(Section 104)

SIXTH SCHEDULE

TEMPORARY CONCESSIONS

Enhanced Capital Allowances

1. (1) A person who invests in Sri Lanka (other than expansion of existing business) on depreciable assets mentioned in subparagraph (4) during a year of assessment shall be granted enhanced capital allowances computed in accordance with this paragraph, in addition to the capital allowances computed under the Fourth Schedule.

(2) A Capital allowance of 100% for expenses incurred by a person, up to USD 03 million on depreciable assets mentioned in subparagraph (4) during a year of assessment shall be granted to that person for that year where the depreciable assets are used in a part of Sri Lanka, other than the Northern Province.

(3) A Capital allowance of 200% for expenses incurred by a person, that are used in the Northern Province up to USD 3 million on depreciable assets mentioned in subparagraph (4) during a year of assessment shall be granted to that person for that year where the depreciable assets are used in the Northern Province.

(4) The depreciable assets referred to in subparagraphs (1) and (2) shall be -

(*a*) Class 1 and Class 4 assets within the meaning of paragraph 1 of the Fourth Schedule (being, buildings, structures and similar works of a permanent nature); and

(*b*) Depreciable assets (other than intangible assets) comprising plant or machinery that are used to improve business processes or productivity and fixed to the business premises.

(5) Capital allowances arising with respect to a particular year of assessment shall be taken in that year and cannot be deferred to a later year of assessment.

Assessable Charges and Balancing Allowances

2. (1) Where an asset for which Capital allowances has been granted under this paragraph is disposed of (or deemed to be disposed of) during a year of assessment –

(*a*) where the consideration received for the disposal exceeds the written down value of the asset, the excess shall be included in calculating a person's income for a year of assessment from a business in which the depreciable assets are or were employed; and (*b*) where the written down value of the asset exceeds the consideration received for the disposal, an additional Capital allowance shall be granted for the year in an amount equal to the excess.

(2) In this paragraph-

"Capital allowance expenditure" means expenditure for which Capital allowances are available under this Schedule; and

"written down value" of an asset means the cost of the asset less all Capital allowances granted with respect to expenditure included in that cost.

Expiration period

3. Paragraph 1 of this Schedule shall expire three years after it becomes effective.

Life Insurance

4. The portion of the gains and profits of any insurer engaged in the business of life insurance that is deemed as income of the life insurer under section 67 (2) shall be taxed at the rate of fourteen percent for three years of assessment after the commencement of the Act.

Information Technology

5. (1) A company is entitled to an additional deduction when calculating the company's income from business for a year of assessment equal to 35% of the total amount deducted for the year under this Act that represents payments made by the company which are to be included in calculating the taxable income of its employees (other than as a company director), where that company—

(*a*) conducts a business which predominately consists of providing information technology services within the meaning of the First Schedule;

(*b*) has atleast 50 employees during the whole of the year ; and

(*c*) report those employees in the statement that the company, as a withholding agent, is required to file under section 86.

(2) A company which is entitled for deduction under this paragraph shall not be entitled to an enhanced capital allowance under paragraph 1 of this Schedule.

(3) Notwithstanding any thing in section 19(1) where the deduction under this paragraph results in an unrelieved loss for a company that unrelived loss shall not be deducted in any succeeding year of assessment.

Headquarters Relocation

6. Notwithstanding anything in the First Schedule, any institution, established on or after October 1, 2017 by relocating in Sri Lanka the headquarters or regional head offices of institutions in the international nerwork, as specified by the Commissioner-General by Notice published in the *Gazette* shall be taxed at the rate of Zero percent for three years of assessment after the commencement of this Act.

Renewable Energy

7. Notwithstanding anything in the First Schedule, any person, who has entered into a Standardized Power Purchase Agreement on or before November 10, 2016 with the Ceylon Electricity Board to provide electricity generated using renewable resources shall be taxed at the rate of fourteen percent for the three years of assessment after the commencement of this Act.

Research and Development

8. A person is entitled to an additional deduction when calculating the person's income from business for a year of assessment equal to 100% of the total amount of research and development expenses deducted for the year under section 15, for three years of assessment after the commencement of this Act.