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# The Gazette of the Democratic Socialist Republic of Sri Lanka

EXTRAORDINARY

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## PART I : SECTION (I) — GENERAL

### Government Notifications

STRATEGIC DEVELOPMENT PROJECTS ACT No. 14 OF 2008

Notification under Section 3(2)

BY VIRTUE of the powers vested in me in terms of Section 3(2) of the Strategic Development Projects Act, No. 14 of 2008, I, Basil Rohana Rajapaksa, Minister of Economic Development, being the Minister in charge of the subjects of Investment and Tourism, do by this Notification –

- (1) Identify as a Strategic Development Project for the purpose of the aforesaid Act, a Project to set up a mixed development project, at Transworks Square land, Colombo - 01, in the Western Province, at a total investment of around US\$ 449 Mn., being a project of national interest that is likely to bring economic and social benefits to the country and also change the landscape of the country. The project will be carried out by Krrish Group of India.
- (2) Declare that the date of commencement of the aforesaid project shall be the date as stated in the Agreement with the Board of Investment of Sri Lanka. The date of commencement of commercial operation shall be sixty (60) months from the date of the project agreement with the Board of Investment of Sri Lanka.
- (3) Specify that for the purposes of the aforesaid project in terms of the Strategic Development Projects Act, the exemptions set out in the Schedule to this Notification shall apply to the project company.

#### SCHEDULE

##### 1. The Inland Revenue Act No. 10 of 2006

- (i) A ten (10) year corporate income tax holiday period under the Inland Revenue Act commencing from either the first (01st) year in which the Company makes taxable profit or three (03) years after commencement of commercial operations, whichever falls first. Thereafter, there will be a partial exemption granted equivalent to the rate of six per centum (6%) which is half of the applicable tax rate for each year of assessment for a further period of fifteen (15) years immediately succeeding the last date of the tax exemption period. For avoidance of doubt, it is to be noted that the general tax regime then prevailing shall be applicable in relation to the Company implementing the project after the expiration of the twenty five (25) years as setout above.
- (ii) The tax on dividends distributed to shareholders out of profits shall be exempted from income tax during the said ten (10) year tax exemption period and one (01) year thereafter.
- (iii) A five (05) year tax exemption from Pay As You Earn (PAYE) Tax shall be applicable for a Maximum number of twenty (20) expatriate staff of the Company.

(iv) The Company shall be exempted from the payment of Withholding Tax :-

(a) on interest on foreign loans taken for capital expenditure.

(b) on technical fees to consultants during the tax holiday period.

**2. The Value Added Tax Act (VAT) No. 14 of 2002**

On the importation of project related goods and the local purchases of project related goods and services during the project Construction period.

**3. The Port and Airport Development Levy Act No. 18 of 2011**

The Company shall be exempted from the payment of Port and Aviation Levy (PAL) during the project Construction period.

**4. 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 during the construction period, in relation to items so imported solely for the purposes of the Project.

**5. The Finance Act, No. 5 of 2005**

Exemption from the payment of construction industry Guarantee Fund Levy as per Finance Act, No. 5 of 2005 during the project implementation period.

BASIL ROHANA RAJAPAKSA, MP,  
Minister of Economic Development.

Colombo,  
On this 28th day of September 2012.

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