and wealth of the spouses was introduced treating each spouse as separate individuals for purposes of tax. Each of them was given an exemption of income up to Rs.12,000/- which continued up to the Year of Assessment 1983/84. The Budget Proposals for 1984 increased this allowance or exemption limit to Rs.18,000/-.

2) Tax Rates and Slabs:

With the increase of the exemption limit there will also be a widening of the slabs in the Schedule to the Act which specifies the rates of Income Tax.

The following table shows the present and the proposed rate schedules which are applicable to the taxable income of both resident and non-resident individuals :-

Rate %	Present (1984/85)	Proposed (1985/86)
7½	6,000/=	9,000/=
10	6,000/=	9,000/=
15	6,000/=	9,000/=
20	6,000/=	9,000/=
25	6,000/=	9,000/=
30	6,000/=	9,000/=
35	6,000/=	9,000/=
40	6,000/=	9,000/=
45	9,000/=	15,000/=
50	9,000/=	15,000/=
55	BALANCE	

Note 2

In the present schedule the highest marginal rate of 55% is applied to taxable income in excess of Rs.66,000/- or a total income of Rs.84,000/- and in the proposed to Rs.102,000/- or Rs.126,000/- respectively.

Given below is a composite cumulative table for Income Tax:-

Present (1984/85)			Proposed (1985/86)	
Rate %	Taxable Income	Tax	Taxable Income	Tax
7½	4,800	360/=	9,000	675/=
10	9,600	840/=	18,000	1,575/=
15	14,400	1,560/=	27,000	2,925/=
20	19,200	2,520/=	36,000	4,725/=
25	24,000	3,720/=	45,000	6,975/=
30	28,800	5,160/=	54,000	9,675/=
35	33,600	6,840/=	63,000	12,825/=
40	38,400	8,760/=	72,000	16,425/=
45	45,600	12,000/=	87,000	23,175/=
50	52,800	15,600/=	102,000	30,675/=
55	BALANCE			

EXAMPLE	Present (84/85)	Proposed (85/86)
Resident individual -		
Income from all sources	30,000/=	30,000/=
Less : Tax free allowance	18,000/=	24,000/=
Taxable Income	12,000/=	6,000/=

TAX:

First Rs.6,000 @ 7½%	450/=	Rs.6,000/= @ 7½%	450/=
Next Rs.6,000 @ 10%	600/=		
	<u>1,050/=</u>		
	Present Rs.1,050		
	Proposed Rs. 450		
	Relief Rs. 600 p.a. or Rs.50/= p.m.		

The loss to revenue on account of this change is estimated at Rs.90 million.

3) Terminal Benefits(refund of Provident Fund balances and gratuities)

It has been proposed to increase the present exemption limit as well as the slabs applicable on these benefits. The following tables show the present and proposed basis :-

Present Benefit	Tax
First Rs.50,000	Nil
Next Rs.25,000 @ 5%	Rs.1,250
Next Rs.25,000 @ 10%	Rs.2,500
Balance@ 15%	
Proposed Benefit	Tax
First Rs.100,000	Nil
Next Rs. 50,000 @ 5%	
Next Rs. 50,000 @ 10%	
Balance..... @ 15%	

The estimated revenue loss is Rs.6 million.

4) Dividends :

It is proposed to exempt dividend income in the hands of the individual up to Rs.12,000/ p.a.

The loss to revenue is estimated at Rs. 30 million

5) Qualifying Payments:

(i) (a) Section 31 of the Inland Revenue Act provides relief in respect 15 types of payment, expenditure or investment which qualifies for a deduction up to 1/3rd or 100% of a "person's" assessable income. It is proposed to limit the deduction in respect of an individual to Rs.500,000/=. This limitation will not, however, apply to donations to the Government.

(b) Investment in purchase of shares in an approved undertaking if disposed of within 5 years attracted liability in the form of an additional assessment in respect of relief granted if the proceeds were not invested within 3 months in another approved undertaking. This is considered to be an anomaly and it is proposed to withdraw the relief in respect of the second investment.

(ii) Investment in "High Un-Employment Areas"

With a view to encouraging investment in shares of Companies engaged in industries which are established in "High Un-Employment Areas" with an employment potential engaging a minimum of 25 individuals will be bestowed "qualifying payment" status. The relief will be limited to 1/3rd of the assessable income. The proposed industries will have to be outside the City of Colombo and are subject to approval by the Minister.

6) N.R.F.C. Accounts:

Section 10 (e) of the Inland Revenue Act exempts from income tax the interest on monies lying to his credit with N.R.F.C. A/c. accruing to any "person" not resident in Sri Lanka and for 6 years after he commences to be resident. The proposal is to extend this exemption to a period of 10 years.

Note 3

The original exemption was for a period of 3 years only. The Amendment Act, No.14 of 1984 extended it to 6 years resulting from the Budget proposal for 1984.

Present (1984/85)

Proposed (1985/86)

Rate %	Taxable Wealth* Rs.	Tax Rs.	Taxable Wealth* Rs.	Tax Rs.
1/2	First 200,000	1,000	500,000	2,500
3/4	Next 500,000	3,750	1,000,000	7,500
1	" 1,000,000	10,000	1,500,000	15,000
2	Balance			

* Taxable Wealth is the total wealth less the exemption of Rs.200,000/= up to the Year of Assessment 1984/85 and Rs.500,000/= (proposed) from the Year of Assessment 1985/86. Revenue loss is estimated at Rs.8 million.

7) Annuities :

Section 29 (2) (a) and (v) permit the deduction of sums payable by a person as annuity which is payable for a period exceeding six years. There is no restriction as to the type of annuity in the existing law. The proposal is to restrict the deduction for annuities which are paid in return for full consideration in money or money's worth and alimony paid under a Court order. This in respect of close relations and others which can be interpreted as a means of avoiding tax. No mention being made about retrospective application, it is likely that the restriction will apply to future annuities.

8) Executors:

The present rate of income tax on executors is 30%. It is proposed to increase the rate to 40%. The rationale behind the proposal is to encourage the executors to distribute the estate without undue delay.

WEALTH TAX

1) N.R.F.C. Accounts:

The exemption from wealth tax of the balance in a N.R.F.C Accounts is proposed to be extended to 10 years as in the

case of similar extension of exemption of the interest accruing in such accounts from income tax (above).

2) Exemption Limit:

At present a person (excluding a non-resident Company) is liable to wealth tax only if his net wealth exceeds Rs.200,000/=. The proposal is to increase this exemption limit to Rs.500,000/= as well as to widen the tax slabs.

The above composite table shows the existing and proposed exemption limits and tax rates.

GIFTS TAX

At present the value of the first Rs.50,000/= of all taxable gifts (made by an individual during his life-time) is exempt from gifts tax.

1) The proposal is to increase the exemption limit to Rs.250,000/=. The present rate of gifts tax will continue unchanged. This exemption will apply both to individuals and estates of deceased persons. The rate schedule applicable to Estate Duty will apply to Gift Tax as well (see table on p.21).

Revenue loss is estimated at Rs.3 million.

ESTATE DUTY

Under the Estate Duty Act No. 13 of 1980 the value of one residential house to the limit of Rs. 300,000/= is exempt from Estate Duty.

- 1) The present law relative to wealth tax exempts the value of one residential house irrespective of its value. The proposal is to exempt one residential house, whatever the value from Estate Duty.
- 2) The present exemption for Estate Duty is limited to Rs. 100,000/=. The proposal is to increase the exemption limit to Rs. 250,000/= as in the case of Gifts Tax. The rate schedule applicable to Gifts Tax will apply to Estate Duty as well (below).

Revenue loss is estimated at Rs. 8 million.

The following tables show the present and proposed Gifts Tax and Estate Duty:-

COMPANIES

For tax purposes Companies are treated as Resident and Non-Resident. The proposals made for 1985 affect both categories.

Resident - (1) They are liable to two types of taxes:

(a) income tax on the taxable income derived from normal profits and

(b) On dividends distributed by them at the specified percentage (20%) on the total of the gross dividend.

On the normal run of the self-assessment scheme the Companies are obliged to pay taxes in quarterly instalments on both types.

If for instance, Company A holds its Annual General Meeting in April and declares a dividend on the profits of its trading activities during the year just past in that month, it can pay into Revenue the tax withheld in 4 quarterly instalments spanning a period of 12 months. It can also make good any short-fall without additional penalty if the balance is paid on or before 30th November, following the Year of Assessment.

The proposal is to make it obligatory on the Companies to pay to Revenue the dividend tax so withheld immediately after such dividend is declared.

2) Companies engaged in "High Unemployment" Areas

See above under Qualifying Payments (ii)

3) Encouragement for Export Industries

Under Section 20 (1) (b) of the Inland Revenue Act, approved companies now enjoy a tax holiday for a period of five years for industries in the area of specified non-traditional exports.

The proposal is to extend a half-tax holiday for a further period of 10 years only to Companies, subject to the condition that the net foreign exchange earnings from exports is 75% or more of the F.O.B. price.

The eligibility to this extended tax holiday will be determined on the basis of the formulae adopted by the Export Development Board for the calculation of foreign exchange earnings.

The proposal lays emphasis on projects that use local raw materials and a high intensity of local labour. Dividends declared by these companies out of profits during the 10 year period will, however, be taxable.

Present (1984/85)				Proposed (1985/86)			
Rate %	Value of all taxable Gifts	Net value of estate		Rate %	Value of all taxable Gifts/net value of Estate		
	Rs.	Rs..			Rs.		
NIL	First 50,000	100,000		NIL	First 250,000		
5	Next 100,000	100,000		5	Next 250,000		
10	Next 100,000	100,000		10	" 250,000		
15	" 100,000	100,000		15	" 250,000		
20	" 100,000	100,000		20	" 250,000		
25	" 100,000	100,000		25	" 250,000		
30	" 200,000	200,000		30	" 500,000		
35	" 200,000	200,000		35	" 500,000		
40	" 200,000	200,000		40	" 500,000		
45	" 200,000	200,000		45	" 500,000		
50	" 200,000	200,000		50	BALANCE		
55	" 500,000	500,000					
60	" 500,000	500,000					
65		500,000					
70	BALANCE						

Non-Resident Companies

At present these Companies are liable to -

- (a) pay income tax at 50% on their taxable income, as in the case of Resident Companies plus an additional 5% in lieu of Estate Duty, and
- (b) a tax at 33-1/3rd% on profits remitted out of Sri Lanka.

The proposal is to do away with the additional 5% under (a) since this was originally imposed when Foreign Companies owned large Estates in Sri Lanka and it is felt that there is no justification to continue it after nationalisation of foreign owned estates. Though no specific mention was made, it is assumed that the additional 5% levied now on dividends paid to Non-resident Companies will also cease.

The estimated Revenue loss is Rs.10 million.

TURNOVER TAX

Emphasis is being laid on securing better compliance with regard to this tax. It is proposed to have the businesses registered annually with the local authorities. In the application for registration or renewal, information as to -

- (a) Business Registration Number
- (b) Identity Card Number of the individual, and
- (c) Turnover Tax File Number

will be required to be stated. It is planned to carry out field surveys and inspections to ensure that actual turnover is returned by the businesses and the correct amount of tax is paid.

The proposed changes in the main, result from the changes effected in the area of import duties.

- 1) Now, Turnover Tax is levied at the point of import on the agreement of the C.I.F. value and import duty.

The proposal is to increase turnover Tax at Customs by 10% with a view to equalising it with the Turnover Tax paid by the local manufacturer who is subject to the tax on cost of production and his margin of profit. The rationale behind the proposal is to eliminate the advantage now enjoyed by importer over the local manufacturer.

Additional Revenue expected is Rs.250 million.

- 2) Levy of 10% Turnover Tax is proposed to be imposed on all sales in the Duty Free Shopping Complex which are now not liable to Turnover Tax.

Expected Revenue is Rs.100 million.

- 3) The proposals reduce Customs Duties on certain items and with a view to avoiding a loss to Revenue, a corresponding increase in Turnover Tax on such items is envisaged. They are :-

	<u>Present Rate</u>	<u>Proposed Rate</u>
Gas, oil petroleum products and lubricants (other than petrol, kerosene and auto and heavy diesel)	4%	6%
Glass in rectangles, drinking glasses and other glassware	10%	15%
Natural yeast	6%	10%
Dried Legumes	6%	10%
Perfumes	20%	40%
Imported Gold	10%	40%

Note :

The changes under the proposals 3 and 4 above will not require a revision of prices.

- 4) A reduction of Turnover Tax on Beedi from 20% to 4% is proposed to offset the effect of the increase of import duty on beedi leaves.
- 5) A reduction in Turnover Tax rates on the following items is proposed to encourage producers and manufacturers :-

	<u>Present</u>	<u>Proposed</u>
Animal and poultry food	6%	4%
Condensed milk	15%	6%
Ayurvedic preparations	6%	4%
Sugar	15%	10%
Soya milk powder	10%	4%
Charcoal	10%	4%
Furniture manufacture	10%	5%

Notes:

Sugar Import duty on sugar is increased to offset the reduction of Turnover Tax at Customs. The effect is to confer a benefit on local producers of the commodity.

Petrol: The present rate of Turnover Tax at 4% on Petrol is increased to 20% at point of manufacture. The increase is to be absorbed entirely by the Ceylon Petroleum Corporation and will not affect the price to the consumer.

The Revenue expected from this measure is Rs.320 million.

Hotels & Restaurants: The present distinction between the Tourist Board Approved Hotels and Restaurants and other Hotels and Restaurants with different rates of Turnover Tax is being abolished. All hotels and restaurants will be liable at the rate of 5%.

Monthly Payment : Business having a turnover in excess of Rs. 15 million per quarter are required to pay Turnover Tax monthly at the rate of 1/3rd by the 15th of the 2nd, 3rd month and the 15th of the month following the end of the quarter in terms of the Amendment Act, No.39 of 1983. The proposal is to require business having a turnover of Rs.5 million per quarter to pay Turnover Tax monthly. This is to ensure quicker flow of revenue regularly.

Additional revenue anticipated from effective enforcement is Rs.100 million.

EXCISE DUTIES

1) **Tobacco Tax:** Increase of Rs. 30/= per Kg from Rs.341/= to Rs.371/= which has the effect of an increase of the price of a cigarette at retail of cts. 5.

Expected additional Revenue is Rs.250 million.

2) **Arrack:** Increase of Rs.8/= per proof litre from Rs. 53/= to Rs.61/=. The effect will put up the price per bottle by Rs.5/=.

3) **Rectified Spirits:** The import duty on this item used for manufacture of alcoholic beverages is increased from 5% to 25%. The locally manufactured liquor will go up by Rs.5/= per bottle.

Note 1 Additional revenue envisaged by proposals 2 and 3 above is Rs.180 million.

2 Increases in fees on licences for the manufacture of alcoholic drinks have also been gazetted.

STAMP DUTY:

1) Revision in Stamp Duties has been proposed as follows :-

Immovable Property:

a) where the value is Rs. 100,000/= or less Rs.3 for every Rs.100/= or part, and

(b) where the value exceeds Rs.100,000/= Rs.3,000 plus Rs.4 for every Rs.100/=, of the value over Rs.100,000/=.

2). Guarantee Bonds for Loans:

Reduction in duty for amounts under Rs.25,000/= from Rs. 10/= on every Rs.1,000/= to Rs.1/= on every Rs.1,000/= or part.

3) **Life Insurance Policies :** Duty on assignment is reduced to Rs.10/=.

4) **Contracts by Architects, Builders & Engineering Consultants:**

The present flat rate of Rs. 10/= per contract is replaced by an ad valorem basis of Rs.1/= on every Rs. 1,000/= or part. This will apply to every contract for construction work or for supply of services for construction work. This rate will not apply to residential building construction.

5) **Certified Extracts:** The stamp duty now levied on extracts from official documents is Rs.1/=. This is being increased to Rs.10/= per extract.

Revenue loss is estimated at Rs.25 million.

IMPORT DUTIES

The recommendations made by the Presidential Tariff Commission with a view to providing adequate protection in the areas of local industry, agriculture and animal husbandry as have been accepted by the Government have been gazetted; reference Gazette Extraordinary No.323/12 of 14.11.1984.

Under the new dispensation protective duties ranging between 60% to 100% are effective, covering a large area of local agricultural and industrial products. With a view to encouraging investment in these

sectors, the import duty on machinery has been reduced from 7½% to 5% with a further concession of the removal of both the import duty and Turnover Tax at Customs on industrial machinery if 50% of the products are exported.

In pursuance of the policy of encouraging agricultural and industrial development, the following items are wholly exempt from import duty:-

- (a) fertilizer;
- (b) seeds, fruits and spore plants, imported with the approval of the Minister of Agriculture, for propagation purposes;
- (c) a large variety of chemicals and metals used in industry and agriculture;
- (d) drugs and medicinal plants used in the Ayurvedic, Siddha and Unani systems of medicine; and
- (e) raw cotton and synthetic fibres.

In respect of the industrial sector, the import duty on semi-finished products is reduced by 10%. To safeguard the interests of the local manufacturers of yarn, the import duty reduction is limited to -

- (i) cotton - 2½%, and ^{more}
- (ii) synthetic - 5%

Anticipated Revenue loss resulting from these changes is Rs. 180 million.

Further incentives to encourage exports to be effective from 01.01.85

Components imported as items used in manufacture of goods for export are exempt from import duty and Turnover Tax provided-

Tea in bulk
Tea in Packets
Tea in Bags
Instant Tea
Green Tea

	Old Rates Rs/Kg.	New Rates Rs/Kg.
Tea in bulk	9.00	7.00
Tea in Packets	7.50	5.50
Tea in Bags	2.00	1.50
Instant Tea	14.00	12.000
Green Tea	9.00	7.00

- (a) the Minister of Industries, Minister of Textile Industries, Minister of Rural Industrial Development or the Chairman, Export Development Board, certifies that components imported are used for manufacture of articles for export, and
- (b) the components are subject to Customs bonding.

Note: The above will apply to manufacture of garments for export for obvious reasons, viz: the belief in official quarters that at present a fair quantity of imported textiles for this purpose gets into the local market resulting in an unfair competition to the textiles imported legally.

Expected additional revenue is Rs.75 million.

TAXATION OF PLANTATION SECTOR (Tea, Rubber & Coconut)

The Minister lays great emphasis on exports of the produce of plantations as of paramount importance to the country's economy while providing all incentives for the advancement in the sphere of export from the non-traditional areas.

It is proposed to create Stabilization Funds for the former drawing from the benefits of the boom period, to provide for a 'rainy day' so to speak. Such Funds will come under the direct control of the Central Bank.

1) Tea:

At present this commodity suffers tax at two points:-

- (a) an ad valorem sales tax, and
- (b) a fixed duty at the export point (again based on volume).

The proposal is :

- (a) Continuance of the ad valorem tax with an increase of the present threshold from Rs.28/- to 32/- per kg. but subject to a flat rate of 50% when in excess of Rs.32/-, and
- (b) reduction of the fixed rate of duty with a view to encouraging an increased value - added component (e.g. tea packets, tea bags, etc), thus subjecting such ramifications to a lower duty than exports of tea in bulk.

The rates that will apply with effect from 15.11.84 are given in the table above.

The Development Cess rate which is now Rs.1.25 per kg is increased to Rs.15.0 to encourage research and promotional services. The overall feature is that the margin to the producer ought to be uplifted to around Rs.1.75 per kg. Contribution to the Tea Stabilisation Fund is Rs.3/- per kg. of tea exported.

2) Rubber :

In view of the depressed international market for this commodity, it is proposed to cushion off the severity of present duties on producers by the introduction of a sliding scale of duties. There will be no duty levied where the f.o.b. price is below Rs.17/- per kg.

The contribution to the Rubber Stabilisation Fund is also being dispensed with.

3) Coconut :

In a move to allow producers an increased margin with a view to giving a fillip to production in this sector, the present tax-free threshold of Rs.13,000/- is increased to Rs.20,000/- per metric ton of coconut oil the excess being dutiable at the rate of 50%. Coconut oil is the only item for which the international market quotes and, therefore, the duty on other products is based on the international market rate for coconut oil.

Duty proposed on these items is:-

desiccated coconut	-	Rs.5,000/- per metric ton
copra	-	Rs.7,250/- per metric ton
fresh nuts	-	Rs.1,000/- per 1000 fresh nuts.

Contribution to the Coconut Stabilisation Fund will be 10% of export duty.

Development Subsidies :

The present subsidy scheme for tea, rubber and coconut to the private sector (mainly small-holders) will continue while it is being withdrawn from the State Sector.

Miscellaneous :

1) Licence Fee on Motor Vehicles:

It is proposed to increase the fees for 1986. The scale will be notified in due course.

The additional revenue envisaged is Rs.50 million.

2) Loan to the Ceylon Electricity Board :

A part of the cost of construction of hydroelectric and thermal power stations is being treated as a loan to the Board on which interest is payable to the Treasury by the Board. The interest component receivable is estimated at Rs.200 million.

3) Allowance to Public Servants & Pensioners:

The proposal is to increase the cost of living allowance by Rs. 100/- per head per month with effect from January, 1985.

The additional expenditure estimated on this count is Rs.700 million.

4) Nutrition Communication Programme :

With a view to educating the people on the value of proper nutrition, it is proposed to make a grant of Rs.5 million for the expansion of the programme.

5) Charitable Allowance :

It is proposed to increase this allowance now granted to the poor and handicapped number of persons now on the roll standing at 200,000 with many more waiting to be enrolled. The increase will be effective from January, 1985.

The additional expenditure is estimated at Rs.100 million.

TAX EVASION

Since it is felt that there is tax evasion and with a view to combatting it, it is proposed to collect all information relating

to activities of taxpayers and would be taxpayers and computerising same to be transmitted to respective files. The following proposals have been made:

i) individuals to state their identity Card Number, and

ii) businesses to state their Business Registration Number, and Tax File Number, initially in relation to :

a) property transfer:

b) fixed deposits in financial institutions;

c) registration of motor vehicles, and

d) letters of credit.

iii) professionals (self-employed) to maintain fee books on a daily basis in a prescribed form which shall be made available for inspection by the Inland Revenue Department;

iv) a scheme of enhanced rewards to informants.

In sum, anticipated increases and decreases in revenue are :-

Plus (+)	Rs. Million
a) Income Tax	285
b) Turnover Tax	1,085
c) Import Duty	175
d) Excise Duty	430
e) Licences and other fees	65
f) Interest	200
	2,240

Minus (-)

a) Income Tax	136	
b) Turnover Tax	133	
c) Stamp Duty	25	
d) Import Duty	180	
e) Excise Duty	740	
f) Wealth & Gift Tax and Estate Duty	19	1,233
Net increase in revenue		1,007 or

Rs 1.0 billion

As stated at the beginning, the above projections result in a surplus cash balance of Rs. 1.7 billion.