

BOX 12

Major Economic Policy Changes and Measures: 2017¹**Monetary Policy**

- 24 March 2017 - The Standing Deposit Facility Rate (SDFR) and Standing Lending Facility Rate (SLFR) of the Central Bank were increased by 25 basis points each to 7.25 per cent and 8.75 per cent, respectively.
- 04 April 2018 - The SLFR was reduced by 25 basis points to 8.50 per cent, while the SDFR was kept unchanged at 7.25 per cent. This decision narrowed the width of the Standing Rate Corridor (SRC) to 125 basis points from 150 basis points.

Financial Sector**Licensed Banks**

- 13 January 2017 - Banking Act Directions No. 01 of 2017 were issued to licensed banks specifying the Loan to Value (LTV) ratios for credit facilities granted by the licensed banks for the purpose of purchase or utilisation of motor vehicles commencing 16 January 2017.
- 01 February 2017 - A Circular was issued to licensed banks informing the national policy approved in the Budget 2017 in respect of the following:
- credit to identified sectors such as small and medium enterprises, exports, tourism activities, agriculture, youth and women
 - enhancing banking services
- 15 February 2017 - Banking Act Directions No. 02 of 2017 were issued on LTV ratios for credit facilities in respect of motor vehicles by amending and replacing some interpretations in the Direction 5 of the Banking Act Directions No. 01 of 2017.
- 22 March 2017 - A determination was issued to licensed banks amending the pawning conditions issued on 07 September 1998.
- 26 May 2017 - A Circular was issued permitting licensed banks to charge interest rates on credit products and penal interest if any, as per their policies, provided banks make adequate disclosures, commencing 01 July 2017.
- 29 May 2017 - A Circular was issued to licensed banks informing that they may grant concessions on a case by case basis to the borrowers affected by the recent floods, adverse weather conditions and connected circumstances in terms of the national policy adopted to facilitate rehabilitation of business and normal operations of such borrowers in the national interest.
- 31 May 2017 - Banking Act Directions No. 04 of 2017 were issued on LTV ratio for credit facilities in respect of motor vehicles by amending and replacing Directions 5.1 and 5.4 of the Banking Act Directions No. 02 of 2017.
- 26 October 2017 - Banking Act Directions on enhancing the Minimum Capital Requirement of licensed banks were issued.
- 29 November 2017 - Banking Act Directions on financial derivatives were issued to licensed banks to be effective from 01 January 2018.
- 12 December 2017 - Banking Act Directions were issued to licensed banks informing a new policy on foreign currency borrowings to be effective from 01 January 2018.

¹ This includes major economic policy changes and measures implemented during 2017 as well as those that have been implemented during 2018 until the publication of the Central Bank Annual Report 2017, and policy measures envisaged to be taken in the near future.

08 January 2018	- A Circular was issued to banks informing banks to refrain from issuance of Usance Letter of Credit facility for importation of motor vehicles commencing 01 January 2018, as approved under the Budget 2018.
09 January 2018	- Sri Lanka Deposit Insurance Scheme Regulations No. 01 of 2010 was amended by Sri Lanka Deposit Insurance and Liquidity Support Scheme Regulations No. 01 of 2018.
08 February 2018	- Banking Act Directions were issued to all licensed banks specifying LTV ratios applicable for credit facilities in respect of electric, hybrid and other unregistered vehicles and registered vehicles, which have been used in Sri Lanka for less than one year after the first registration, commencing 01 January 2018.
Forthcoming	<ul style="list-style-type: none"> - Introducing the Leverage Ratio under Basel III - Introducing the Net Stable Funding Ratio (NSFR) under Basel III - Issuing preliminary guidelines on the adoption of Sri Lanka Financial Reporting Standards 9 (SLFRS 9) for licensed banks - Introducing a new share ownership policy for licensed banks - Issuing guidelines on employment of expatriate staff in licensed banks - Introducing amendments to guidelines for selection of external auditors for licensed banks - Introducing a regulatory framework for appointment of agents of licensed banks - Implementing recovery plans for licensed banks - Issuing operating instructions relating to the reporting requirements of the daily domestic interbank foreign exchange transactions in the newly introduced reporting system "Central Integrated Market Monitor" (CIMM) - Increasing the net open position limits applicable to foreign exchange operations of the licensed banks

Licensed Finance Companies (LFCs) and Specialised Leasing Companies (SLCs)

13 January 2017	- The Directions issued to LFCs and SLCs on LTV ratio for credit facilities in respect of motor vehicles were revised in line with the Budget 2017.
17 February 2017	- Amendments were issued to the LTV Direction issued on 13 January 2017 as the vehicle categories were mapped to vehicle classes given by the Department of Motor Traffic.
23 February 2017	- A Direction was issued to increase the minimum core capital for LFCs on a staggered basis.
30 May 2017	<ul style="list-style-type: none"> - LFCs and SLCs were allowed to grant the following concessions to borrowers who have been affected by floods, adverse weather conditions and connected circumstances in terms of the national policy adopted to facilitate rehabilitation of businesses and normal operations of such borrower: <ul style="list-style-type: none"> - grant a moratorium of not exceeding 3 months in respect of all performing credit facilities - waive off the penal interest on overdue loans of the borrowers under the above moratorium and non-performing borrowers as affected above who are willing to settle their loans on rescheduled terms to recommence/restructure their business activities

02 June 2017	- Amendments were made to the LTV Direction issued on 17 February 2017 as the vehicle categories were mapped to vehicle classes given by the Department of Motor Traffic.
16 January 2018	- Finance Business Act Directions No. 01 of 2018 were issued on Financial Customer Protection Framework.
08 February 2018	- Directions were issued to LFCs and SLCs specifying LTV ratios applicable for credit facilities in respect of electric, hybrid and other unregistered vehicles and registered vehicles, which have been used in Sri Lanka for less than one year after the first registration, commencing 01 January 2018.
Forthcoming	- Implementing a new capital adequacy framework for LFCs and SLCs

Insurance

01 January 2017	- Insurance Board of Sri Lanka (IBSL) issued guidelines on conducting investigations on insurance claims with the objective of promoting professionalism and enhancing the image of the industry while safeguarding the interests of the policy holders.
09 May 2017	- IBSL issued a Direction requiring prior approval of IBSL for the provision of ancillary services other than insurance brokering business by Insurance Brokering Companies.
28 August 2017	- IBSL issued Directions prohibiting all insurance brokers from marketing and/ or canvassing for sale, on behalf of any other insurance broker, and/ or acting as sub agents for brokers, to place any foreign health insurance product.
19 October 2017	- IBSL was renamed as Insurance Regulatory Commission of Sri Lanka (IRCSL) by Regulation of Insurance Industry (Amendment) Act, No. 23 of 2017.
18 December 2017	- IRCSL issued a Direction requiring every insurer to employ at least one person as a specified officer possessing the qualification of Associate of the Chartered Insurance Institute, or an equivalent qualification.

Capital Market

09 May 2017	- Securities and Exchange Commission (SEC) of Sri Lanka approved Multi-Currency Board (MCB) to be established by the Colombo Stock Exchange (CSE) in order to list foreign entities, subject to clearance from the Attorney General's Department.
06 June 2017	- SEC issued guidelines on the content of advertisements and promotional material to be followed by the management companies of unit trusts when marketing unit trusts to the public.
13 June 2017	- SEC approved to establish a Small and Medium Enterprises (SME) Board in order to facilitate SME listing in the CSE.
28 June 2017	- SEC approved the minimum public float enforcement rules for noncompliance, which is to be implemented by the CSE.
01 August 2017	- SEC approved a procedure to be enforced on stock brokering companies to strengthen the framework for risk based capital adequacy requirement of stock brokering firms.
Forthcoming	- Introducing a new SEC Act
	- Making amendments to "New Take-overs and Mergers Code" in consideration of recent amendments proposed to "London Take-overs Code"
	- Implementing demutualisation of Colombo Stock Exchange

Small and Medium Enterprise Development

- 20 January 2017 - Operating Instructions were issued to Participating Financial Institutions (PFIs) to extend operations of the Self-Employment Promotion Initiative (SEPI) Loan Scheme – Phase II up to 31 December 2019.
- 06 February 2017 - Maximum period for loan repayments under the Commercial Scale Dairy Development Loan Scheme (CSDDL) was increased to 6 years from 5 years inclusive of a maximum grace period of one year, depending on the nature of the project.
- 08 February 2017 - A new loan scheme named “Swashakthi – Towards One Million Jobs” was launched by the Central Bank of Sri Lanka (CBSL) for the development of Micro, Small and Medium scale Enterprise (MSME) sector and employment generation, on behalf of the government.
- 01 March 2017 - Operating Instructions of SEPI - Phase II were amended to increase the maximum period of loan repayment from 4 years to 5 years and to change the eligibility of sub borrowers to those who have completed a National Vocational Qualification Programme and an Entrepreneurship Skills Development Programme.
- 03 April 2017 - The period of operations of National Agribusiness Development Programme (NADeP) was extended up to 31 December 2017 and Operating Instructions were issued to PFIs.
- 26 April 2017 - Operating Instructions were issued to PFIs to establish the Partial Credit Guarantee Scheme (PCG) under the Agriculture Sector Modernisation Project funded by the World Bank.
- 28 June 2017 - Operating Instructions were issued to PFIs to implement the Post-disaster Economic Activity Recovery Loan Scheme (PEARL) under NADeP to provide concessionary financial facilities to resume any economic activity affected by disasters prevailed in the country in 2017.
- 11 July 2017 - Operating instructions of “Tharuna Diriya” Loan Scheme were amended to increase the loan size from Rs. 150,000 to Rs. 1 million.
- 02 August 2017 - Operating instructions of “Tharuna Diriya” Loan Scheme were amended to increase the period of loan repayment from 36 months to 48 months.
- 18 August 2017 - “Athwela” loan scheme was launched by the CBSL to provide credit facilities at concessionary terms and conditions, to resume economic activities affected by disasters.

Payments and Settlements

- 20 July 2017 - Payment and Settlement Systems Circular No. 08 of 2017 on Maximum Limits on Transaction Value and Fees of Common Electronic Fund Transfer Switch was issued replacing the Payment and Settlement Systems Circular No. 01 of 2015, in order to increase the maximum per transaction value limit for transactions carried out through a specific transaction code to facilitate real time payments to Sri Lanka Customs.
- 18 January 2018 - Guideline on Minimum Compliance Standards for Payment related Mobile Applications was issued to set minimum compliance standards for mobile applications used by financial institutions to provide payment services.
- Direction on Acquiring Payment Card based Electronic Commerce Transactions through Service Providers was issued to stipulate conditions on acquiring payment card based transactions through service providers.

Anti-Money Laundering and Countering the Financing of Terrorism

- 17 January 2017 - A Circular on Onsite Examinations in terms of Risk-Based Approach Examination Plan 2017 was issued.

20 January 2017	- Guideline No. 1 of 2017 on Anti-Money Laundering (AML) and Countering the Financing of Terrorism (CFT) Compliance Obligations for Money or Value Transfer Service Providers was issued.
30 March 2017	- Extraordinary Gazette No. 2015/56 was issued prescribing the obligation of institutions designated under the Financial Transactions Reporting Act (FTRA), No. 6 of 2006 to report any transactions that may be related to commission of any unlawful activity/ criminal offence.
06 October 2017	- Regulations promulgating the implementation of United Nations Security Council Resolution (UNSCR) 1718 on Democratic People's Republic of Korea (DPRK) were published by Ministry of Foreign Affairs by Extraordinary Gazette No. 2039/32. - Regulations promulgating the implementation of UNSCR 1540 on Proliferation of Weapons of Mass Destruction (WMD) were published by Ministry of Foreign Affairs by Extraordinary Gazette No. 2039/31. - Secretary to the Ministry of Defense was appointed as the Competent Authority for above two regulations by the Ministry of Foreign Affairs.
10 January 2018	- Extraordinary Gazette No. 2053/20 was issued to Designated Non-Finance Businesses as Designated Non-Finance Business (Customer Due Diligence) Rule, No. 1 of 2018, to conduct ongoing customer due diligence based on "Risk-Based Approach".
11 January 2018	- Guideline No. 1 of 2018 on Money Laundering and Terrorist Financing Risk Management for Financial Institutions was issued.

Foreign Exchange Management

07 March 2017	- Authorised dealers were permitted to grant loans to Sri Lankans resident outside Sri Lanka on permanent residency in another country and individuals who have obtained dual citizenship in Sri Lanka and any other country for the purpose of acquiring/ constructing/ developing/ renovating a residential property in Sri Lanka.
23 June 2017	- Authorised dealers were permitted to consider funds received from Exchange Companies/Houses as inward remittances from abroad through the banking system for the purpose of permitted credits to several categories of accounts.
05 July 2017	- Authorised dealers were informed that opening of new Foreign Currency Accounts for International Services Providers and their Employees is withdrawn in the absence of the income tax exemptions granted for the professional service providers who involve in the 'Exempt Projects' under the provisions of the Inland Revenue Act.
20 November 2017	- New legislative and policy framework for foreign exchange operations was implemented under the Foreign Exchange Act, No. 12 of 2017 by repealing the Exchange Control Act, No. 24 of 1953 (ECA) with a view to further liberalising capital flows and simplifying the processes associated with current account transactions and various types of foreign currency/Rupee accounts. - The Department of Foreign Exchange was established in place of the Exchange Control Department to implement provisions of the new Act. - A summary of major regulations/policies issued under the new Act is given below: - Any Sri Lankan citizen resident in Sri Lanka was permitted to remit to Sri Lanka any foreign exchange which have not been declared to the Commissioner General of Inland Revenue or the Head of the Department of Foreign Exchange before 20 November 2017 and which are not the property in respect of which proceedings are pending in a court of law or an order has been made by a court of law under the

Prevention of Money Laundering Act, No. 5 of 2006, Convention on the Suppression of Terrorist Financing Act, No. 25 of 2005 or the Bribery Act (Chapter 26), subject to a remittance fee of 1 per cent if such remittance exceeds US dollars 1 million.

- The categories of overseas investments which were restricted to shares and Sovereign Bonds were expanded permitting investments in units and debt securities as well creating more investment opportunities for residents in Sri Lanka.
- General permission was granted to authorised dealers to transfer eligible migration allowance on behalf of Sri Lankan emigrants and limits prevailed on migrant transfers were increased.
- The areas available for non residents for investments in Sri Lanka were broadened by including investments in fixed deposits in financial institutions, securities issued by the CBSL or any other statutory body and shares in companies not incorporated in Sri Lanka and listed in the CSE.
- Eighteen accounts which had been permitted under the ECA based on micro operational aspects were reclassified under the new Foreign Exchange Act, into five main categories namely Personal Foreign Currency Accounts (PFCAs), Business Foreign Currency Accounts (BFCAs), Inward Investment Accounts (IIAs), Capital Transactions Rupee Accounts (CTRAs) and Outward Investment Accounts (OIAs). In addition, free transferability among accounts was also allowed.
- Persons departing from or arriving in Sri Lanka are permitted to carry any amount of foreign exchange subject to declaration to the Sri Lanka Customs Department if the total value exceeds US dollars 15,000 or value of currency notes exceeds US dollars 10,000 or its equivalent in other foreign currencies. Further, any person in or resident in Sri Lanka was permitted to retain in his possession foreign currency notes up to the value of US dollars 10,000 for any period ensuring that current regulations meet international standards.
- Current transactions were categorised under four broad categories based on IMF Articles XXX (D), ensuring clarity and transparency while following global standards. Accordingly, authorised dealers were assigned the responsibility of executing current transactions based on the bona-fide of such transactions ensuring enhancing efficiency in the conduct of foreign exchange transactions.
- A new scheme of loans for Sri Lankans employed abroad was introduced by amalgamating three types of loan schemes that prevailed previously.
- A new criterion for determining a person's residential status was introduced based on the aggregate number of days spent in Sri Lanka (i.e., 183 days) rather than focusing on permanent place of abode.

Price Revisions

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| 09 January 2017 | - The retail price of kerosene was reduced by Rs. 5 to Rs. 44 per litre |
| 27 January 2017 | <ul style="list-style-type: none"> - The Maximum Retail Prices (MRPs) on certain items were reduced as follows: <ul style="list-style-type: none"> - Masoor dhal (red lentils) from Rs. 169 to Rs. 159 per kg - Dried sprats (imported - Thailand) from Rs. 495 to Rs. 490 per kg - Dried sprats (imported - Dubai) from Rs. 410 to Rs. 405 per kg - Green gram (Moong) from Rs. 220 to Rs. 205 per kg - White sugar from Rs. 95 to Rs. 93 per kg - Potatoes (imported) from Rs. 120 to Rs. 115 per kg |

08 February 2017	- MRPs on following varieties of rice were set as follows: <ul style="list-style-type: none">- Samba rice at Rs. 80 per kg- Naadu rice at Rs. 72 per kg- Raw rice (Kekulu) at Rs. 70 per kg												
17 February 2017	- MRPs on following varieties of rice were revised as follows: <table><tr><th>Variety of Rice</th><th>MRP on Locally Produced Rice (Rs. per kg.)</th><th>MRP on Imported Rice (Rs. per kg.)</th></tr><tr><td>Samba Rice (excluding Keeri and Suduru Samba)</td><td>90</td><td>80</td></tr><tr><td>Naadu Rice</td><td>80</td><td>72</td></tr><tr><td>Raw Rice (Kekulu)</td><td>78</td><td>70</td></tr></table>	Variety of Rice	MRP on Locally Produced Rice (Rs. per kg.)	MRP on Imported Rice (Rs. per kg.)	Samba Rice (excluding Keeri and Suduru Samba)	90	80	Naadu Rice	80	72	Raw Rice (Kekulu)	78	70
Variety of Rice	MRP on Locally Produced Rice (Rs. per kg.)	MRP on Imported Rice (Rs. per kg.)											
Samba Rice (excluding Keeri and Suduru Samba)	90	80											
Naadu Rice	80	72											
Raw Rice (Kekulu)	78	70											
	- Medical Devices Pricing Regulations, No. 01 of 2017 were issued to set MRPs on medical devices.												
14 March 2017	- MRPs on following items were removed: <ul style="list-style-type: none">- White sugar- Frozen or chilled Broiler chicken meat (whole chicken) with skin and without skin												
01 July 2017	- Passenger bus fares were increased by 6.28 per cent. The minimum bus fare was increased to Rs. 10 from Rs. 9.												
16 August 2017	- MRPs imposed on rice were removed.												
30 August 2017	- MRP imposed on dried sprats (imported - Thailand and Dubai) was removed.												
26 September 2017	- Price of a 12.5 kg cylinder of LP gas was increased by Rs. 110 to Rs. 1,431.												
08 November 2017	- MRP imposed on Sustagen 400g was removed.												
06 December 2017	- MRPs on certain items were reduced as follows: <ul style="list-style-type: none">- Masoor Dhal from Rs. 159 to Rs. 130 per kg- Dried fish (Katta) from Rs. 1,100 to Rs. 1,000 per kg												
	- MRP of Rs. 75 per nut was imposed on coconut.												
26 December 2017	- MRPs on Naadu rice were revised as follows: <ul style="list-style-type: none">- Locally produced from Rs. 80 to Rs. 74 per kg- Imported from Rs. 72 to Rs. 74 per kg												

Tax Revisions

Personal Income Tax

01 April 2018	- Major changes as per the Inland Revenue Act (IRA) No. 24 of 2017 are as follows:
	- Personal relief for individual income was maintained at Rs. 500,000 per annum.
	- Relief on employment income of resident individuals was increased to Rs. 1.2 million from Rs. 750,000 per annum.

- Income tax slabs were widened from Rs. 500,000 to Rs. 600,000 and the progressive tax rate structure was introduced as follows:

Taxable Income (per annum)			
Previous Act	Tax Rate	Current Act	Tax Rate
First Rs. 500,000	4%	First Rs. 600,000	4%
Rs. 500,001 - Rs. 1,000,000	8%	Rs. 600,001 - Rs. 1,200,000	8%
Rs. 1,000,001 - Rs. 1,500,000	12%	Rs. 1,200,001 - Rs. 1,800,000	12%
Exceeding Rs. 1,500,000	16%	Rs. 1,800,001 - Rs. 2,400,000	16%
		Rs. 2,400,001 - Rs. 3,000,000	20%
		Exceeding Rs. 3,000,000	24%

- Capital Gains Tax (CGT) was introduced at a rate of 10 per cent

Corporate Income Tax

01 April 2018

- The corporate income tax rates were revised as per IRA No. 24 of 2017 to a 3 tier structure as follows:
 - (a) A lower rate of 14 per cent is applicable on profits and income of SMEs, export of goods or services, agriculture enterprises and educational services
 - (b) A higher rate of 40 per cent is applicable on profits and income of betting and gaming, liquor and tobacco
 - (c) The standard rate of 28 per cent is applicable on profits and income of all the other sectors including banking and finance, insurance, leasing and related activities etc.

Withholding Tax (WHT)

01 April 2018

- Major changes as per IRA No. 24 of 2017 are as follows:
 - WHT on interest income received by individuals from bank deposits was increased to 5 per cent from 2.5 per cent.
 - WHT on interest income received by senior citizens from bank deposits, up to Rs. 1.5 million was exempted.
 - WHT on interest income on Treasury bills and Treasury bonds was exempted.
 - WHT was imposed on service fees and contract payments exceeding Rs. 50,000 per month.

Economic Service Charge (ESC)

01 April 2017

- The threshold of ESC was reduced from Rs. 50 million per quarter to Rs. 12.5 million per quarter.
- ESC was charged on motor vehicles in advance on the Cost, Insurance and Freight (CIF) value certified by the Director General of Customs, of an importer (disregarding the threshold for ESC liability) in respect of every consignment of imports of motor vehicles.
- The CBSL which was not liable for ESC was made liable for ESC.

Value Added Tax (VAT)

- Forthcoming
- Granting VAT exemptions on solar tracker classified under HS Headings 84.79 and 89.50
 - Removing VAT exemptions on selected HS Headings on plants and flowers, plastic beads, yarn, fabrics, wood and articles, dyes, glass beads, plant and machinery, electronic goods, aeroplane parts, spectacles, cameras, projectors and watches
 - Removing VAT exemptions on sale of condominium housing units

Nation Building Tax (NBT)

- 01 April 2017
- Following goods and services were made exempt:
 - Supply of international telecommunication services to local operators by External Gateway Operators
 - Supply of printed books, magazines, journals, or periodicals other than newspapers
 - Supply of electricity other than supply of electricity by Ceylon Electricity Board (CEB)
- 01 August 2017
- Following exemptions were removed and made liable for NBT:
 - Supply of any goods consigned to SriLankan Airlines Ltd, Mihin Lanka (Pvt) Ltd. or Air Lanka Catering Services Ltd. for the purpose of provision of services of international transportation.
 - Supply of any goods or services provided by any Cooperative Society or Lak Sathosa
 - Construction services by a contractor other than by a sub contractor
 - Services of a travel agent in respect of inbound tours (other than services where the payment is received in foreign currency through a bank)
 - The supply of residential apartments

Excise Duty

- 01 January 2017
- The duty on bottled toddy was increased to Rs. 50 per litre from Rs. 30 per litre.
 - Annual distillery license fee (except Palmyrah arrack) was reduced to Rs. 1 million from Rs. 100 million.
 - A license fee of Rs. 100,000 was imposed on arrack licenses that are issued together with foreign liquor license.
 - A license fee of Rs. 50,000 was imposed on the sale of bottled toddy.
- 13 March 2017
- A Gazette was issued to simplify the process of issuing licenses on the importation of foreign liquor.
- 10 November 2017
- Excise duty of Rs. 15 per bulk kg was imposed on the importation of non-potable spirits.
 - Excise duty on liquor was increased as follows:
 - Liquor made from molasses, palmyrah, coconut and processed arrack from Rs. 1,850 per litre to Rs. 3,300 per litre of alcohol
 - Country made foreign spirits manufactured in Sri Lanka from Rs. 2,030 per litre to Rs. 3,300 per litre of alcohol
 - Malt liquor from Rs. 160 per litre and Rs. 315 per litre (less than five per centum of absolute strength and five per centum and above of absolute strength, respectively) to Rs. 2,400 per litre of alcohol

- Liquor other than toddy or any liquor made from any cereal from Rs. 1,120 per litre to Rs. 2,400 per litre of alcohol
- Excise duty was imposed on raw materials used for production of ethanol as follows:
 - Coconut toddy at Rs. 5 per bulk litre
 - Molasses at Rs. 10 per bulk kg
 - Rice pulp, Maize pulp and Fruit pulp at Rs. 10 per bulk kg

01 January 2018 - Annual liquor license fee was revised.

Excise (Special Provisions)

- 18 August 2017 - Excise duty on motor vehicles for the transport of goods under HS Headings 87.04 was revised downwards to Rs. 700,000 per unit from Rs. 1,000,000 per unit.
- Excise duty on motorcycles including mopeds under HS Headings 87.11 was revised.

Customs Duty

- 01 February 2017 - Customs duty waiver of Rs. 3 per litre was granted on the importation of diesel. Hence, the applicable rate is Rs. 12 per litre.
- Customs duty waiver of Rs. 10 per litre was granted on the importation of petrol. Hence, the applicable rate is Rs. 25 per litre.
- 17 February 2017 - Importation of ingredients for animal feed production, alloy steel bars for manufacturing of leaf spring and steel for manufacturing of prefabricated buildings was exempted from Customs duty.
- Customs duty on the importation of polymers in primary forms, soya beans, tyres, steel, ball bearings, sparking plugs and batteries was revised.
- 08 July 2017 - Customs duty waiver on milk powder was increased to Rs. 223 per kg from Rs. 180 per kg. Hence, the applicable rate is Rs. 2 per kg.
- 02 August 2017 - Customs duty waiver on wheat grain was increased to Rs. 6 per kg from Rs. 3 per kg. Hence, the applicable rate is Rs. 6 per kg.
- 07 October 2017 - A full Customs duty waiver of 30 per cent was granted on the importation of cashew nuts.
- 15 December 2017 - Customs duty waiver on diesel was increased to Rs. 6 per litre from Rs. 3 per litre. Hence, the applicable rate is Rs. 9 per litre.
- Customs duty waiver on petrol was decreased to Rs. 20 per litre from Rs. 25 per litre. Hence, the applicable rate is Rs. 15 per litre.
- 22 December 2017 - Customs duty waiver on diesel was increased to Rs. 11 per litre from Rs. 6 per litre. Hence, the applicable rate is Rs. 4 per litre.
- Customs duty waiver on petrol was increased to Rs. 23 per litre from Rs. 20 per litre. Hence, the applicable rate is Rs. 12 per litre.

Customs Valuation

- 15 March 2017 - A method was prescribed for the determination of Customs value for disposal of machinery and equipment imported under exemption of Customs import duty on conditional basis by enterprises in the business of manufacturing and exporting apparel.

- 14 August 2017 - Regulations were issued for the determination of Customs value for disposal of motor vehicles imported and registered on or before 19 November 2015, under an approved scheme of exemption of applicable duties on conditional basis.

Cess

- 02 August 2017 - Cess on wheat flour was reduced to Rs. 15 per kg from Rs. 25 per kg.
27 November 2017 - Cess on 253 identified items was removed.

Special Commodity Levy (SCL)

- 07 January 2017 - SCL of Rs. 15 per kg was imposed on the importation of semi-milled or wholly milled raw rice (Kekulu), Naadu rice (red or white) and Samba rice (red or white) for a period of three months.
- 19 January 2017 - SCL on the importation of Maldivian fish, dried sprats, black gram, chillies, seeds of coriander, turmeric, black gram flour and canned fish was extended for a period of six months.
- SCL on the importation of vegetable oils was reduced by Rs. 20 per kg for a period of six months.
- 28 January 2017 - SCL duty waiver of Rs. 10 per kg was imposed on the semi-milled or wholly milled raw rice (Kekulu), Naadu rice (red or white) and Samba rice (red or white) for a period of 30 days. Hence the applicable rate is Rs. 5 per kg.
- 17 February 2017 - SCL on the importation of potatoes and b'onions was extended for a period of six months.
- SCL on the importation of red and yellow lentils was increased for a period of six months as follows:
- Whole from Rs. 5 per kg to Rs. 10 per kg
- Split from Rs. 10 per kg to Rs. 15 per kg
- 24 February 2017 - SCL on the importation of vegetable oils was reduced by Rs. 20 per kg for a period of six months.
- 27 February 2017 - SCL duty waiver of Rs. 10 per kg imposed on semi-milled or wholly milled raw rice (Kekulu), Naadu rice (red or white) and Samba rice (red or white) was extended for a period of 30 days. Hence, the applicable rate is Rs. 5 per kg.
- 08 March 2017 - SCL on the importation of mackerel, peas, chickpeas, cowpeas, kurakkan and sugar other than white crystalline sugar was extended for a period of six months.
- 28 March 2017 - SCL duty waiver of Rs. 10 per kg imposed on semi-milled or wholly milled raw rice (Kekulu), Naadu rice (red or white) and Samba rice (red or white) was extended up to 31 March 2017. Hence, the applicable rate is Rs. 5 per kg.
- 01 April 2017 - SCL on the importation of semi-milled or wholly milled raw rice (Kekulu), Naadu rice (red or white) and Samba rice (red or white) was reduced to Rs. 5 per kg from Rs. 15 per kg for a period of 60 days.
- 02 April 2017 - SCL on the importation of dried fish, yoghurt, butter, dairy spreads, garlic, fresh oranges, grapes, apples, mathe seeds, kurakkan flour, ground nuts, mustard seeds and salt was extended for a period of six months.
- 08 May 2017 - SCL on the importation of fish, fresh or chilled and frozen, excluding fish fillets and other fish meat, green gram (Moong), mangoosteens (fresh and dried), oranges (dried),

	pears, cherries, plums and sloes, kiwifruit and other fresh fruits under HS Code No. 0810.90.90 was extended for a period of six months.
21 May 2017	<ul style="list-style-type: none"> - SCL on the importation of red onion, dates, grapes (dried), seeds of cumin and seeds of fennel was extended for a period of six months. - SCL of Rs. 5 per kg was imposed on husked (brown) rice for a period of six months.
31 May 2017	- SCL on the importation of semi-milled or wholly milled raw rice (Kekulu), Naadu rice (red or white) and Samba rice (red or white) was extended up to 31 August 2017.
06 June 2017	<ul style="list-style-type: none"> - SCL on the importation of margarine was extended for a period of six months. - SCL on the importation of sugar was increased by Rs. 10 per kg for a period of six months.
07 June 2017	- SCL duty waiver of Rs. 25 per kg was imposed on fish for a period of 30 days. Hence, the applicable rate is 10 per cent or Rs. 50 per kg.
01 July 2017	- SCL of Rs. 5 per kg was imposed on broken rice for a period of three months.
19 July 2017	- SCL on the importation of Maldivian fish, dried sprats, black gram, chillies, seeds of coriander, turmeric, black gram flour and canned fish was extended for a period of six months.
27 July 2017	- SCL on the importation of husked brown rice, semi-milled or wholly milled raw rice (Kekulu), Naadu rice (red or white) and Samba rice (red or white) was reduced to 25 cents per kg from Rs. 5 per kg until 31 December 2017.
01 August 2017	<ul style="list-style-type: none"> - SCL on the importation of frozen fish meat of Sail fish and Marlin fish was reduced to Rs. 25 per kg from 10 per cent or Rs. 75 per kg, the amount of levy whichever is higher, for a period of three months. - SCL of Rs. 10 per kg was imposed on the importation of maize for a period of six months.
02 August 2017	- SCL on the importation of broken rice was reduced to 25 cents per kg from Rs. 5 per kg until 31 December 2017.
16 August 2017	- SCL on the importation of sugar was increased by Rs. 8 per kg for a period of six months.
17 August 2017	- SCL on the importation of potatoes, b' onion and lentils was extended for a period of six months.
24 August 2017	- SCL on the importation of vegetable oils was extended for a period of four months.
08 September 2017	- SCL on the importation of mackerel, peas, chickpeas, cowpeas and kurakkan was extended for a period of six months.
02 October 2017	- SCL on the importation of dried fish, yoghurt, butter, dairy spreads, garlic, fresh oranges, grapes, apples, mathe seeds, kurakkan flour, ground nuts, mustard seeds and salt was extended for a period of six months.
01 November 2017	- SCL on the importation of Sail fish and Marlin fish was increased to 10 per cent or Rs. 75 per kg, the amount of levy whichever is higher, from Rs. 25 per kg for a period of six months.
08 November 2017	- SCL on the importation of fresh, frozen or chilled fish, excluding fish fillets and other fish meat (other than Mackerel fish, Sail fish and Marlin fish) was revised upwards to

	10 per cent or Rs. 100 per kg, the amount of levy whichever is higher, from Rs. 50 per kg for a period of six months.
	- SCL on the importation of green gram (Moong), mangoosteens (fresh and dried), oranges (dried), pears, cherries, plums and sloes, kiwifruit and other fresh fruits under HS Code No. 0810.90.90 was extended for a period of six months.
09 November 2017	- SCL on the importation of the following food items was reduced for a period of six months: <ul style="list-style-type: none"> - Sprats, dried, not salted from Rs. 11 per kg to Rs. 1 per kg - Dried fish from Rs. 102 per kg to Rs. 52 per kg - Potatoes from Rs. 40 per kg to Rs. 1 per kg - B' onion from Rs. 40 per kg to Rs. 1 per kg - Lentils (whole) from Rs. 10 per kg to Rs. 1 per kg - Lentils (split) from Rs. 15 per kg to Rs. 3 per kg
	- SCL on the importation of vegetable oils was reduced for a period of six months.
21 November 2017	- SCL on the importation of red onions, dates (fresh and dried), grapes (dried), seeds of cumin, seeds of fennel and margarine was extended for a period of six months.
14 December 2017	- SCL on the importation of Sail fish, Marlin fish and Thora fish was reduced to Rs. 25 per kg from 10 per cent or Rs. 75 per kg, the amount of levy whichever is higher, for a period of six months.
	- SCL of Rs. 1 per kg was imposed on the importation of coconut kernel for a period of six months.
15 December 2017	- SCL on the importation of vegetable oils was increased for a period of six months.
01 January 2018	- SCL of 25 cents per kg on the importation of husked brown rice, semi-milled or wholly milled raw rice (Kekulu), Naadu rice (red or white), Samba rice (red or white) and broken rice was extended up to 31 March 2018.
19 January 2018	- SCL on the importation of Maldiv fish, black gram, chillies, seeds of coriander, turmeric, black gram flour and canned fish was extended for a period of six months.
	- SCL of Rs. 200 per kg was imposed on the importation of grated or powdered cheese, of all kind was extended for a period of six months.
01 February 2018	- SCL of Rs. 10 per kg on the importation of maize was extended for a period of 31 days.
16 February 2018	- SCL on the importation of sugar was extended for a period of six months.
24 February 2018	- SCL on the importation of potatoes was increased to Rs. 30 per kg from Rs. 1 per kg until 31 March 2018.
08 March 2018	- SCL on the importation of mackerel, peas, chickpeas, cowpeas and kurakkan was extended for a period of six months

Ports and Airports Development Levy (PAL)

10 November 2017	- PAL on 950 identified items was removed.
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Stamp Duty

21 February 2017	- Motor vehicle categories, which are liable for paying stamp duty on policy insurance, finance lease agreement and hire purchase agreement were specified.
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Embarkation Levy

- 01 January 2017 - Embarkation Levy was increased to US dollars 50 from US dollars 30.

Other

- 01 September 2017 - Telecommunication Levy on internet services was removed.
- 08 November 2017 - Teledrama, Film and Commercials Levy payable in respect of teledramas, films and commercials was increased.
- Forthcoming - Imposing a SIM Activation Levy of Rs. 200
- Imposing a Carbon Tax on vehicles other than electric cars and tractors

Government Expenditure

- 08 March 2017 - Public Administration Circular No. 06/2017 was issued to extend the age limit of compulsory retirement of the officers in Sri Lanka Engineering Service up to 61 years with effect from 01 January 2017.
- 09 June 2017 - Pension Circular No. 01/2017 was issued to grant a "Ranaviru Surakum Allowance" for disabled officers of Tri Forces who became disabled during the active service due to terrorist activities and their widows with effect from 01 January 2017.

Debt Management

- 10 January 2017 - Issuance of Sri Lanka Development Bonds (SLDBs) up to a limit of US dollars 1,500 million for 2017 was authorised.
- 24 April 2017 - A Circular was issued requiring all licensed commercial banks, licensed specialised banks and primary dealers to use the Bloomberg trading platform (Fixed Income Quote - FIQ):
- quote repurchase rates, tenures and volumes
 - report yield rates, tenures and volumes of all repurchase transactions carried out over the counter within 30 minutes of each such trade of Rs. 100 million or above
 - report all inter participants transactions
- 08 May 2017 - Enhancing the limit of SLDB issuance up to a limit of US dollars 3,000 million for 2017 was authorised.
- 27 July 2017 - A new primary issuance system for Treasury bonds was introduced. Regular monthly Treasury bond auctions are carried out through this system. Under this system, there are three standard phases for each issuance of Treasury bonds;
- Phase I - explores issuance of the entire announced volume in a competitive multiple price auction system through reasonable market bids
 - Phase II - opens for voluntary, volume based bidding
 - Phase III - any under allocation during Phases I and II, is issued on a mandatory basis to primary dealers, provided 60 per cent of the offered volume in minimum is accepted under Phase I
- 14 December 2017 - Issuance of Sri Lanka Development Bonds (SLDBs) up to a limit of US dollars 2,500 million for 2018 was authorised.