

Sri Lanka's Supreme Court shoots down tax reforms

Sri Lanka's Supreme Court has effectively shot down a sweeping overhaul of the island's tax system, calling the proposed legislation unconstitutional, the country's parliament speaker told lawmakers Friday. Last month Sri Lanka tabled the Inland Revenue bill to widen the tax net and give wide-ranging powers to authorities to crack down on evaders.

But speaker Karu Jayasuriya told parliament Friday the highest court had informed him that it would not approve the bill in its current form - a legal requirement for the legislation to become law.

The court has asked the government to either change the bill or hold a nationwide referendum on the proposed legislation. If the government wins the referendum it can bring the bill before parliament, where lawmakers can vote to make it law.

However, official sources said the government was unlikely to seek a referendum and instead, would try to water down the sections deemed at odds with provisions of the constitution. One of the sections the court objected to was a proposal to empower the tax chief to prevent any individual from leaving the country if that person was suspected of tax fraud.

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