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மத்திய மாகாண இறைவரித் திணைக்களம்
Department of Provincial Revenue - Central Province



PB 328

විමසීම් } 081-2213022
 விசாரினை } 081-2213166
 Inquiries }

244,
 කටුගස්තොට පාර,
 මහනුවර.

244,
 கட்டுகஸ்தொட்ட வீதி,
 கண்டி.

244,
 Katugastota Road,
 Kandy.

Web : www.revenue.cp.gov.lk
 Email : cpcrevenue@gmail.com
 info@revenue.cp.gov.lk

සෙනෙට් ඔෆ්සර්ස්/සීනියර්
 சிரேஷ்ட மதிப்பீட்டாளர்கள் } 081-2213165
 Senior Assessors } 081-2213031

නියෝජ්‍ය කොමිෂනර්ස්
 பிரதி ஆணையாளர் } 081-2213045
 Deputy Commissioner }

කොමිෂනර්ස්
 ஆணையாளர் } 081-2213021
 Commissioner }

ෆැක්ස් } 081- 2213033
 பெக்ஸ் }

Pawn Brokers' Statute No. 04 of 2014 – Central Provincial Council Effective Date : 01.01.2016

Legal provisions to be observed when carrying out pawn broking business are as follows.

Provisions	Other Particulars
<p>Registration</p> <p>1. Every person who intends to obtain the registration for carrying out pawn broking business shall obtain such registration form from the Commissioner of Revenue, before the commencement of such business.</p> <p>Registration Fees: Rs. 25,000/-</p>	<p>Documents to be furnished</p> <p>1. Application for Registration.(PB 301)</p> <p>2. An affidavit for not committing any illegal action and / or non – conviction in a court of justice.</p> <p>3. An affidavit giving all information regarding the case for which a person is convicted in a court of justice or all information in respect of a case on which action is pending in a court of justice.</p> <p>This fee will be prescribed by the Minister from time to time, by a Gazette notification under provisions of Section 8 (3) of the Statute.</p>
<p>Obtaining Annual Licence</p> <p>1. A separate annual licence should be obtained for each business centre and / or branch. No pawn broking business shall be carried out without a licence.</p> <p>2. Every licence shall be valid only for the business place mentioned in therein and for the respective calendar year.</p>	<p>Documents to be produced to obtain a Licence (Section 7)</p> <p>1. Application (PB 305)</p> <p>2. Affidavit for non – committing an illegal action and / or non conviction in a court of justice.</p> <p>3. An affidavit giving all information regarding a case for which any person convicted in a court of justice or all information in respect of a case on which action is pending in a court of justice.</p>

<p>3. Written permission of the Commissioner of Revenue should be obtained when a licence to be transferred to another person.</p> <p>4. Application for a new licence should be forwarded before expiry of 2 months of the existing licence.</p> <p>5. Fine for carrying out a business without renewing the annual licence on the due date:</p> <p style="padding-left: 40px;">a Licence fee and a surcharge of 10% of the licence fee in respect of every expired month.</p> <p>6. Fine for carrying out a business without obtaining a licence:</p> <p style="padding-left: 40px;">a Licence fee and a surcharge of 20% of the licence fee in respect of every expired month.</p> <p>Annual Licence Fee : Rs. 5,000/-</p>	<p>4. Business registration certificate or if a company registration certificate and a copy of the incorporated constitution. (preceding year)</p> <p>5. Annual statement of accounts of the preceding year.</p> <p>6. An insurance coverage certificate with full liability for the entire value of the articles for the full period for which the business is kept opened under <i>Section 30</i> of the Statute.</p>
<p>Security Deposit of Rs. 100,000/-</p> <p>Every licence holder shall deposit the security amount in the National Savings Bank in the name of the Provincial Commissioner of Revenue and this security deposit amount shall be refunded only on the closure or transfer of such business.</p>	<p>This amount will be prescribed by the Minister from time to time by a notification under provision of Section 10 (3) of this Statute.</p>
<p>Occasions where the issue of licence is rejected:</p> <p>If five years immediately before the date applying for the licence</p> <p>1. Under Sections xi, xiii, xiv, xviii of the Civil Procedure Code and / or,</p>	

2. Under Weight and Measure Ordinance and / or,
3. When convicted under provisions of this Statute and / or,
4. When required documents for registration and / or, for licence are not forwarded and / or,
5. When on any occasion where annual statement of accounts are not forwarded and / or, when the licence is cancelled under Section (12) of the Statute
6. When the period of validity of the licence is expired and when it is notified by a Gazette notification and by a press notice that a licence is not issued for the succeeding year under Section 13(2) of the Statute and /or,

When the person applying for licence is a broker

The Commissioner of Revenue shall refuse the issue of pawn licence.

Conditions to be observed by the Licence Holder

1. When a licence holder intends to go abroad for a period exceeding three months, he should nominate a person, who has rights to obtain a licence under this Statute and carry on the business on his behalf. He should

<p>obtain the written approval of the Commissioner of Revenue in this regard.</p> <p>2. Pawn broker shall not be an auctioneer.</p> <p>Licence holder shall pay special attention regarding the books and documents, forms and registers to be maintained by him under the Statute.</p>	<p>} Notice shall be in all the 03 languages Sinhala, Tamil and English.</p>
<p>Ratio of Interest</p> <p>A pawn broker shall not charge interest exceeding the ratio mentioned in the second Schedule of this Statute, in respect of loans to be given on the pawned articles.</p>	<p>Ratios of interest on every part of a Rupee given as loan for a month or part of a month shall not exceed 02 cents. (see 2nd Schedule)</p>
<p>Auction Sale of Pawned Articles</p> <p>Pawn broker shall observe the instructions given in the 3rd Schedule of this Statute, in respect of auction of pawned articles.</p> <p>When selling a pawned article exceeding the loan interest and the fare special attention should be paid regarding the relevant procedure to be followed.</p>	<p>Written approval of the Commissioner of Revenue shall be obtained before auction sale of pawned articles. After obtaining such approval a letter giving the date / time and place of auction shall be posted under registered cover, to the person who pawned the articles at least 14 days prior to the date of auction.</p> <p>The Commissioner of Revenue will supervise these auctions.</p>
<p>Inspection of Business Places</p> <p>It is lawful for an officer authorized by the Commissioner of Revenue to enter a business place at any time and inspect the pawned articles account books/ registers and documents and take down notes.</p>	<p>These powers shall be exercised by the Commissioner of Revenue by an officer / or group of officers of the public service/ or Provincial Public Service with the written authority of the Commissioner of Revenue</p>
<p>Mistakes Committed by Pawn Brokers</p> <p>These errors are mentioned under Section 40 of the Statute.</p>	<p>These errors will be checked and supervised by the Commissioner of Revenue. Punishment to be imposed on such errors are shown under Section 44.</p>
<p>Vesting the Ownership of Business and Liquidation</p>	<p>Written permission of the Commissioner should be obtained for vesting the ownership of a business. If not,</p>

<p>An instrument giving the name of the person to whom the ownership of the business should be vested upon the death of a pawn broker, who maintain such business, shall be forwarded to the Commissioner.</p> <p>When a pawn broking business is maintained by a joint company, provisions should be included in the joint agreement for ensuring the security of the rights of the persons pawning articles on the liquidation of such partnership company.</p> <p>When a pawn broker intends to transfer the ownership of the business to any other person, a written request shall be made to the Commissioner of Revenue before three months of such date. When a pawn broker business is to be liquidated, the Commissioner of Revenue shall be informed of such liquidation before three months of such date. Details can be seen in Section 46.</p>	<p>the Commissioner of Revenue shall refuse the issue of the licence.</p> <p>The Commissioner of Revenue will convey his decision in writing within one calendar month of making such request.</p>
<p>Recovering Arrears of Money</p> <p>When there is a default of payment of any sum of money under this Statute, the provisions for recovery of such amount of money is shown under Section 51 of this Statute.</p>	<p>The Commissioner of Revenue will notify the pawn broker or the person holding the responsibility by registered post, any sum of money in arrears payable under this Statute, giving a specific date before which such sum of money is payable. There is provision to recover such defaulted payment treating the same as a sum of money in arrears.</p>