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The Gazette of the Democratic Socialist Republic of Sri Lanka

EXTRAORDINARY

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No. 1804/13 - TUESDAY, APRIL 02, 2013

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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 as amended, I, Lakshman Yapa Abeywardena, Minister of Investment Promotions, in consultation with the Minister whom the subject of Ministry of Finance and Planning, has been assigned do by this Notification -

(1) Identify as a Strategic Development Project for the purposes of the aforesaid Act, the project to set up a refinery to import raw sugar for refining and sale in the local market and export in the Free-Port Area of the Hambantota Port, Lanka Sugar Refinery Company (Private) Limited ("Project Company") entered into a Project Agreement with the Board of Investment of Sri Lanka on 07th February 2013. The total investment of the Project is United States Dollars Two hundred and Twenty Million (US\$ 220 Mn.) such Project is in the National Interest and is likely to bring Economic and Social benefits to the Country and further savings the foreign exchange for the Country ;

(2) Declare that the date of commencement of the Project shall be 07th February 2013 wherein the Project Agreement between the Board of Investment and the Project Company has been executed. The implementation and commencement of Commercial Operations of the Project shall be within Seven (07) years from the date of the said Project Agreement ;

(3) Specify that for the purposes of the aforesaid Project, in terms of the Strategic Development Projects Act No. 14 of 2008 as amended, the exemptions set out in the Schedule to this Notification shall apply to the project company.

SCHEDULE

(a) The Inland Revenue Act No. 10 of 2006

A ten (10) year Corporate Income Tax holiday period under the Inland Revenue Act commencing from either the first year in which the Project Company makes taxable profit or two (2) years after commencement of Commercial Operations, whichever falls first. For avoidance of doubt, it is to be noted that the General Tax regime applicable tax for export then prevailing shall be applicable in relation to the Project Company implementing the Project after the expiration of the ten (10) years as setout above.

The Project Company shall be exempted from the payment of withholding tax, on interest paid on foreign loans obtained for capital expenditure and on Technical Fees paid to consultants employed in the Project.

The tax on dividend distributed to shareholders out of profits shall be exempted from income tax during the said ten (10) years tax exemption period and one (01) year thereafter.

The PAYE tax shall be exempted for a maximum number of Fifty (50) expatriate staff of the Project Company as stipulated in the Agreement which shall be entered in to between the Project Company and the Sri Lanka Ports Authority.

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

Shall not be applicable on the importation of Project related capital and construction goods and the local purchases of Project related capital goods during the implementation period of the Project.

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

Shall not be applicable on the importation of Project related capital and construction goods and the local purchases of Project related capital goods during the implementation period of the Project.

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

Shall not be applicable on the importation of Project related capital and construction goods and the local purchases of Project related capital goods during the implementation period of the Project.

(e) Customs Ordinance (Chapter 235)

(i) Exemption from Customs Duty will be applicable to all capital goods imported in the name of the Project Company implementing the Project in relation to items so imported solely for the purpose of the Project other than the items mentioned in the Negative List. However the Items in the Negative List will be also exempted from the Custom duty where such items are either not wholly produced in Sri Lanka or are unavailable in sufficient quality, quantity and time lines for Project completion ;

(ii) All imports/local purchases of Project related capital goods required for the Project shall be exempt from the payment of Customs Duty, provided that, the goods are consigned in the name of the Project Company and are imported for the purpose of the implementation of the Project, the fulfillment of both of the foregoing conditions being subject to verification by the Board if the Board so deems fit, Provided that this exemption shall not apply to any personal effects imported by the Project Company for the private and personal use of any person in the Project Company, and provided that the Board reserves the right to itself to cause or permit to be caused the examination of any imports for purposes connected with this Agreement.

(f) Exchange Control Act and Regulations

The Provisions of Parts, I, IA, II, III, IV, V and VI of the Exchange Control Act shall not apply to or in relation to the Project of the Project Company.

(g) Imports and Exports (Control) Act No. 1 of 1969

All imports of Project related capital and construction goods shall be exempted from customs duty as approved by the Board for the purpose of the Project and be free from import restrictions under the Imports and Exports (Control) Act No. 1 of 1969 as amended during the implementation period of the project referred to in clause (7).

(h) The Project Company shall be exempted from special commodity levy on import of raw material at the point of import.

LAKSHMAN YAPA ABEYWARDENA, M.P.,
Minister of Investment Promotions.

Ministry of Investment Promotions,
Colombo,
27th March 2013.