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EXTRAORDINARY

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PART I : SECTION (I) — GENERAL

Government Notifications

FOREIGN EXCHANGE ACT, No. 12 OF 2017

REGULATIONS made by the Minister of Finance under Section 29 read with Section 7 of the Foreign Exchange Act, No. 12 of 2017 (the Act).

RANIL WICKREMESINGHE,
Minister of Finance,
Economic Stabilization and
National Policies.

Colombo,
02nd December, 2022.

Regulations

1. These regulations may be cited as the Foreign Exchange (Short Term Foreign Currency Loans from a Company Incorporated Outside Sri Lanka) Regulations No. 2 of 2022.
2. Permission is hereby granted for companies incorporated in Sri Lanka under the Companies Act, No. 7 of 2007, which import raw materials for manufacturing of their products which have a domestic value addition of at least 30% (borrower), to obtain foreign currency loans with a tenure of less than three (3) years including a minimum grace period of one (1) year, from the parent company or a company within the same group of companies incorporated outside Sri Lanka (lender), for the purpose of financing the payments of such imports, subject to the following



terms and conditions, and in accordance with the directions issued by the Central Bank of Sri Lanka under the provisions of the Act.

- i. The borrower shall obtain a recommendation from the Secretary, Ministry of Industries that the final product manufactured by the company using such raw materials to be imported, has a domestic value addition of at least 30%.
- ii. The borrower shall open and maintain a “Special Foreign Currency Account - Short Term Loans”, to receive the proceeds of such loan and to service and repay the loan, subject to the directions issued by the Central Bank.
- iii. The rate of interest of such loan shall be at a reasonably concessional rate comparative to the prevailing market interest rates in Sri Lanka.
- iv. Repayments of the loan (including interest) shall be amortized over the rest of the tenure after the grace period.
- v. Payments for import of raw materials shall be in accordance with the prevailing trade laws of the country.

These regulations are valid for a period of one (1) year from the date of these regulations.

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