



INFORMATION TECHNOLOGY

Sector



The Board of Investment of Sri Lanka

Overview

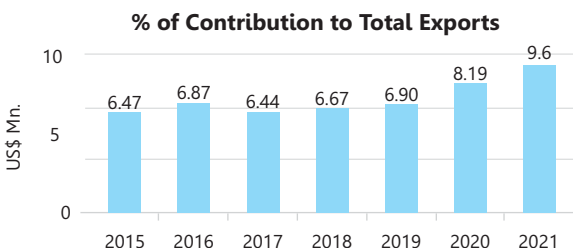
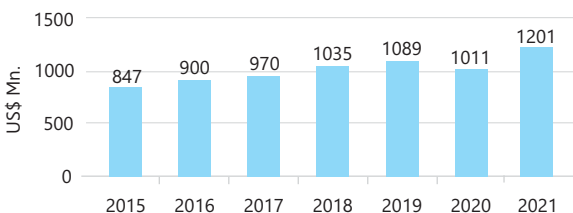
Sri Lanka has gained global recognition as a centre for delivering IT as well as an emerging knowledge service industry. The island is steadily transforming itself into the most preferred ICT hub in Asia thanks to the availability of the most precious resource in the world- talent. Today the industry offers professional services in a full range of IT products, IT development and maintenance to innovative solutions for all.

Sri Lanka's knowledge services industry is the fifth largest export earner for Sri Lanka in 2019 with over 80,000 employees engaged in the industry. The knowledge solutions industry has been identified as a thrust industry and targets US\$ 5 Billion of exports while creating 200,000 new jobs and 1,000 startups by 2022.

Key Facts

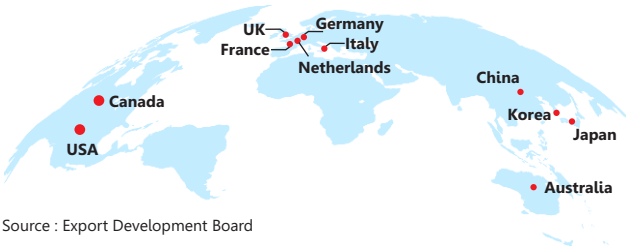


Export Performance



Source : Export Development Board, Central Bank of Sri Lanka

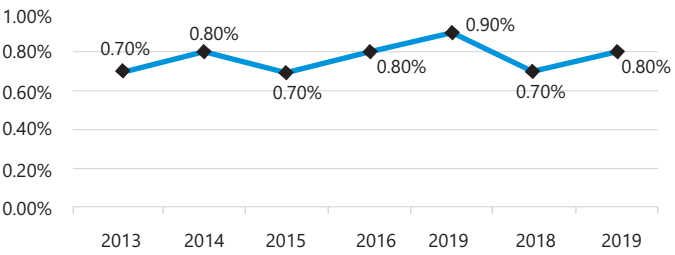
Major Export Destinations



Source : Export Development Board

Workforce

Employment by Industrial Category (Information & Communication) : as % of total workforce



Source : Central Bank

Rankings

- 2021 - 78th position in Networked Readiness Index (NRI) out of the 139 countries
- 2020 - 101st place on Global Innovation Index (GII) based on 81 indicators, which measure innovation in detail and provide a clear understanding of how it drives economic growth and prosperity.
- 2019 - 25th in the A.T. Kearney's Global Services Location Index (GSLI) against financial attractiveness, people skills and availability, and business environment.
- The United Nations e-Government survey ranks No 1 in South Asia in the e-Government ranking.
- Ranked on Gartner's 30 Leading Location for Offshore Services. Included among the Top 6 in Asia Pacific.
- Ranked among the top 10 emerging global destinations by Global Services Magazine.

Strengths / Advantages

- ICT sector has an average growth rate of over 17% per year.
- Sri Lanka has a niche calling for 'finance and accounting' outsourcing.
- Highly skilled workforce, a cost-competitive business environment and emerging IT and BPO/KPO sectors
- Fluent and English speaking educated labour force, with nearly 50% who have completed their higher education are trained in IT, technical and business disciplines.
- In 2013, Sri Lanka was the first South Asian nation to adopt 4G technology, and the country has some of the lowest data tariffs in the world. With the SEA-ME-WE-5 system, the latest upgrade to the fiber-optic cable in the SEA-ME-WE series capable of carrying 24 Tbps, Sri Lanka has now been connected to its first 100 Gbps-plus submarine.
- Sri Lanka has eight telecom operators and is connected globally with three international submarine cables providing ample redundancy. Broadband, Leased-line and Satellite connectivity are widely available.
- Sri Lanka is the first country in South Asia to trial 5G technology and was also the first in commercially launching 4G-LTE network.
- The Telecommunications Regulatory Commission (TRC) of Sri Lanka also provides special access facilities to IT and BPM companies enabling easy import of equipment and commissioning of international connectivity
- Sri Lanka offers a rapidly growing workforce which is highly adaptable, English speaking and committed to high-quality delivery.
- The IT and BPM industry in Colombo and the workforce is growing at over 20% year-on-year.
- IT industry in Sri Lanka is comparatively cost competitive and has a lower upward wage pressure than many established global sourcing destinations.



Benefits to Investors

Fiscal Incentives

Incentives on Remittance Tax

Standard Remittance Tax - 14%

A non-resident person or entity which retains the total income earned in Sri Lanka for a minimum period of three year succeeding the year in which the income is earned, and invests the same in Sri Lanka for the following methods is entitled to a 0% remittance tax rate.

- To expand its business
- To acquire shares or securities from the Colombo Stock Exchange
- To acquire any treasury bill, treasury bond or Sri Lanka International Sovereign Bond issued on behalf of the Government of Sri Lanka

Exemption from Other Taxes and Levies

- Customs Duty Exemptions; Importation of Project Related items for Export oriented companies - life time of the project
- Port and Airport Levy (PAL) Exemptions; Importation of raw materials (Export-oriented companies) for the life time of the project.
- CESS Exemptions; Importation of raw materials (Export-oriented companies) for the life time of the project.
- VAT Exemptions; Information Technology enabled services as shall be prescribed, commencing on or after January 1, 2020

Non-Fiscal Incentives

Foreign Equity

100% foreign ownership permissible except for Pawn broking, Retail trade (where a capital contributed by a person resident outside Sri Lanka) with a capital of less than five million USD and Coastal fishing.

Repatriation of Earnings

All income, proceeds on sale of the investments can be repatriated through an Inward Investment Account opened by the Investor

Investment Opportunities

BPO

Financial, legal, Engineering, medical, insurance, business integration, HR & other professional services, transaction processing, document management, call centre services, & front office services.

KPO

Investment research, data processing & analysis and market research

Software Development

Application development & maintenance, database development services, web designs & development, web hosting, distance learning & E-commerce services

Global Presence in Sri Lanka



LSEG



virtusa

WSO₂



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