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The Gazette of the Democratic Socialist Republic of Sri Lanka
EXTRAORDINARY

අංක 1703/46 - 2011 අප්‍රේල් 29 වැනි සිකුරාදා - 2011.04.29
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PART I : SECTION (I) — GENERAL

Government Notifications

L. D. — B 3/2010.

STRATEGIC DEVELOPMENT PROJECTS ACT, No. 14 OF 2008

Order under Subsection (4) of Section 3

BY VIRTUE of the powers vested in me by sub section (4) of Section 3 of the Strategic Development Projects Act, No. 14 of 2008, I, Basil Rohana Rajapakse, Minister of Economic Development, in consultation with the Minister to whom the subject of Power and Energy has been assigned, do by this Order declare that —

- (1) the Notification which identified the Project for the exploration of Oil and Gas in the Mannar Basin, as a Strategic Development Project for the purposes of the aforesaid Act, was published in *Gazette Extraordinary* No. 1695/6 dated March 1, 2011;
- (2) the approval of the Cabinet of Ministers has been obtained in terms of subsection (3) of section 3 to declare that the Project for the exploration of Oil and Gas in the Mannar Basin, be a Strategic Development Project;
- (3) the above Strategic Development Projects shall be called and known as the "Project for the exploration of Oil and Gas in the Mannar Basin" and that the Project Company is Cairn Lanka (Private) Limited;
- (4) the aforesaid "Project for the exploration of Oil and Gas in the Mannar Basin" shall commence exploration activities as specified in the Petroleum Resources Agreement entered into between the Government of Sri Lanka and the Project Company on July 7, 2008; and
- (5) the exemptions from the enactments specified in the Schedule to this Order shall apply to the Project Company or to the subcontractors appointed to this Project within the Petroleum Resources Act No. 26 of 2003 and that these exemptions shall be valid for a period of eight (8) years from October 16, 2008 to October 15, 2016. Upon the expiration of the said period of eight (8) years, the then prevailing taxes shall become applicable.

SCHEDULE

EXEMPTIONS TO BE GRANTED FOR THE EXPLORATION OF OIL AND GAS IN THE MANNAR BASIN

1. Inland Revenue Act, No. 10 of 2006.
 - * Corporate Income Taxes ;
 - * The Company shall be exempted from the payment of withholding tax ;
 - (i) On interest of foreign loans taken for capital expenditure.
 - (ii) On technical fees to consultants.
2. Value Added Tax Act, (VAT) No. 14 of 2002;
3. Ports and Airports Development Levy Act, No. 18 of 2011;
4. Finance Act, No. 5 of 2005 ; (Construction Industry Guarantee Fund Levy)
5. Excise (Special Provisions) Act, No. 13 of 1989;
6. Economic Service Charge Act, No. 13 of 2006;
7. Customs Ordinance (Chapter 235) - Exemption from Customs Duty will be applicable to all capital goods imported in the name of the Company implementing the project or to sub contractors appointed to this Project within the definition of Petroleum Resources Act, No. 26 of 2003. These items shall be used solely for the purpose of exploration activities to be carried out by the Project and will include equipment, machinery, material, supplies and consumables as required by the Project and approved by the Board of Investment, during the validity period of the exploration license which commences from 16th October 2008 for a period of eight (08) years, provided that conditions stipulated in the said Project Agreement are fulfilled by the Company.

BASIL ROHANA RAJAPAKSE,
Minister of Economic Development.

Colombo,
30th April, 2011.

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