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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 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, I, Lakshman Yapa Abeywardena, Minister of Investment Promotions, in consultation with the Minister whom the subject of Ministry of Higher Education has been assigned do by this Notification.

- (1) Identify as a Strategic Development Project for the purposes of the aforesaid Act, the project to establish a branch campus of University of Central Lancashire at the Mirigama Export Processing Zone, in the Western Province and UCLAN Lanka (Private) Limited entered into a project Agreement with the Board of Investment of Sri Lanka on 13th December 2012. The total investment of the project is to be around US\$ 100 Mn., and the Project Company shall ensure that the management of the proposed Branch Campus adheres to the provisions of the Universities Act, No. 16 of 1978 in conducting its activities and such project is in the national interest and is of economic and social benefit to the Country.
- (2) A land in extent of One Hundred and Twenty Acres (120A, 0R., 0P.) situated in Mirigama Export Processing Zone has been leased out to the Project Company by a Lease Agreement dated 13th December 2012 for 99 years.
- (3) Declare that the date of commencement of the aforesaid project will be the date of execution of the Agreement entered into between the Project Company and the Board of Investment of Sri Lanka dated 13th December 2012 and this Project shall be completed in four (04) phases within ten (10) years from the date of commencement of the project.
- (4) Specify that for the purposes of the aforesaid project, in terms of the Strategic Development Projects Act, 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*

- (i) A fifteen (15) years corporate income tax holiday period under the Inland Revenue Act commencing from either the first (01st) year in which the Project Company makes taxable profit of five (05) years after commencement of commercial operations, whichever falls first. Thereafter, there will be concessionary tax rate of twenty five per centum (25%) for a period of ten (10) years immediately succeeding the last date of the Tax Exemption period. After the expiration of the concessionary tax period, income tax in respect of the profits and income will be payable in terms of the Inland Revenue Act. The Project Company shall be exempted from the payment of withholding tax, on interest paid on foreign loans obtained for capital expenditure, on technical fees paid to consultants employed in the Project, on management fees, royalty payments and marketing fees.

- (ii) Provided the management fees will not exceed three per centum (3%) of gross operating revenues/royalties, marketing fees will not exceed one point five per centum (1.5%) of gross operating revenue.
- (iii) The tax on dividends distributed to shareholders out of profits shall be exempted from income tax during the said fifteen (15) years of tax exemption period and one year thereafter.
- (iv) A five (05) years tax exemption from PAYE tax shall be applicable for a maximum number of twenty (20) expatriate staff of the Project Company.

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

The payment of Value Added Tax (VAT) on the importation of project related goods and the local purchases of Project related goods and services, including the payments payable to sub contractors approved by the Project Company shall not be applicable during the Project Implementation period of ten (10) years.

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

Shall not be applicable on all items imported for implementing the Project (whether directly imported by the Project Company or sourced through contractors approved by the Project Company) during the Project implementation period of ten (10) years.

(d) *Finance Act, No. 5 of 2005*

The payment of construction industry Guarantee Fund Levy shall not be applicable for the Project Company or a sub contractor during the Project Implementation period of ten (10) years.

(e) *Economic service charge (ESC) Act, No. 13 of 2006*

Shall not be applicable for the payment of ESC unto the end of the tax holiday period

(f) *Exchange Control Act, No. 24 of 1953*

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

(g) *Customs Ordinance (Chapter 235)*

Exemption from Customs Duty will be applicable to all imported/local purchases of Project related items and materials required for the Project in the name of the Project Company.

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

On this 5th day of February 2013,
Colombo.