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EXTRAORDINARY

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PART I : SECTION (I) — GENERAL

Government Notifications

STRATEGIC DEVELOPMENT PROJECTS ACT, No. 14 OF 2008

Notification under subsection (2) of Section 3

BY Virtue of the powers vested in me by subsection (2) of Section 3 read with subsection (1) of the Strategic Development Projects Act, No. 14 of 2008, I, Ranil Wickremesinghe, Minister of Investment Promotion, in consultation with the Minister to whom the subject of Ports and Aviation has been assigned, do by this Notification -

- (1) identify as a Strategic Development Project for the purposes of the aforesaid Act, the project for the establishment of the Logistics Centre in the Port of Colombo with the aim of developing the Port of Colombo as a Logistic Hub for the South Asian Region and to improve the logistics performance of Sri Lanka by providing efficient and effective cargo clearance process to or from the logistic warehouses, quality bonded storage facilities, warehouse facilities for value addition to the import and export cargo through Multi Country Consolidation (MCC) or Less -than - container Load (LCL) and temperature controlled warehouse or storage facility (hereinafter in this Notification referred to as “the Project”) as a national interest that is likely to bring economic and social benefit to the country;
- (2) declare that the project shall be carried out by a Special Purpose Vehicle (hereinafter in this Notification referred to as “the SPV”) as a Public Private Partnership project with the Sri Lanka Ports Authority (hereinafter referred



to as “the SLPA”) for a period of fifty (50) years for the designing, constructing, financing, developing, operating, managing, maintaining and transferring of the South Asia Logistic Centre in the Port of Colombo. The shareholding of the SPV shall be as follows :-

- (a) China Merchants Port Holdings Company Limited (CM Port) - 70%;
 - (b) Sri Lanka Ports Authority - 15%; and
 - (c) Local Company; Access Engineering PLC - 15%;
- (3) declare that the project name shall be South Asia Commercial and Logistics (SACL) Hub and the project company shall be South Asia Commercial and Logistics Hub Limited (hereinafter in this Notification referred to as “the Project Company”);
- (4) declare that the entire project is planned for Two (02) Phases as follows:
- (a) The First (1st) Phase will be a 1-5 story building for a warehouse and office area. The project cost of United States Dollars Two Hundred and Eighty Million (USD 280,000,000/-) is given for Phase One (01) of the Project and the same will be funded in Forty Two (42) months from the date of the Agreement entered into with the Board of Investment of Sri Lanka (hereinafter referred to as “the BOI”).
 - (b) The Second (2nd) Phase will be a distribution and trading centre in 6-8 floors. Phase Two (02) of the Project will be carried out by the Project Company as per the Build Operate and Transfer (“BOT”) Agreement entered into between the SLPA and the Project Company on 21st April 2023;
- (5) declare that the amount of United States Dollars Two Hundred and Eighty Million (USD 280,000,000/-) is expected as the envisaged investment of the First Phase of the Project to be financed on debt to equity ratio of 70:30;
- (6) specify that for the purposes of the aforesaid Project, in terms of the aforesaid Act, the exemptions set out in the Schedule to this Notification shall apply to the Project Company as approved by the Cabinet of Ministers and the BOI.

RANIL WICKREMESINGHE,
Minister of Investment Promotion.

Colombo,
19th December, 2023.

SCHEDULE

Exemptions to be granted to the Project for the establishment of the Logistics Centre in the Port of Colombo

1. Inland Revenue Act, No. 24 of 2017

(i) Corporate Income Tax

The provisions of the Inland Revenue Act, No. 24 of 2017 shall not apply in respect of the imposition of income tax on the Project Company on the profits and gains generated from the activities from the said Project for a period of Fifteen (15) years and it shall be considered as a tax exemption period.

Such tax exemption period shall commence from the First year in which the Project Company makes taxable profits or after Two (02) years from the commencement of commercial operations, whichever occurs earlier.

(ii) Tax on Dividends

Dividends distributed and received by shareholders out of the exempted profits and gains shall be exempted from the income tax during the said tax exemption period of Fifteen (15) years and One (01) year thereafter.

(iii) Withholding Tax

The Project Company shall be exempted from the payment of Withholding Tax for the entire Project period.

(iv) Personal Income Tax

The expatriate employees of the Project Company shall be exempted from the income tax arising from the gains and profits from employment in relation to the aforesaid Project for a period of Five (05) years, during the tax exemption period of Fifteen (15) years subject to a maximum number of Thirty (30) expatriates.

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

All imports of project related goods required for the implementation of the Project as approved by the BOI, shall be exempted from the payment of Value Added Tax (VAT) during the Project Implementation Period of Forty Two (42) months from the date of the BOI Agreement.

3. The Ports and Airports Development Levy Act, No. 18 of 2011

The Project Company shall be exempted from the charge and payment of Ports and Airports Development Levy (PAL), on the project related goods as approved by the BOI and imported during the Project Implementation Period of Forty Two (42) months from the date of the BOI Agreement

4. Sri Lanka Export Development Act, No. 40 of 1979

Import of project related items as approved by the BOI shall be exempted from the payment of CESS during the Project Implementation Period of Forty Two (42) months from the date of the BOI Agreement.

5. Customs Ordinance (Chapter 235)

All imports of project related items (other than the items listed in the Negative List published by the Ministry of Finance) as approved by the BOI, shall be exempted from the payment of Customs Import Duty (CID), during the Project Implementation Period of Forty Two (42) months from the date of the BOI Agreement.

Provided however, any importation of items in the Negative List shall be considered by the BOI, where such items are either not wholly manufactured/ produced in Sri Lanka or are not available in sufficient quality, quantity and time line for the project completion.

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