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The Gazette of the Democratic Socialist Republic of Sri Lanka

EXTRAORDINARY

අංක 1718/32 - 2011 අගෝස්තු 12 වැනි සිකුරාදා - 2011.08.12
No. 1718/32 - FRIDAY AUGUST 12, 2011

(Published by Authority)

PART I : SECTION (I) — GENERAL

Government Notifications

STRATEGIC DEVELOPMENT PROJECTS ACT, No. 14 OF 2008

Order under Sub-Section of (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 as amended, I, Basil Rohana Rajapaksa, Minister of Economic Development, do by this Order declare that, –

1. The Notification containing the relevant information of a Project to establish a modern steel mill with state-of-the-art technology, to upgrade the plant capacity of the existing factory at Athurugiriya which was identified as a Strategic Development Project for the purpose of aforesaid Act, was published in *Gazette Extraordinary* No. 1708/1 dated 30th May, 2011 ;
2. The Approval of Cabinet of Ministers has been obtained in terms of Sub-section (3) of Section 3 to declare the project to establish a modern steel mill with state-of-the-art technology, to upgrade the plant capacity of the existing factory at Athurugiriya ;
3. The above Strategic Development Project shall be called and known as a “ Project to establish a modern steel mill with state-of-the-art technology, to upgrade the plant capacity of the existing factory at Athurugiriya” ;
4. The aforesaid Project shall commence the Expansion Unit with effect from the date of the Memorandum of Understanding (MOU) signed with the Board of Investment of Sri Lanka on 19th May, 2011 ; and
5. The exemption of the enactments specified in the Schedule to this order shall apply to the Project Company subject to the limitations specified therein and shall be operative for the duration specified in this Schedule.

SCHEDULE

(a) Inland Revenue Act, No. 10 of 2006 and its amendments

A ten (10) year tax holiday period under Inland Revenue Act commencing from either the first year in which the project company makes taxable profit or two years from the date of commencement of the operations of the new mill by the project company whichever becomes earlier. Thereafter, there will be a partial exemption granted equivalent to half of the applicable tax rate prevailing at that time for each year of assessment for a further period of five (5) years immediately succeeding the last date of the ten year tax holiday period. For avoidance of doubt

SCHEDULE (*Contd.*)

it is to be noted that the general tax regime then prevailing shall be applicable in relation to the project company after the expiration of the fifteen (15) years as set out above.

However, Economic Service Charge will be applicable at the rate of 0.25% as per the Economic Service Charge Act No. 13 of 2006.

(b) The Value Added Tax Act, (VAT) No. 14 of 2002 and its amendments

The payment of Value Added Tax (VAT) on the importation of project related capital goods and construction items will be exempted during the project implementation period of five (5) years with the approval of the Board commencing from the date of MOU entered into between the project company and the Board of Investment in this regard.

(c) The Port and Airport Development Levy Act, No. 18 of 2011

The payment of Port and Airport Development Levy on the importation of project related capital goods and construction items will be exempted during the said project implementation period of five (5) years with the approval of the Board commencing from the date of MOU entered into between the project company and the Board of Investment in this regard.

(d) Nation Building Tax Act, No. 10 of 2011

The payment of Nation Building Tax on the importation of project related capital goods and construction items will be exempted during the said project implementation period of five (5) years with the approval of the Board commencing from the date of MOU entered into between the project company and the Board of Investment in this regard.

(e) Customs Ordinance (Chapter 235)

Exemption from Customs Duty will be applicable to importation of project related capital goods and construction items other than the items mentioned in the negative list. However items in the negative list will be considered if quantity of such goods are not available in the local market, as approved by the Board of Investment during the said project implementation period of five (5) years commencing from the date of MOU entered into between the project company and the Board of Investment of Sri Lanka in this regard.

(f) Import of Raw materials

Import of Raw materials for the above said Mills will include major raw materials will be exempted from the Port and Airport Development Levy and if any Customs Import Duty for a period of eight (8) years with the approval of the Board Commencing from six months prior to commencement of commercial operation of the new rolling mill or first date of imports effected for the new rolling mill whichever falls later.

BASIL ROHANA RAJAPAKSA, MP,
Minister of Economic Development.

Colombo,
10th August, 2011.

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