

Tax Amnesty Act violates Constitution

A five-judge bench of the Supreme Court has ruled that the Tax Amnesty Act, 2003, is unconstitutional. The majority opinion was delivered by Justice M.A. Waragoda. The court held that the Act violated the fundamental rights of citizens under the Constitution.

Years of Customs investigations go waste

Billions upon billions of dollars have been spent on customs investigations over the years, but the Tax Amnesty Act, 2003, has rendered all these efforts futile. Many taxpayers who were caught during these investigations have now been granted amnesty.



The new Act favours the rich; opposition mute

Finance Minister says it will bring down number of tax defaulters. The new Tax Amnesty Act, 2003, is seen as a favor to the wealthy. Opposition parties have remained silent on the issue.

UNP wants ruling on Tax Bill

The UNP has demanded a ruling from the Supreme Court regarding the constitutionality of the Tax Amnesty Act, 2003. They argue that the Act is a breach of the Constitution.

Time to declare hidden assets

The Tax Amnesty Act, 2003, provides a window of opportunity for taxpayers to declare their hidden assets. Failure to do so may result in severe penalties.

CJ FAVOURS 17TH AMENDMENT

The Chief Justice has ruled in favor of the 17th Amendment to the Constitution. This decision is significant for the future of the country's governance.

Gallup poll says 95% of Sri Lankans struggling and suffering

A Gallup poll indicates that 95% of Sri Lankans are struggling and suffering. This is due to the economic challenges and the impact of the conflict.

Past tax amnesty attempts have not succeeded

Previous attempts at tax amnesty have failed to bring in the expected revenue. The government is now looking at the 2003 Act as a last resort.



Declaration period extended till August 31

The declaration period for the Tax Amnesty Act, 2003, has been extended until August 31. Taxpayers are urged to act quickly.

Unprecedented response to tax amnesty

The Tax Amnesty Act, 2003, has received an unprecedented response from taxpayers. Many are taking advantage of the amnesty.

Clean Mr. Choksy and other matters

There are reports of a clean sweep in the Choksy family. Other matters related to the amnesty are also being discussed.

No talks, no money: World Bank

The World Bank has stated that there will be no talks with the Sri Lankan government until it provides more money. The bank is concerned about the country's economic stability.

Bonanza given to investors: Amnesty to tax defaulters

The Tax Amnesty Act, 2003, is seen as a bonanza for investors and tax defaulters. It provides a safe haven for those who have not paid their taxes.

Rights petition challenges amnesty for tax defaulters

A rights petition has been filed challenging the amnesty for tax defaulters. The petition argues that the Act is unconstitutional.

Accountant says new bill violates UN resolution

An accountant has claimed that the new Tax Amnesty Act, 2003, violates a UN resolution. This is a significant international concern.

Inland Revenue Bill case listed for hearing

The case regarding the Inland Revenue Bill has been listed for a hearing in court. The court will decide on the constitutionality of the Act.

UNF tax amnesty was to safeguard cronies and friends

There are allegations that the UNF's tax amnesty was intended to protect its cronies and friends. This has caused significant public anger.



SC reserves judgement on Inland Revenue Bill

The Supreme Court has reserved its judgement on the Inland Revenue Bill. The court will take time to consider the arguments.

Why did Sri Lankan PM lose votes?

Analysts are questioning why the Sri Lankan Prime Minister lost votes. The Tax Amnesty Act, 2003, is a major factor in this.

Rule of Law counts - President

The President has emphasized that the rule of law counts. He is calling for a fair and just process.

Tax dodgers declare hidden loot

Many tax dodgers have declared their hidden loot under the Tax Amnesty Act, 2003. This is a significant source of revenue for the government.

Export proceeds: Facts on leakage/mismanagement

There are concerns about the leakage and mismanagement of export proceeds. The government is looking into this.

Cabinet extends Tax Amnesty to Aug. 15

The Cabinet has decided to extend the Tax Amnesty Act, 2003, until August 15. This gives taxpayers more time to act.

President proposes Cabinet action to suspend Inland Revenue (Special Provisions) Act

The President has proposed that the Cabinet take action to suspend the Inland Revenue (Special Provisions) Act.

Billions lost in Customs amnesty

Billions of dollars have been lost through the Customs amnesty. This is a major financial blow to the country.

Tax Defaults Top A Whopping 194 BN

The total amount of tax defaults has reached a whopping 194 billion. This is a massive sum of money.

Unprecedented response to tax amnesty

The response to the tax amnesty has been unprecedented. Many taxpayers are taking advantage of the offer.

Alleged tax fraud: National crime and shame

The alleged tax fraud is considered a national crime and shame. It has caused a loss of trust in the government.

President explodes over amnesty

The President has exploded over the amnesty. He is angry that the government is giving away billions of dollars.

Amnesty deadline to be extended

The deadline for the amnesty has been extended. This is a concession to taxpayers.

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Let's Hear It For Choksy!

There is a call to let the public hear from Mr. Choksy. This is a demand for transparency.



That Customs amnesty: They pay nothing; K. N. Choksy

They pay nothing for the Customs amnesty. K. N. Choksy has expressed his frustration with the government's actions.

Amnesty Law controversial - Exporters Association Chairman

The Amnesty Law is controversial, according to the Chairman of the Exporters Association. He is concerned about the impact on the economy.

Unprecedented response to tax amnesty

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CBK wants Cabinet to suspend controversial Inland Revenue Act

Head of CBK to appeal before the...
The head of the Ceylon Bankers' Association (CBA) has urged the Cabinet to suspend the controversial Inland Revenue Act (IRA) until a referendum is held on the issue.

SC reserves judgement on Inland Revenue Bill

The Supreme Court has reserved its judgement on the Inland Revenue Bill, which was introduced by the Government in February 2003.

30,000 declarations so far under Tax Amnesty - Choksy

Choksy says that the Tax Amnesty has been a success, with over 30,000 declarations made so far.

Supreme Court report on Inland Revenue (Special Provisions) Act next week

The Supreme Court is expected to release its report on the Inland Revenue (Special Provisions) Act next week.

Choksy scoffs at CBK's baseless claims

Choksy has dismissed the claims made by the Ceylon Bankers' Association (CBK) regarding the Tax Amnesty.

Tax amnesty

The Tax Amnesty has been a success, with over 30,000 declarations made so far.

Supreme Court hearing today on President's Reference

The Supreme Court is holding a hearing today on the President's Reference regarding the Tax Amnesty.

Supreme Court to submit opinion on Tax Amnesty Act within ten days

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Cabinet rejects CBK's demand

The Cabinet has rejected the demand made by the Ceylon Bankers' Association (CBK) to suspend the Inland Revenue Act.

Supreme Court takes up new Tax Amnesty Bill

The Supreme Court has taken up the new Tax Amnesty Bill.

Tax Amnesty Act Reference to Supreme Court by President

The President has referred the Tax Amnesty Act to the Supreme Court for a ruling.

SC compelled to decline to exercise jurisdiction

The Supreme Court is compelled to decline to exercise its jurisdiction over the Tax Amnesty Act.

Supreme Court has no jurisdiction: CJ

The Chief Justice has ruled that the Supreme Court has no jurisdiction over the Tax Amnesty Act.

Tax Amnesty a resounding success

The Tax Amnesty has been a resounding success, with over 30,000 declarations made so far.

Amnesty Amnesia

There has been much talk of amnesty, but the Government has not taken any action.

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Tax Amnesty Act caused extensive loss to state

The Tax Amnesty Act has caused an extensive loss to the state.

Supreme Court takes up Government to repeal 2003 Tax Act

The Supreme Court has taken up the Government's request to repeal the 2003 Tax Act.

Controversial Tax Bill up for change

The controversial Tax Bill is up for change.

Repeal of Tax Amnesty Bill stirs hornet's nest

The repeal of the Tax Amnesty Bill has stirred a hornet's nest.

Reflections on Anti-Corruption Day

On this Anti-Corruption Day, we reflect on the progress made in the fight against corruption.



Don't worry! Make your amnesty declaration before Aug. 15

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Crooks will go scot-free if Inland Revenue amendment is passed - PC

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Officials discuss Inland Revenue Act with Opposition

Officials have discussed the Inland Revenue Act with the Opposition.

Amnesty avalanche thrills Choksy

The amnesty avalanche has thrilled Choksy.

Tax Amnesty yields record 51,500 declarations

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CPA wants opinion on Tax Amnesty conveyed to President after polls

The CPA wants its opinion on Tax Amnesty conveyed to the President after the polls.

Misappropriation of public funds and defrauding public revenue

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Govt. disagrees with Supreme Court opinion on tax amnesty

The Government disagrees with the Supreme Court's opinion on tax amnesty.

Some thoughts on tax amnesties

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UPFA glows in tax bill triumph

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Ceylon Chamber raps UPFA over changes to tax amnesty

The Ceylon Chamber raps UPFA over changes to tax amnesty.

Changing positions affecting business confidence

Changing positions are affecting business confidence.



Govt boosts investor confidence by repealing Tax Amnesty Bill

By Nihal Sri Amarasena

The Government has today announced that it will repeal the Tax Amnesty Bill, which was introduced in Parliament last week. The move is seen as a significant step towards restoring investor confidence and ensuring the integrity of the tax system.

Extracts from the opinion of the Supreme Court

...thereby defrauded public revenue causing extensive loss to the state*

A tax amnesty is an extraordinary measure which is granted to taxpayers who have committed tax offenses. It is a concession made by the State to taxpayers who have committed tax offenses, and it is a concession which is made to taxpayers who have committed tax offenses. The Supreme Court has held that the Tax Amnesty Bill, as introduced, was unconstitutional and void ab initio.

Nihal Sri questions Government's fiscal transparency and accountability

FINANCIAL TIMES - Monday March 23, 2004



Nihal Sri, a prominent business leader and former member of the Parliament, has expressed his concerns regarding the Government's fiscal transparency and accountability. He has called for a more open and honest approach to financial reporting.

'Income Tax Amnesty' or baptism of fraud and crime?

The proposed Tax Amnesty Bill has sparked a heated debate among economists and public opinion. Critics argue that such a measure would be a "baptism of fraud and crime," allowing individuals to escape legal consequences for their actions.

Nihal Sri writes to Hakeem on VAT fraud

Nihal Sri has written a letter to Hakeem, the Director of the Customs and Excise Department, regarding the issue of VAT fraud. He has expressed his concerns about the current measures and has suggested alternative ways to address the problem.

Income tax amnesty or Baptism of fraud and crime?

This article continues the discussion on the potential impact of a tax amnesty on the economy and the legal system. It explores the arguments for and against such a measure.

'Income Tax Amnesty or baptism of fraud and crime? - part 2

The second part of the article further examines the implications of a tax amnesty, focusing on the long-term effects on public revenue and the overall health of the economy.



"Puerile, belated attempt to mislead" on Tax Amnesty law

A commentary piece that criticizes the Government's handling of the Tax Amnesty Bill. The author describes the move as a "puerile, belated attempt to mislead" the public and the media.

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Govt revenue can be increased with Auditor General's independence

An analysis of the Auditor General's role in increasing government revenue. It argues that greater independence for the Auditor General would lead to more effective oversight and, consequently, higher revenue.

The Amnesty Syndrome

A commentary piece that discusses the "Amnesty Syndrome" in the context of tax law. It explores the historical and cultural factors that lead to the implementation of such measures.

Call for fresh tax amnesty applications causes outcry

The call for fresh tax amnesty applications has caused significant public outcry. Many citizens feel that such a move would be unfair and would undermine the rule of law.

Tax net widens

The widening of the tax net is a key focus of the current fiscal policy. It involves expanding the base of taxpayers and ensuring that all income is properly taxed.

Govt boosts investor confidence by repealing Tax Amnesty Bill

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Tax amnesty repeal short circuited

The repeal of the Tax Amnesty Bill has been short-circuited by the Supreme Court's decision. This has led to a period of uncertainty and has raised questions about the Government's ability to implement its policies.

13,482 new tax files to boost revenue this year

The introduction of 13,482 new tax files is expected to significantly boost government revenue this year. This move is part of a broader strategy to increase the efficiency of the tax system.

UNF Government's "Tax" Amnesty

A commentary piece that discusses the UNF Government's approach to tax amnesty. It analyzes the political and economic context of the decision and its potential implications.

UNF Government's 'Tax Amnesty' defrauded public revenue causing extensive loss to the State - Supreme Court

The Supreme Court's decision that the UNF Government's Tax Amnesty Bill was unconstitutional is a landmark ruling. It has significant implications for the future of tax law in the country.

Indirect exporters allowed to maintain Foreign Currency account

The Central Bank has allowed indirect exporters to maintain foreign currency accounts. This move is intended to support the export sector and improve the balance of payments.

Hot debate over foreign exchange earnings

There is a hot debate over foreign exchange earnings and the impact of exchange rate fluctuations. Economists and policymakers are discussing various strategies to manage the situation.

Central Bank says monitoring in place

The Central Bank has announced that it is monitoring the financial markets closely. It has stated that it is in a position to intervene if necessary to maintain stability.

Export proceeds and exchange leakage

The issue of export proceeds and exchange leakage is a key concern for the government. It involves finding ways to maximize the benefits of exports while minimizing the loss of foreign exchange.

'Hidden Agenda' in Default Taxes Bill?

There are concerns about a "hidden agenda" in the Default Taxes Bill. Critics argue that the bill may be designed to shift the burden of taxation onto certain groups of people.

Govt. gets bullish on tax revenue

The Government has become more bullish about its prospects for increasing tax revenue. It has outlined a series of measures that it believes will lead to higher income.

"Economy will never improve with PB"

A commentary piece that argues that the economy will not improve with the current policies. The author suggests that more radical measures are needed to stimulate growth.

Few top officials disgracing public sector

There are concerns that a few top officials are disgracing the public sector. This is due to their involvement in various controversies and their perceived lack of integrity.

Auditor General slams Treasury

The Auditor General has slammed the Treasury for its handling of public funds. He has accused the Treasury of mismanagement and a lack of transparency.

Government vows to widen income tax net

The Government has vowed to widen the income tax net. This move is intended to increase the number of taxpayers and to ensure that all income is properly taxed.



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Appropriation Bill challenged in Supreme Court

No guidelines are given as to how they are to be raised, at whose discretion, what should be the guidelines in entering into such loan agreements, whether it should be on commercial terms or otherwise — pertinent details that are conspicuous by their absence

Government has arrogated power to transfer money in Capital Account. This leaves the government in total control regarding the allocation and gives it a free hand to determine the manner of disbursement and utilization of the loan money



Interestingly enough, in Clause 2 (7) (B) when the Bill regarding the proceeds of loans "which are hereby authorized to be raised," no guidelines are given or even attempted as to how they are to be raised, at whose discretion, what should be the guidelines in entering into such loan agreements, whether it should be on commercial terms or otherwise — pertinent details that are conspicuous by their absence

App. Bill runs into legal snag

Appropriation Bill runs into legal snag. The bill is challenged in the Supreme Court.

P.B.'s seat turns hotter

Pressure for step-down mounting from all quarters. The Prime Minister's position is becoming increasingly untenable.

Export proceeds and foreign exchange leakage

Impact on C.O.L. exchange rates, and the need for US\$ 200-million deposit. The government is facing a significant challenge in managing its foreign exchange reserves.

Govt. loses Rs. 359 bn. due to tax corruption

Report says the state has lost Rs. 359 billion due to tax corruption. The report highlights the massive scale of the problem.

IR Dept. head apologises to VAT Commission

The Commissioner of Inland Revenue Department, who apologized before the Presidential Commission on the VAT scam, apologized to the VAT Commission.

Exporters describe Inland Revenue chief as hilarious

Exporters describe Inland Revenue chief as hilarious. They find his statements and actions to be highly amusing.

Overclaimed VAT refunds exceeding Rs. 300 m mark

Overclaimed VAT refunds exceeding Rs. 300 m mark. The government is facing a significant financial loss due to overclaimed refunds.

Delay in VAT refunds: Inland Revenue gives nightmares to exporters

Delay in VAT refunds: Inland Revenue gives nightmares to exporters. The delay is causing significant financial strain on businesses.

Customs has no jurisdiction to recover VAT, PAL: Court judgement will not prevent proper authority to recover the taxes

Customs has no jurisdiction to recover VAT, PAL: Court judgement will not prevent proper authority to recover the taxes. The court's decision is a relief for the government.

VAT SCAM ACCUSED SAYS HE CANNOT BE HELD ACCOUNTABLE

VAT SCAM ACCUSED SAYS HE CANNOT BE HELD ACCOUNTABLE. The accused is claiming immunity from prosecution.

The Supreme Court, in granting sanction to the Appropriation Bill, enforced a condition on the Secretary to the Treasury to specifically disclose any transfer of funds under Clause 6 of the Appropriation Bill in terms of the Fiscal Management (Responsibility) Act.

Director State Accounts audits and certifies his own accounts?

In scrutinizing the Appropriation Bill, which was objected to by several persons, the Supreme Court highlighting that Parliament would only on the basis of the government expenditure for the Auditor General in terms of Article 154 of the Constitution, stated that "In any event the expenditure would be subject to audit and the Auditor General would report on the matter to Parliament in terms of Article 154 of the Constitution."



Abid Sri Amarekera

TREASURY SEC. DID NOT TAKE OUR ADVICE SERIOUSLY: AG

The Auditor General's statement that he is a witness to the Treasury Secretary's failure to take the Auditor General's advice seriously is a cause for concern.

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How they rob billions from state coffers

How they rob billions from state coffers. The report details the various methods used to siphon off state funds.



For security US banks double branches in SC

Massive VAT scam at Inland Revenue Dept?

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VAT scam a colossal Rs. 288 billion

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Inland Revenue gets tough with VAT defaulters

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Does the Appropriation Bill mislead parliament and public?

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The Budget and the reality

The Budget and the reality. The budget is not reflecting the true state of the economy.

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Debt servicing was hidden from state expenditure, Court holds

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Budget Bill unconstitutional rules SC

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Inside story of the Rs. 3.5 billion VAT scam

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VAT SCAM PROBE DEAD

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VAT scam: State unfolds the big sham

VAT scam: State unfolds the big sham. The state is revealing the extent of the fraud.

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Question mark on contents of PAC report

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Liberalisation of petroleum sector with IOC

Former PERC chief and chartered accountant Nihal Sri Ameresekera analyses causes for the crisis and a way out

By Nihal Sri Ameresekera F.C.A., F.C.M.A.

CABINET DECISIONS

Ceylon Petroleum Corporation (CPC) had commenced a process of being restructured in terms of Cabinet Memoranda dated 13.11.2002 and 1.7.2003 submitted by the then Minister of Power & Energy and approved by Cabinet on 2.1.2003 and 29.7.2003, respectively. Key features of the restructuring scheme had been the formation of a Company, called the 'Common User Facility Company' (CUF Company), which was to own and operate the storage and pipeline infrastructure of the CPC for petroleum products, and the formation of 3 Companies (Retail Companies) for retail operations to operate approximately 100 Filling Stations each of the CPC. The CPC operated around 350 Filling Stations, whilst about 600 Filling Stations were 'Dealer Owned - Dealer Operated' by franchise agents.

Whilst one of the Retail Companies was to be owned and operated by CPC (i.e. 'KEY-PETCO'), the other 2 Retail Companies were intended to be 100% owned and operated by strategic foreign parties in the petroleum sector. The CUF Company was to be equally owned i.e. 33 1/3 % by the 3 Retail Companies.

By the Cabinet Memoranda dated 30.11.2002 and 21.5.2002 Cabinet approval had been sought and obtained by the then Minister of Power & Energy for the selection of Indian Oil Corporation Ltd. (IOC) to be the strategic party to own 100% of the 2nd Retail Company and 33 1/3 % of the CUF Company 'on terms to be negotiated'.

The selection of IOC had not been on a 'competitive transparent bidding process', whereas at the same time by Cabinet Memoranda dated 1.10.2002 and 4.10.2002, the then Minister of Power & Energy had sought and obtained Cabinet approval for the strategic party to own and operate the 3rd Retail Company to be selected through an 'open competitive bidding process'.

By Cabinet Memorandum of 8.10.2003 the then Minister of Economic Reform, Science & Technology had sought and obtained Cabinet approval for the acceptance of IOC's 'negotiated offer' of US \$ 75 Mn. for the 100% ownership of the 2nd Retail Company and for 33 1/3 % ownership of the CUF Company.

The Cabinet Memorandum of 8.10.2003 had



IOC Chairman K. Ramchandran



Lanka IOC Managing Director K. Ramakrishnan



Former PERC chief Nihal Sri Ameresekera

'subsidy claims' from the Government Rs. 9,618,974,115/- upto 30.4.2006.

In the meanwhile, early 2005 the new Government decided to negotiate with Bharat Petroleum Corporation Ltd. (BPCL) for the sale of 49% ownership (change of policy of selling 100% Shareholdings of the 3rd Retail Company together with its management rights and for 33 1/3 % ownership of the CUF Company for the total consideration of US \$ 84 Mn., through an 'open competitive bidding process'.

During the ensuing discussions and negotiations with BPCL, it transpired that the

quarterly average from the year to 31.3.2004, for the year ended 31.3.2005 had been reported to be Rs. 15.2 Mn., and for the 9-Month period ended 31.12.2005 to be Rs. 26.0 Mn., whilst the 'subsidy claims from the Government' included in respect of this 'marketing and distribution costs' item has been Rs. 31.7 Mn., Rs. 200.9 Mn., and Rs. 187.7 Mn., respectively.

The 'pricing structure' provides for regular review for some items of costs i.e. insurance, losses due to evaporation, etc.

A comparison of the Income statements in the LIOC accounts for the 9-Month period to 31.12.2004 and the 12-Month period to 31.3.2005 had revealed 'unexplained' discrepancies between the 12-Month figures vis-à-vis the 9-Month figures, with the comparison showing a 'gross loss' of 9.13% for the 3-Month period to 31.3.2005, whereas there had been a 'gross profit' of 14.24% for the 9-Month period to 31.12.2004, when for comparison credit is taken for the full 'subsidy' claims from the Government for such period. As per the LIOC accounts for the 9-Month period to 31.12.2004, Rs. 2061 million has been accounted for as 'subsidy', as against Rs. 3602 million claimed as 'subsidy' from the Government upto 31.12.2004 of which Rs. 354 million has been in respect of the 3-Month period to 31.3.2004; and as per the LIOC accounts for the year to 31.3.2005, the full 'subsidy' claims from the Government of Rs. 6038 million has been fully accounted for.

The Government had agreed to 'subsidise losses' in terms of Clause 6.2 of the 'Share Sale & Purchase Agreement for 100 Filling Stations' in respect of specifically the following 5 products, retail prices of which have steeply increased during the 2 1/2 year period under review, as given in the table (see below).

Hence the 'profit margin' in the 'pricing structure' used for the 'pricing formula' for 'subsidies from the Government' being related to value, would be very much more for the 'same volume' of fuel handled, at such price differentials.

In such circumstances, the Secretary, Ministry of Finance by Letter dated 1.8.2006 stated that - 'As per the formula 5% profit margin of the base price is provided for the petroleum companies to recover their investment ... this ad-valorem margin was recognised when the prices were varying at around US \$ 30 - 35/bbl ... the market thinking at that time was that the prices would decline to a range of US \$ 22 - 25/bbl

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WRONG FOR AG TO WITHDRAW CHARGES: CJ

It is wrong for the Attorney General (AG) to withdraw criminal charges filed against an accused, Chief Justice Asoka de Silva told the BBC Sinhala Service Sandeshaya yesterday. He was referring to AG Mohan Peries withdrawing charges against government politicians.



mentarian Chandana Katriarachchi while the trial over other charges was underway.

He also withdrew rape charges against Colombo District UPFA parliamentarian Duminda Silva.

"I can only say it is wrong for the AG to withdraw the charges.

But I don't know why it happened; it is for the AG to

I can only say it is wrong for the AG to withdraw the charges. But I don't know why it happened; it is for the AG to explain the reasons for withdrawing the charges

explain the reasons for withdrawing the charges," the Chief Justice said.



See A6

SMS your views & name 0777 009 998