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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

L.D.-B. 3/2021 (II)

#### THE COLOMBO PORT CITY ECONOMIC COMMISSION ACT, No. 11 OF 2021

REGULATIONS made by the Minister of Investment Promotion in consultation with the Colombo Port City Economic Commission under Section 71 of the Colombo Port City Economic Commission Act, No. 11 of 2021, read with Sections 52 and 53 of that Act.

RANIL WICKREMESINGHE,  
Minister of Investment Promotion.

Colombo.  
4th August, 2023.

### Regulations

1. These regulations may be cited as the Colombo Port City (Guidelines on the Grant of Exemptions or Incentives to Businesses of Strategic Importance) Regulations, No. 2 of 2023.

2. An authorised person engaged in business in and from the Area of Authority of the Colombo Port City that makes an investment to lease and develop a plot of land within the Area of Authority of the Colombo Port City which satisfies any one of the following criteria shall be designated as a Primary Business of Strategic Importance:-



- (a) to make an investment of a minimum of USD one hundred million per plot of land or a pro-rated investment in a subdivided plot of land according to the Colombo Port City (Development Control) Regulations; or
- (b) to make an investment of a minimum of USD twenty-five million in the plots of land for the Marina or Social Infrastructure.

3. (1) The businesses designated as Primary Businesses of Strategic Importance shall be entitled to the exemptions or incentives specified in the following schemes:-

- (a) (i) exemptions from, or incentives under, the enactments set out in Schedule II to the Act, for a period of twenty-five years from the date of publication of an Order in the *Gazette* in terms of sub-section (3) of section 53 of the Act; and
- (ii) an incentive of 50% of the prevailing corporate tax rate applicable for the respective year of assessment under the Inland Revenue Act, No. 24 of 2017 from all gains and profits of such Primary Businesses of Strategic Importance, for a period of ten years following the expiry of the period of twenty-five years specified in item (i); or
- (b) (i) an incentive of an enhanced capital allowance of 300% of the expenses incurred on depreciable assets, other than intangible assets used within the Area of Authority of the Colombo Port City during a year of assessment. The capital allowance will be computed in accordance with the Fourth Schedule to the Inland Revenue Act, No. 24 of 2017. Where enhanced capital allowances computed and deducted results in unrelieved loss, such unrelieved loss may be deducted for the purposes of calculating the income for a year of assessment in any of the succeeding years, but not exceeding forty years from the date of publication of an Order in the *Gazette* in terms of subsection (3) of Section 53 of the Act, and
- (ii) exemptions from, or incentives under, the enactments set out in Schedule II to the Act other than the Inland Revenue Act, No. 24 of 2017, for a period of twenty-five years from the date of publication of an Order in the *Gazette* in terms of subsection (3) of Section 53 of the Act.

(2) A Primary Business of Strategic Importance shall make a choice out of the two exemption or incentive schemes specified in item (a) or item (b) of sub-regulation (1) and inform such choice to the Commission. Such choice shall be final and shall not be changed.

4. (1) An authorised person engaged in business in and from the Area of Authority of the Colombo Port City which encourages and promotes any one of the business activities specified in sub-regulation (2) and which satisfies any one of the criteria specified in sub-regulation (3), shall be designated as a Secondary Business of Strategic Importance.

(2) The business activities referred to in sub-regulation (1) shall be as follows:-

- (a) global and regional economic activity in international trade;
- (b) shipping logistic operations;
- (c) offshore banking and finance;
- (d) information technology;
- (e) business process outsourcing;
- (f) corporate headquarters operations;
- (g) regional distribution operations;
- (h) tourism and other ancillary services;
- (i) innovation;

- (j) entrepreneurship;
- (k) entertainment;
- (l) generation of employment opportunities;
- (m) sustainable development; or
- (n) urban amenity operations in the settlement of a residential community.

(3) The criteria referred to in sub-regulation (1) shall be as follows:-

- (a) the authorised person or its parent company shall have an annual global revenue of more than USD fifty million;
- (b) a minimum of one hundred employees shall be employed within the Area of Authority of the Colombo Port City within five years from the commencement of operations;
- (c) the authorised person shall be a start-up or growth stage business, with an enterprise valuation of at least USD five hundred thousand within five years from the date of granting a licence to the authorised person under the Act; or
- (d) the authorised person demonstrates to the satisfaction of the Commission that the business will contribute to the economic and social development in Sri Lanka, by fostering innovation, knowledge transfer, technology transfer, research and development, or generate the impetus for creating an international financial center within the Area of Authority of the Colombo Port City.

5. The businesses designated as Secondary Businesses of Strategic Importance shall be entitled to exemptions from, or incentives under, the enactments set out in Schedule II to the Act, for a period of twenty-five years from the date of publication of an Order in the *Gazette* in terms of subsection (3) of Section 53 of the Act.

6. In order to be entitled to the exemptions or incentives granted under these regulations, an authorised person shall be designated as a Primary Businesses of Strategic Importance or Secondary Businesses of Strategic Importance within a period of two years from the date of publication of these regulations in the *Gazette*.

7. The Colombo Port City (Guidelines on the Grant of Exemptions or Incentives to Businesses of Strategic Importance) Regulations, No. 1 of 2023 published in the *Gazette Extraordinary* No. 2339/32 of July 7, 2023 are hereby rescinded.

8. In these regulations -

“Act” means the Colombo Port City Economic Commission Act, No. 11 of 2021;

“Colombo Port City (Development Control) Regulations” means the Colombo Port City (Development Control) Regulations published in the *Gazette Extraordinary* No. 2334/47 of June 02, 2023;

“Commission” means the Colombo Port City Economic Commission established under the Act;

“Marina” means the land plots designated for the Marina Commercial Land Use and Marina Facility Land Use in the Colombo Port City (Development Control) Regulations; and

“Social Infrastructure” means the land plots designated for Education, Cultural and Health Care, and Convention Center Land Use in the Colombo Port City (Development Control) Regulations.

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