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EXTRAORDINARY

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**PART I : SECTION (I) — GENERAL**

**Government Notifications**

**STRATEGIC DEVELOPMENT PROJECTS ACT, No. 14 OF 2008**

**Order under Sub Section (4) of Section 3**

BY virtue of the powers vested in me by Section 3 (4) of the Strategic Development Projects Act, No. 14 of 2008 as amended, I, Ranil Wickremesinghe, Minister of Investment Promotion, do by this Order, clarify the Order published in the *Gazette Extraordinary* No. 2238/40 dated July 30, 2021 in respect of the “Dedicated Textile Manufacturing Zone” in Eravur, Batticaloa District (hereinafter referred to as “the Zone”), declaring the said Zone as a Strategic Development Project for the purposes of the aforesaid Act and providing incentives for individual enterprises identified as projects falling within the purview of the SDP project and established within the Zone;

1. Clause (3) of the *Gazette Extraordinary* No. 2238/40 dated July 30, 2021 is hereby substituted by the following paragraph hereof:

“Specify that for the purposes of the aforesaid project, in terms of the SDP Act, the proposed exemptions set out in Schedule I below to this Order shall apply to individual enterprises identified by the BOI as falling within the purview of the Strategic Development Project identified herein and established within the zone”.

2. Clause (5) of the *Gazette Extraordinary* No. 2238/40 dated July 30, 2021 is hereby substituted by the following paragraph hereof:

“BOI shall grant incentives for each enterprise which shall be stipulated in the individual agreement entered into between the BOI and the enterprise (hereinafter referred to as “the BOI Agreement”).



Upon entering into the BOI Agreement, the name of the enterprise, the date of commencement of operations of the enterprise, the date of commencement and expiration of the full or part exemptions granted to the individual enterprise as per Schedule I of the Gazette Extraordinary No. 2238/40 dated July 30, 2021 as clarified, shall be included into Schedule II of the Gazette Extraordinary No. 2238/40 dated July 30, 2021 as clarified, by way of a Gazette notification published by the Minister in charge of the subject of Investment Promotion to be tabled at the Parliament”.

3. Immediately after Clause (5) of the *Gazette Extraordinary* No. 2238/40 dated July 30, 2021, the Schedule therein to be renamed as “ *Schedule I*”.

4. Item (2) of Schedule of the *Gazette Extraordinary* No. 2238/40 dated July 30, 2021 is hereby clarified as follows:

By the insertion of the following paragraph immediately after Sub-item i of Item (2):

“The enterprise shall be exempted from the payment and charge of Value Added Tax (VAT) under the Value Added Tax Act, No. 14 of 2002 and its amendments, for a period as stipulated in Item (6) of Schedule I hereof and the said exempted period shall be commenced from the date on which the enterprise entered into the BOI Agreement, for the following Sub-item ii and Sub-item iii:”

5. Item (3) of Schedule of the *Gazette Extraordinary* No. 2238/40 dated July 30, 2021 is hereby clarified as follows:

By the insertion of the following paragraph immediately after Sub-item i of Item (3):

“The enterprise shall be exempted from the payment and charge of Ports and Airports Development Levy (PAL) under the Ports and Airports Development Levy Act, No. 18 of 2011 and its amendments, for a period as stipulated in Item (6) of Schedule I hereof and the said exempted period shall be commenced, from the date on which the enterprise entered into the BOI Agreement, for the following Sub-item ii and Sub-item iii:”

6. Item (4) of Schedule of the *Gazette Extraordinary* No. 2238/40 dated July 30, 2021 is hereby clarified as follows:

By the insertion of the following paragraph immediately after Sub-item i of Item (4):

“The enterprise shall be exempted from the payment and charge of Customs Import Duty (CID) under the Customs Ordinance (Chapter 235) and its amendments, for a period as stipulated in Item (6) of Schedule I hereof and the said exempted period shall be commenced from the date on which the enterprise entered into the BOI Agreement, for the following Sub- item ii and Sub-item iii:”

7. Item (5) of Schedule of the *Gazette Extraordinary* No. 2238/40 dated July 30, 2021 is hereby clarified as follows:

By the insertion of the following paragraph immediately after Sub-item i of Item (5):

“The enterprise shall be exempted from the payment and charge of Commodity Exports Subsidy Scheme (CESS) under the Sri Lanka Export Development Act, No. 40 of 1979 and its amendments, for a period as stipulated in Item (6) of Schedule I hereof and the said exempted period shall be commenced from the date on which the enterprise entered into the BOI Agreement, for the following Sub-item ii and Sub-item iii:”

8. By the insertion of a new item as Item (6) immediately after Item (5) of Schedule of the *Gazette Extraordinary* No. 2238/40 dated July 30, 2021 for further clarification of the applicable period of exemptions under Item (2), Item (3), Item (4) and Item (5) of the Schedule.

**(6) Period of Exemptions under Item (2), Item (3), Item (4) and Item (5)**

Column I, Column II, Column III and Column IV of the Table herein stipulate the period of exemptions under the provisions of the enactments as referred to in Sub-item ii and Sub-item iii of Item (2), Item (3), Item (4) and Item (5) of Schedule I respectively:

<i>Investment (USD Million)</i>	<i>Minimum Employment (Nos.)</i>	<i>Period of Exemption (Years)</i>			
		<i>Column I VAT</i>	<i>Column II PAL</i>	<i>Column III CID</i>	<i>Column IV CESS</i>
Greater than or equal to 10 and less than 15 ( $\geq 10, < 15$ )	150	5	5	5	5
Greater than or equal to 15 and less than 20 ( $\geq 15, < 20$ )	200	7	7	7	7
Greater than or equal to 20 and less than 25 ( $\geq 20, < 25$ )	300	8	8	8	8
Greater than or equal to 25 and less than 30 ( $\geq 25, < 30$ )	350	9	9	9	9
Greater than or equal to 30 and less than 40 ( $\geq 30, < 40$ )	400	10	10	10	10
Greater than or equal to 40 and less than 50 ( $\geq 40, < 50$ )	600	12	12	12	12
Greater than or equal to 50 and less than 70 ( $\geq 50, < 70$ )	700	15	15	15	15
Greater than or equal to 70 and less than 100 ( $\geq 70, < 100$ )	1,000	18	18	18	18
Greater than or equal to 100 and less than 200 ( $\geq 100, < 200$ )	1,400	20	20	20	20
Greater than or equal to 200 ( $\geq 200$ )	2,800	25	25	25	25

9. Inclusion of a new item as Schedule II immediately after Item (6) of renamed Schedule I as follows:

**Schedule II**

As stipulated in Clause (5), the individual enterprises, being identified by the BOI as falling within the purview of the Strategic Development Project and established within the Zone, and having entered into an agreement with the BOI, subject to the fulfillment of qualifying criteria specified in Table 1 herein, shall be exempted from the application of the provisions of the enactments in Schedule I above, as specified in Table 2 herein.

**Table 1: Details of the Enterprises established within the Zone**

Sr. No.	No. and Date of Gazette Notification	Name of the Enterprise	Date of Agreement	Project Activity	Qualifying Criteria	Project Implementation Period	Date of Commencement of Commercial Operations
1							

**Table 2: Details of the Incentives Granted to Enterprises identified in Table 1**

Sr. No.	Name of Enterprise	Period of Exemption <sup>1</sup>						Income Tax Exemption on Employment <sup>2</sup>	Import Duty Exemption (VAT <sup>3</sup> /PAL <sup>4</sup> /CID <sup>4</sup> /CESS <sup>4</sup> )								
		CIT Exemption			50 % Concessionary CIT Rate applicable for Exporters at that time (No. of Years)				Construction related Items			Capital Goods (Plant, Machinery, Equipment) <sup>5</sup>			Raw Materials and Production/ Process related Consumables <sup>5</sup>		
		No. of years	Date of Commencement	Date of Expiry	No. of years	Date of Commencement	Date of Expiry		No. of years	Date of Commencement	Date of Expiry	No. of years	Date of Commencement	Date of Expiry	No. of years	Date of Commencement	Date of Expiry
1																	

**RANIL WICKREMESINGHE,**  
Minister of Investment Promotion.

Colombo,  
21st March, 2024.

<sup>1</sup> After the expiry of the tax holiday and concessionary period, for the income generated through;

- Exports including deemed exports, the concessionary Corporate Income Tax (CIT) rate applicable for exporters at that time shall be applicable.
- Import substitution *via* other sales to local market, the Corporate Income Tax (CIT) rate applicable for manufacturers at that time shall be applicable.

<sup>2</sup> For the purposes of computation of income tax exemption, expatriate employees of the enterprise shall be exempted from income tax arising from gains and profits from employment in the enterprise in the zone only.

<sup>3</sup> On all Imports including purchases from bonded areas (Customs or BOI) and supply from any registered person, who is registered with the VAT administration system (e.g.: SVAT) administrated by the Commissioner General of Inland Revenue to the enterprise.

<sup>4</sup> On all Imports including purchases from bonded areas (Customs or BOI).

<sup>5</sup> For the use of both production for export, including deemed exports, and import substitution *via* sales to local market.