



# SRI LANKA

## Investment Guide



Board of Investment of Sri Lanka



# Investment Guide

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## Sri Lanka : Asia's Most Preferred Investment Destination

Located in the Southern tip of the Bay of Bengal, at the epicentre of the 21<sup>st</sup> century maritime silk route, cross cutting major sea and air trade routes and Sea Lines of Communication from Far East to Africa, Sri Lanka's strategic positioning plays a major role in attracting investors and tourists alike. Its scenic beauty, natural resources and hospitality radiating beyond its boundaries, extend to far corners of the world. Making it to CNN best travel destinations for the third time in 2022, Sri Lanka has become one of the most enticing destination to enjoy the blissful warmth, great company and generosity. Sri Lanka, with its natural beauty; endowed natural, human and intelligence resources; quality of life; connectivity and flexibility; along with investor friendly climate makes it the most preferred investment destination in Asia, by a long yard.

The island gifted with its scenic beauty, unique and rich natural resources and minerals, well-nourished hundreds of rivers nurturing one of the largest untapped ocean regions in the world, instinctively enhances the attractiveness of Sri Lanka as a plausible investment destination for resource centric investments.

The economic growth of the country in comparison to other regional parallels has been maintained over the years and the fast-paced infrastructure developments will upgrade the already high quality of living. Standing tall as the fastest growing middle-income economy in the region, Sri Lanka

strives to become an upper-middle income country by the end of 2025. The changing skyline and the promising infrastructure provide investors with a commendable quality of life with access to world class education, health, banking and other residential facilities. Ranked at number 72 at the Human Development Index - highest rank achieved by a South Asian country, the inherent generosity coupled with its accommodative nature and favourable weather conditions around the year, offer a wide range of incentives and other benefits for its investors.

Being the first and foremost country to liberalize its economy in South Asia, Sri Lanka ensure and guarantee safety and stability of investments through its Constitution and legal framework. Further, with over 26 Bilateral investment protection agreements and over 45 Double Taxation Avoidance agreements signed, Sri Lanka provides investors with much sought after security and market access. The country also has preferential market access under the Free Trade Agreements signed with India and Pakistan providing 100% duty free access to over 4,200 products under both FTAs. The UK, US and EU GSP Schemes along with the regional trade agreements to which Sri Lanka is a partner country to, such as APTA and SAFTA, provide a wider market access with attractive tariff concessions.

# Key Socio- Economic Indicators (2021)

## "Sri Lanka; Asia's next growth heaven"

### Demography

Population : 22.2 Mn.

Age Distribution ('000) :

- 0-14 years : 5,596

- 15-64 years : 14,823

- 65 years and over: 1,737

Human Development Index (2019) : 0.782

Rank among 189 countries : 72

Literacy Rate : 93% Adult literacy rate

### Labour Market

Labour force : 8.6 Mn.

Labour force participation Rate : 49.9%

Employment

Employed persons ('000) : 8,114

- Agriculture : 27.3%, Industry : 26%, Services : 46.7%

Unemployment : 5.1% of labour force

### External Trade

Export : US\$ 12,499 Mn.

Import : US\$ 20,637 Mn.

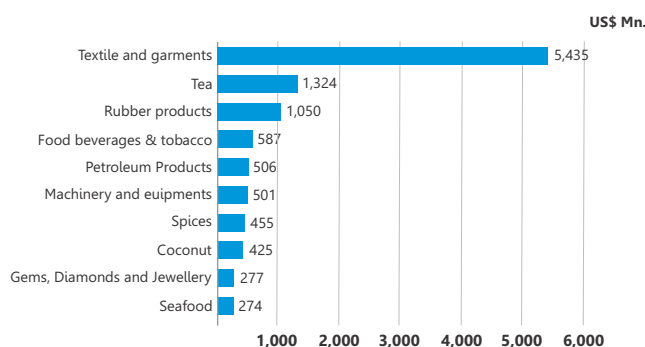
Trade Balance : US\$ (8,139) Mn.

### National Output

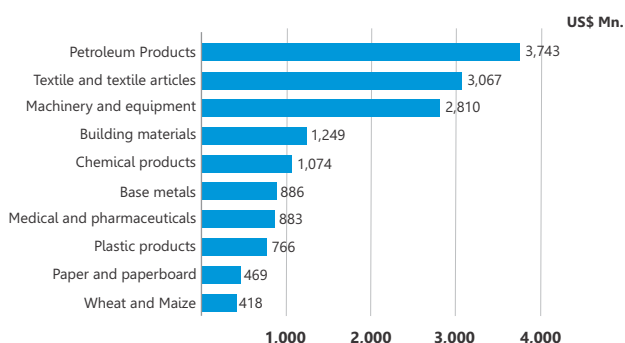
GDP Value : US\$ 84.5 Bn.

GDP Per Capita : US\$ 3,815

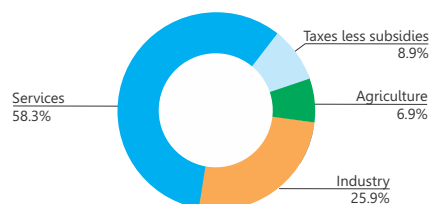
### Major Export Products



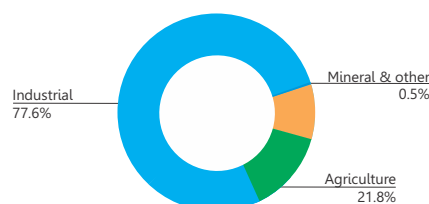
### Major Import Products



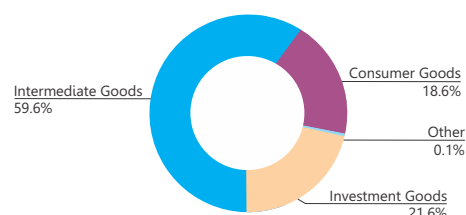
### National Output, Expenditure & Income



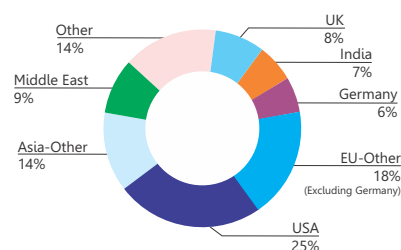
### Composition of Exports



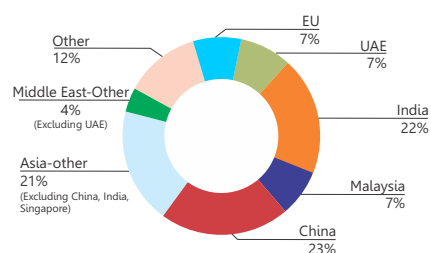
### Composition of Imports



### Export by Destination



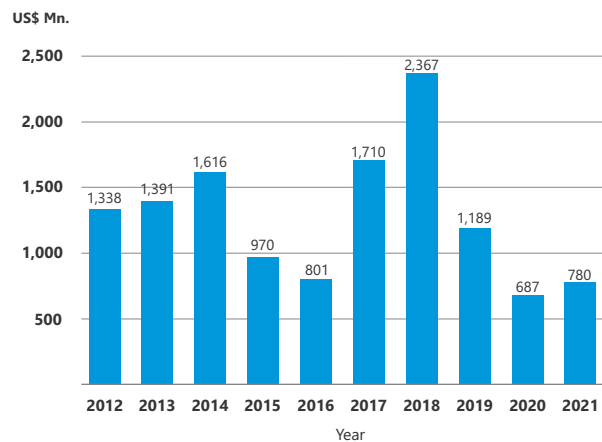
### Import by Destination



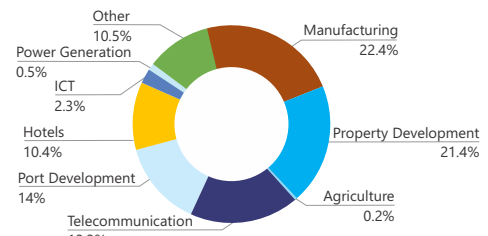
Source: Central Bank of Sri Lanka

# BOI Performance (2012 - 2021)

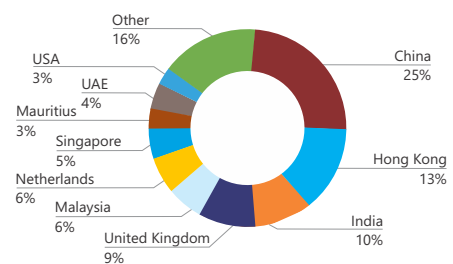
## Investment Highlights



## Cumulative FDI by Sector

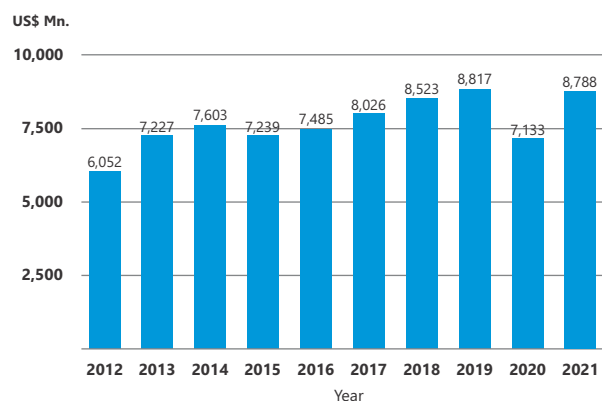


## Cumulative FDI by Sourced Countries

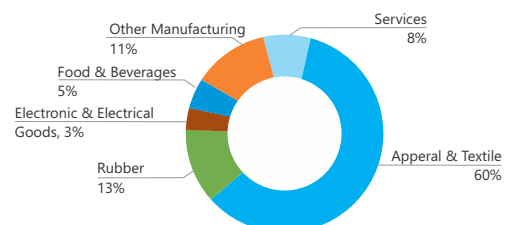


## BOI Exports

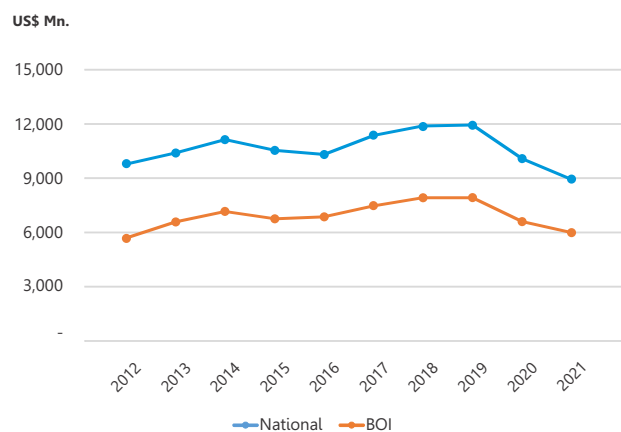
### Exports by BOI Companies



## Sector wise Exports by BOI Companies (2021)



## BOI contribution to National Exports



# Why Invest in Sri Lanka



## Strategic Location

- Strategically located at the crossroads of major shipping routes.
- Uniquely situated in the backdrop of the Indian subcontinent and within the closest proximity to the international ocean routes that link from Asia to Europe.
- Proximity to the Indian sub-continent positions the country as a gateway to a market of 1.3 Bn. people.

## Educated & Adaptive Workforce

- Sri Lanka ranks 1<sup>st</sup> in South Asia's literacy rate.
- 2<sup>nd</sup> most literate population in the Indian subcontinent
- "1<sup>st</sup> in South Asia in Human Capital Index : Flexible and trainable workforce"
- Highly versatile and skilled workforce which is cost competitive, highly productive and bilingual
- Majority of the Sri Lankan workforce consists of highly qualified professionals having extensive experience in numerous fields such as information technology, manufacturing, finance and accounting, fashion design and law
- 2<sup>nd</sup> largest CIMA pool in the world.
- 30,000 graduates per year.
- 100,000 Tertiary & Vocationally trained students per annum.

## Fast Developing Infrastructure

2<sup>nd</sup> in the region for Quality of Infrastructure in Global Competitiveness Index 2019.

### Sea Ports - Two cargo handling sea ports

#### Colombo Sea Port

- 1<sup>st</sup> in South Asia / 22<sup>nd</sup> in the World - WB and S&P Market Intelligence - 2022
- 17<sup>th</sup> best connected port - Port Liner Shipping Connectivity Index (1st Quarter 2022- UNCTAD)
- 24<sup>th</sup> best TEUs throughput - Lloyds List Top 100 Ports
- 3 Terminals with 11 berths with 12-18m depth (JAYA, SAGT, CICT)
- West Terminal under construction with 3 berths with 18m depth

#### Hambantota Sea Port

- Declared as a Free Port.
- Operates across a number of business sectors, namely, Roll-on/Roll-off (RO-RO), Container Cargo, Conventional Cargo, Dry Bulk Cargo, Breakbulk Cargo, Project Cargo, Liquid Bulk Cargo (LPG, LNG), Petro Chemicals, Marine Bunker Fuel and Cruise Terminals.
- Handles 1.8 Mn. tonnes of LPG and dry bulk cargo per year.
- 10 berths with 17 m depth.
- Additional 2 berths dedicated for oil bunkering.





## Highways/Expressways

- Colombo-Katunayake Expressway : 25.8 km linking Bandaranaike International Airport and the capital of the country.
- Outer Circular Highways : 18.9 km located in the Colombo metropolitan region.
- Southern Expressway : 222 km connecting Mattala airport and Hambantota sea port to the Commercial Capital, Colombo.
- "Central Expressway Project" ongoing project - 170 km.

## Airports

### Colombo Airport

- 100 destinations in 47 countries in Europe, Middle East, South Asia, South East Asia, Far East & North America.
- Over 60,000 International Aircraft movements per annum.
- Over 10 Mn. passenger movements per annum.
- Cargo handling over 250,000 MT per annum.

### Mattala Airport

- Capacity to handle 1 Mn. passengers.
- Over 80% transshipment of total container throughput.
- Expected to handle 5 Mn. passengers, 50,000 tons of cargo and 6,250 air traffic operations per annum by 2028.

### **Telecommunication**

- 1<sup>st</sup> South Asian country to launch 5G mobile network in 2022.
- Multiple submarine cables for reliable connectedness.
- National fibre network (45,000 km) linked to numerous international cables.

### **Electricity**

- 100% accessibility compared to the world average of 85.68%.
- Achieved a grid connectivity of 98%, which is relatively high by South Asian standards.

### **Commercial Banks**

- Well established banking system with 24 Licensed Commercial Banks and 12 Foreign Commercial Banks.



## Quality of Life

Sri Lanka is truly a great place to live and a great place to work. A country of many facets, it offers a spectrum of experiences, people and places that awaits to be discovered. For those who choose to make Colombo their home, a cosmopolitan living environment awaits. Social life is never amiss in this city, with abundant nightlife, world class shopping, theatre, cafes, art and a host of star class hotels that dot the island.

The expatriates and their families will enjoy a quality living environment in Sri Lanka with comfortable housing, good healthcare and medical facilities, excellent educational institutions with international standards, and world-class recreational sites.

Leading International Schools that provide quality education for the children of expatriates includes; Asian International School (AIS), British School in Colombo (BSC), Colombo International School (CIS) and Overseas School of Colombo (OSC).

There is a wide selection of comfortable housing in Sri Lanka including luxury condominium apartments ideal for expatriates. Internationally recognized institutions of the Healthcare market have chosen Sri Lanka as a destination for health tourism. A dozen of private and public hospitals with state-of-the-art medical facilities are operating in Colombo and in all other main cities. It offers revolutionized private hospitalization and health-care facilities. A pre-hospital care ambulance service; 1990 Suwasariya Ambulance Service, is also available covering the Western Province and Southern Provinces free of charge.

Eight UNESCO World Heritage sites, a salubrious climate in the central hill country, 250 acres of botanical gardens, 15 Wildlife and Nature reserves and miles of pristine beach, are concentrated within a mere 645,610 km<sup>2</sup>. Sri Lanka is renowned for its varied biodiversity fauna and flora.



## Access to Key Markets

### Bi-lateral Trade Agreements

#### ISFTA

##### Indo-Lanka FTA

- 100% duty free market access for 80% of the total product tariff lines.
- Margin of tariff preferences and quota for 15% of the total product tariff lines.

#### PSFTA

##### Pakistan-Sri Lanka FTA

- 100% duty free market access for 80% of the total product tariff lines.

#### SSLFTA

##### Singapore-Sri Lanka FTA

- First comprehensive trade agreement of Sri Lanka and includes investments & services beyond trade in goods.
- Expected substantial increase in investments and trade in services utilizing the provisions of this agreement.

### Regional Trade Agreements

#### SAFTA

##### South Asian Free Trade Agreement (SAFTA)

- Tariffs preferences to a level between 0-5% on all products other than sensitive products.

#### APTA

##### Asia Pacific Trade Agreements (APTA)

The APTA member countries have offered the Margin of Preference (MOP) for Sri Lanka as follows;

Country	Duty Concession MOP	No. of HS Codes
India	5% - 100%	3,142
South Korea	20% - 50%	2,797
China	5% - 50%	2,191
Laos	10% - 38.5%	999
Bangladesh	10% - 70%	598

### GSP and GSP+

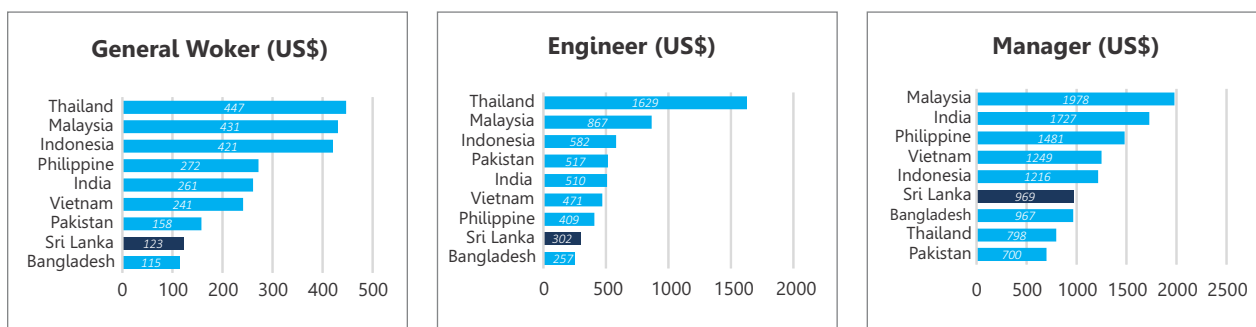
List of Products	General System of Preference (GSP)	GSP+ Arrangements
<b>Products Covered</b>	<b>6,350 products</b>	<b>6,400 products</b>
Sensitive products	<ul style="list-style-type: none"> <li>• 3.5% flat-rate reduction on ad valorem duties</li> <li>• 30% reduction on specific duties</li> <li>• 3.5% flat rate reduction where duties are composed of both ad valorem and specific duties</li> <li>• 20% reduction for textiles and textile articles</li> </ul>	Duty-free entry (where duty is composed of both ad valorem and specific duties, the total tariff paid amounts to the specific duty)
Non-sensitive products	Duty Free entry	Duty Free entry



## Competitive Wage Rates

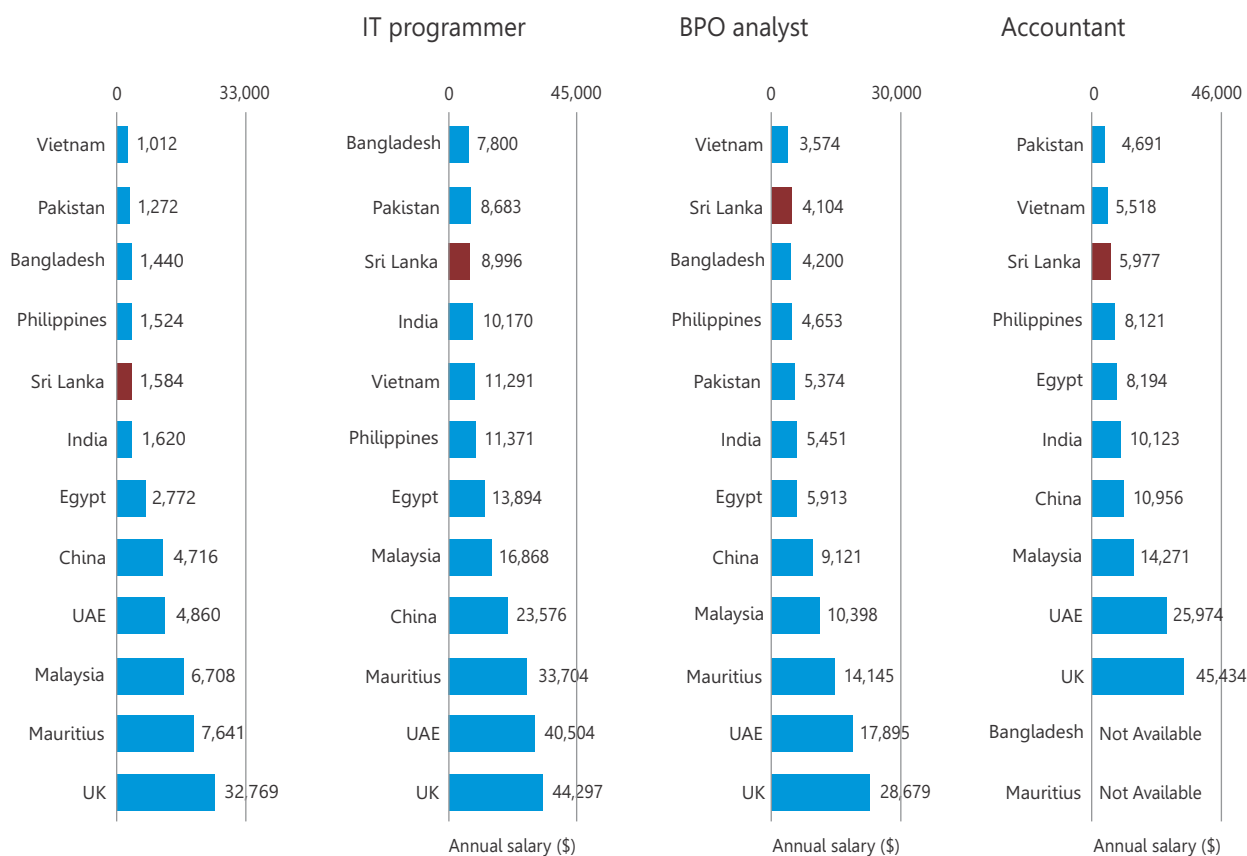
In following wage rates in three different categories, Sri Lanka is the lowest compared to its regional peer countries.

### General Wage Rates - Manufacturing Sector (Per month)

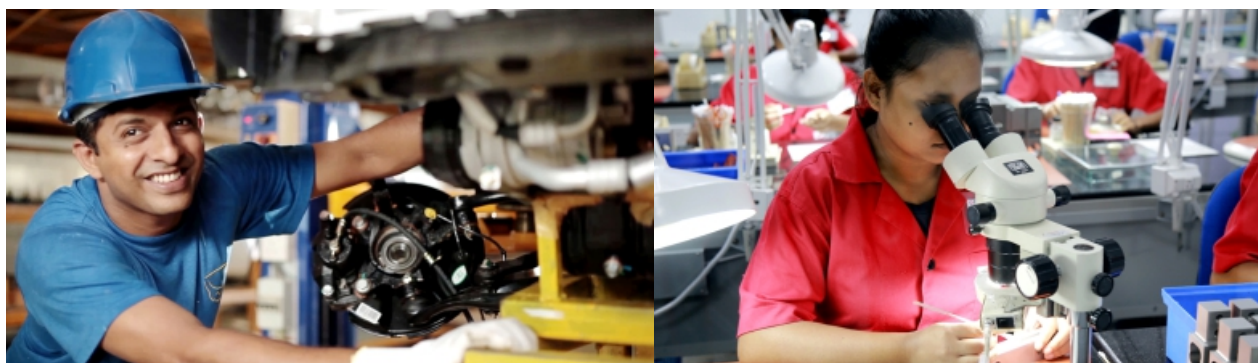


Source : JETRO Survey 2021

### Annual Average Wage Rates - ICT Sector (US\$)



Source : SLASSCOM





# IFC

## INVESTOR FACILITATION CENTRE

The Investor Facilitation Centre (IFC) of BOI is currently in operation at the 27th floor, West Tower of the World Trade Centre (WTC) located in the heart of Colombo, Sri Lanka. This aims to provide an efficient service to investors while streamlining the investment approval process and strengthening interagency coordination.

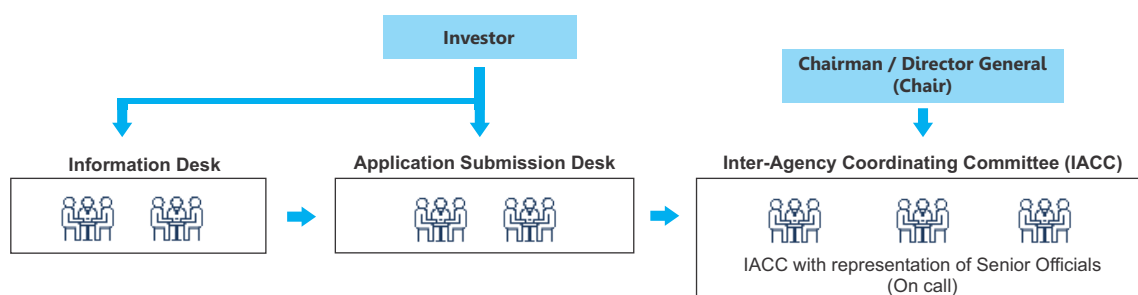
### Background

As the BOI is geared towards promoting Ease of Doing Business and facilitating investor touchpoints, BOI makes every effort to ensure that investors engage in businesses in a friendly and favorable environment.

As such, the very reason behind setting up a dedicated center is to offer a one-stop-shop experience for investors that will eventually eliminate hindrances and inconveniences enabling them to feel comfortable in what they do in Sri Lanka.

### Structure of IFC

The following units are operating under the IFC;



- **Information Desk** coordinates one-to-one meetings with necessary officers to provide the required information for walk-in potential investors.
- **Application Submission Desk** assists potential investors to complete and submit the investment/site applications of investment projects to BOI
- **Inter-Agency Coordinating Committee (IACC)** is responsible for expediting the line agency approval process for investment projects which requires intensive institutional clearances

Meanwhile, IFC has been set up in a well-organized manner making things comfortable and convenient for investors while it provides them with essentials such as a meeting room, information and application submission desks, computers, furniture, tele-equipment etc.



# PARTNERSHIP FINDER

## "PARTNERSHIP FINDER" to help investors find new business partners

The Board of Investment (BOI) has launched the "Partnership Finder"(PF), a new strategic initiative to attract investments and facilitate business partnerships between existing investors in the country and new entrepreneurs & innovators with novel ideas.

### Purpose

Through the PF, the BOI hopes to explore possibilities of linking companies/ individuals with similar business interests, in order to promote joint ventures and collaborations for further business development. New innovators would also be able to provide details of innovative ideas as per the category relevance.

### Steps to follow

The database will consist of the companies' details according to the business categories such as Agriculture, Apparel, Infrastructure, Knowledge Services, Manufacturing, Services, Tourism & Leisure and Utilities.

- Click on the 'Go' button as you reach the [www.investsrilanka.com](http://www.investsrilanka.com)
- Sign up to create an account by adding relevant details
- Log in using username and password
- Create your profile as a company or investor by clicking button at the right corner
- Registered Company/Investor can find the suitable local or foreign partners



**Register Now**

## **Facilitating project approvals**

### **Committees to Assist Investors**

The BOI has in place several initiatives to reduce the time taken for approval processes and to resolve investor issues efficiently, thereby assisting investors to navigate the necessary administration processes in the shortest possible time. These consist of several committees/departments which meet at regular intervals to accommodate investor needs, with the sole purpose of expediting projects.

- Project Screening Committee

This committee which consists of cross functional representations of the BOI immediately screens all investment applications jointly across all relevant departments to grant approval in an expeditious manner.

- Land Allocation Committee

All proposals that require BOI lands are evaluated according to technical and financial criteria by the Land Allocation Committee for the purpose of ensuring proper use of zonal lands increasing the utilization rate.

### **Environment Clearance**

The BOI is concerned with the importance of striking a balance between development and environment - where commitment to protect the natural environment goes hand in hand with industrial development.

In this context, BOI assist investors by way of;

- Granting environmental approvals for projects.
- Issuing Environmental Protection Licences.
- Investigating public complaints concerning the environment and recommending suitable mitigatory measures.
- Executing the functions related to Environmental Impact Assessment procedures under the EIA regulations in instances where the BOI acts as the Project Approving Agency.
- Making recommendations for chemical imports.
- Providing advice and guidelines for investors in industrial siting and pollution control including waste treatment & disposal.
- Carrying out post compliance monitoring.
- Liaising with other agencies, organizations and departments in activities related to Natural Resources Management, Environmental Pollution Control, complying with international environment related conventions.

The environmental approval procedure in respect of BOI projects are in accordance with the National Environmental Regulations made under the

provisions of the National Environmental Act (NEA) of Sri Lanka. This procedure is executed by the BOI in consultation with the Central Environmental Authority (CEA), which is the authorized body in Sri Lanka for the implementation of the National Environmental Act and its Regulations.

### **Site Approval**

Before signing on agreement with the BOI, the investor is supposed to obtain an approval for the proposed site from the BOI. The approval process includes a site inspection and a brief study about the environmental impacts on future projects and vice versa, a letter confirming the suitability of the site is issued to the investor. This is a prerequisite for signing the Agreement, with the BOI on the project

### **Building Plan Approval**

After signing the agreement, and before commencing construction at the site, it is required to obtain an approval for the building plans from the Engineering Approvals Department of BOI. "BOI Guidelines for Factory Building", explains in detail the submission requirements and other information, the investor need to know this regard.

### **Legal Services**

BOI provides advice to investors with regard to legal aspects in granting approvals to projects in relation to matters such as company incorporation and connected documentation; and company related corporate affairs; land matters impacting approvals; labor law related advice; and advice on other connected applicable laws impacting BOI enterprises as well as in connection with foreign direct investments into Sri Lanka.

### **Visa Facilitation**

Being the National Investment Promotion Agency, the Board of Investment (BOI) plays a vital role in facilitating companies to enhance the smooth operation of doing business in Sri Lanka. As such, BOI recommends the visas for investors, directors, senior management along with their dependents and skilled workers under identified categories, to the issuing authority, the Department of Immigration and Emigration.

## **Type of visa recommendation**

- Entry Visa / Multiple Entry Business Visa
- Residence Visa
- Extension of Residence Visa
- Temporary Visa (maximum 03 months only)

Investors and expatriate employees should arrive in Sri Lanka using Entry Visa and within one month from the date of arrival to the country, Entry Visa needs to be converted to Residence Visa with the recommendation of BOI.

If the applicant leaves the country within the Entry Visa period (One month), no provisions are available to convert the same Entry Visa to Residence Visa, unless a fresh Entry Visa application is submitted.

Temporary Visa will be recommended for contracted technical workers (expatriates) for a period of 3 months for specific assignments after evaluation of such activities.

## **Aftercare Service**

### **Import/Export Facilitation**

The Board of Investment of Sri Lanka, structured to function as the central facilitation point for investors, is also responsible for permitting imports and exports of projects under section 17 of the BOI Law as well as providing other investor related services.

- Processing Import/Export CUSDECs

Enterprise who has signed an agreement under section 17 of the BOI Law, is required to register in the ASYWORLD Customs Clearance System at the Investor Services Department. After registration, the BOI projects are permitted to submit its import export Customs Declaration (CUSDECs) through the ASYWORLD Customs Clearance System online. ASYWORLD is a web-based application system to submit import export customs documents at any given time.

\*At present, a new procedure has been launched for submission of import/export CUSDECs for clearance through a paperless system, without physically coming to the BOI office.

- Verification of Import/Export Cargo

The BOI has two verification terminals to cater to the requirement of enterprises located outside the Export Processing Zones, namely Central Verification Terminal (CVT), Orugodawatta and Air Cargo Terminal (ACT), Katunayake. In addition to

that, the enterprises located in the Export Processing Zones can get their cargo verified at the respective zone in which the company is located.

\*Green Channel Facility - Investors who are qualified under green channel facility could verify their cargo through a shorter & smooth process than the normal verification process.

- Issuing of Certificate of Origin for Textile and Apparel Products

Certificate of Origin for export of textile and apparel products to EU countries will be issued by the relevant BOI service centers.

Approval for Sub Contracts, Transfers, Local Sales & Loans of Raw Materials and Machinery Approvals will be issued by the respective Investor Services Centers for the above-mentioned purposes and the respective application forms can be downloaded from the BOI website.

- Processing of Web Submission for IT/BPO Projects

This facility has already been introduced to the BOI approved enterprises classified under BOI product category of "services"; those who are not providing CUSDECs for the export of services.

- Processing and Approving of GRN for Indirect Exports

BOI enterprises, who are involved in indirect exports, are permitted to sell their manufactured items/provide services to another BOI approved direct exporter or a non BOI exporter coming under the Temporary Importation for Export Processing (TIEP) scheme of Sri Lanka Customs, who are entitled to purchase their raw materials/services on duty free basis.

- Approval for clearance of goods from bonded warehouses
- Approving of re-import and re-export of items
- Liaising with government organizations in respect of import/export issues faced by the BOI enterprises.

## **Zone Management**

The BOI focuses on providing central facilitation to investors operating within BOI Zones by providing all industrial related services efficiently and effectively from a single location which enables industries to operate smoothly.



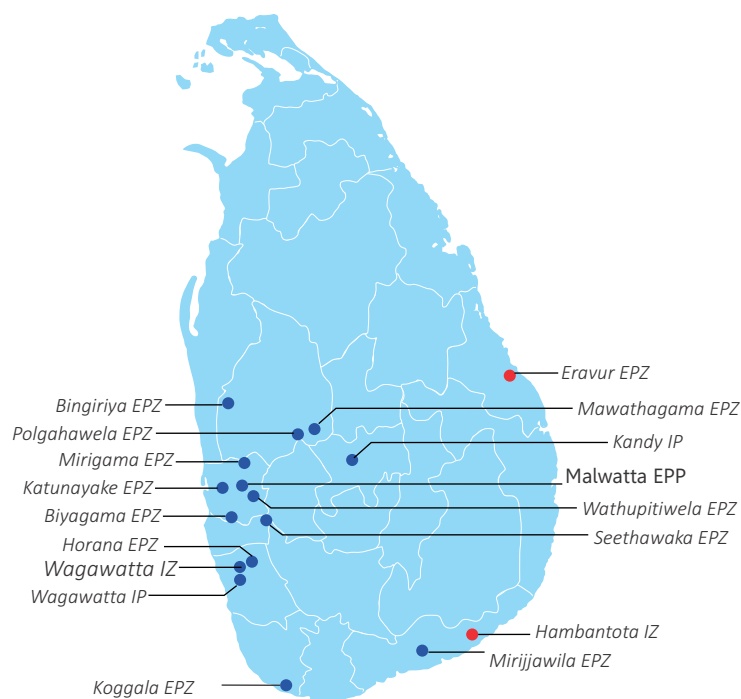
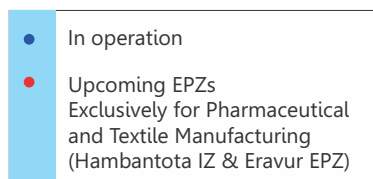
## Export Processing Zones

**15 EPZ** in operation

**280** companies in operation

**>135,500** employment

**US\$ 3 Bn.** annual exports revenue



## BOI Zone Details

EPZ/IP/IZ	Distance to Katunayake Intl. Airport (km)	Distance to Port of Colombo (km)	Distance to Hambantota Port (km)	Total Land Extent (Acres)	Enterprises in Commercial Operation
Katunayake EPZ	3	33	232	514	80
Biyagama EPZ	39	22	208	450	54
Koggala EPZ	160	139	122	227	19
Kandy IP	116	130	248	195	14
Wathupitiwala EPZ	30	41	203	123	16
Mirigama EPZ	37	66	220	260	09
Malwatta EPP	26	37	207	33	05
Mawathagama EPZ	85	106	249	54	07
Polgahawela EPZ	65	91	229	65	05
Horana EPZ	78	59	221	392	22
Mirijawila IP	218	221	14	566	05
Seethawaka EPZ	57	49	177	431	23
Wagawatta IP	78	59	221	76	03
Wagawatta IZ	78	59	221	223	02
Bingiriya EPZ (Phase I)	50	78	333	164	03
					<b>271</b>

EPZ- Export Processing Zone, IP - Industrial Park, IZ - Industrial Zone

As at 31st December 2021

### Services provided by BOI in zones

- Approval and facilitation for Export / Import Documentation & Recommendation of the expatriate visa
- Engineering approvals such as building plans, site clearance, issuance of certificate of conformity & provision of dedicated infrastructure facilities such as centralized water and sewerage treatment facilities
- 24 x 7 Cargo Verification
- 24 x 7 fire service with firefighting, monitoring & advisory services
- 24 x 7 overall security coverage
- Environment monitoring, facilities, leisure parks - International transport facilities, bus terminals
- Centralized solid waste handling mechanism
- Provision of lands for prospective projects

### Services provided by other State Agencies

- Free healthcare facilities for workers
- Meditation & Counseling Centers
- Sri Lanka Customs services
- Ambulance service

### Available commercial facilities

- Commercial Banks
- Industrial Waste Handling & Disposal Facility
- Freight Forwarding & Container Yard
- Postal Service
- Insurance
- Cab and transport facility

## Industrial Labour Relations

Labour laws of the country are applicable to all enterprises, including BOI enterprises, and the Ministry and the Department of Labour are responsible for labour administration functions, including labour law enforcement and Industrial Relations.

The Board of Investment of Sri Lanka promotes and facilitates labour management co-operation and industrial harmony in the enterprises coming under its purview and towards that end, provides advisory services and guidance to employers and employees through its Industrial Relations Department. Officers from this department will offer advisory services and guidance to employers and employees on all aspects in the area of industrial relations. Enterprises should bring to the notice of the department any apprehended or existing disputes or problems faced by them in this area so that they could be attended to promptly with a view to speedy settlement by the appropriate authorities.

The Labour Standards and Employment Relations Manual issued by BOI lays down good Industrial Relations principles and practices and sets out the basic terms and conditions of employment to be observed by BOI enterprises operating both within and outside the Export Processing Zones of Sri Lanka.

All BOI enterprises are expected to observe the Industrial Relations principles and practices laid down in the Labour Standards and Employment Relations Manual, the provisions of the relevant labour laws and terms and conditions of employment no less favourable than the basic standards set out in this Manual. They are also required to maintain a healthy and harmonious industrial labour relations climate conducive for higher efficiency and productivity.

### Services provided by the Industrial Relations Department

#### 1) Provide Advisory Services

- Distribution of Labour Standard & Employment Relations Manual.

- Issuance of clarifications / opinions on IR related matters.
- Organizing discussion / meeting / workshops for sharing the knowledge.

#### 2) Monitor the Compliance of Labour Standards by BOI Enterprises

- Conducting routine Labour inspection.
- Verifying the project status prior to granting special facilities. e.g: Visas for expatriates, green channel facility etc.
- Sharing information with liaison authorities.
- Investigation into complaints / grievances of employees.

#### 3) Promote Social Dialogue

- Facilitate to form and operate the Employees' Councils.
- Harmonizing and mediating the trade union activities.
- Encouraging to implement ILO Core Labour Standards.

#### 4) Facilitate to maintain a productive labour force

- Facilitate to meet the manpower requirement through job placement centres (Job Banks).
- Organizing the programme / workshop to educate the employees on positive thinking / Industrial Safety and Health Services etc.,
- Encourage to offer special career development programme for the employees (e.g. Foreign training).
- Facilitate to resolve the industrial disputes speedily.
- Establishment of Day Care Centres in EPZs for the children of EPZ employees.

The BOI is also committed to promote the application of the principles undertaking the Global Compact and related International Labour Standards by the employers

in the BOI enterprises, both within and outside Export Processing Zones. Accordingly, Labour Standards and Employment Relations in the BOI enterprises will be governed, inter alia, by the following policies and principles;

- Respecting the right of the workers to form and join trade unions of their own choosing.
- Respecting the right of the workers to bargain collectively through their trade unions, or in the absence of a trade union, through other organization or body consisting of their elected representatives in the workplace.
- Affording protection to workers' representatives and trade union officers against any act prejudicial to them, including dismissal based on their status or activities as workers' representatives.
- Eliminating forced or compulsory labour.
- Abolishing child labour.
- Eliminating discrimination in employment, occupation and remuneration against workers on such grounds as race, sex, religion, political opinion.
- Ensuring stability in employment.
- Providing safe and hygienic working conditions.
- Establishing appropriate machinery for consultation and co-operation between elected representatives of workers and employers on matters of mutual concern.
- Establishing grievance procedures for the examination of workers' grievance.
- Offering fair wages and benefits and conditions of

employment to workers.

- Eliminating harsh and inhuman treatment of workers.
- Eliminating excessive working hours and overtime work.
- Affording appropriate facilities to workers' in the undertaking to carry out their functions promptly and efficiently.
- Formulating effective communication policy within the workplace to promote rapid dissemination and exchange of information relating to various aspects of the undertaking and to the social conditions of the workers.
- Providing advisory services on labour and industrial relations matters to employers and employees and promoting and facilitating effective prevention and settlement of Industrial Disputes.



# Investment Climate

Sri Lanka's Investment policy is geared towards the realization of national sustainable development goals and grounded in the country's overall development strategy. Investment policy priorities are based on a thorough analysis of the country's comparative advantages and development challenges and opportunities.

In this context, the key legislations facilitating investments in Sri Lanka are;



The Board of Investment Law No. 4 of 1978 and its amendments is the principal law applicable to investments in Sri Lanka. This law established the national investment promotion agency, the Board of Investment of Sri Lanka, which is structured to function as the 'Central Facilitation point' for investors and empowered to enter into agreements with investors providing incentives to attract investments.



The Foreign Exchange Act repeals the Exchange Control Act (Chapter 423) while introducing a liberal exchange regime for Sri Lanka. Foreign exchange controls have been greatly liberalized and investors are allowed to directly deal with the banks for their transactions unless Central Bank approval is specifically needed. Free flow of transfers are allowed through Inward Investment Accounts and through Outward Investment Accounts.



The legislation was introduced in 2008 to provide and facilitate an attractive and persuasive legal and tax regime for large scale investors seeking investments that are of strategic importance to Sri Lanka. The act further streamlines the investment approval process and regulatory framework for the projects identified as Strategic Development Projects to expeditiously implement the project. A strategic development project is identified as such by the Cabinet of Ministers taking into consideration the strategic importance of the projects taking into account the inflow of foreign exchange into the country; employment and income earning opportunities, and the transformation of technology and economic landscape of the country. The act, along with its amendments in 2011 and 2013, provides for a wide range of tax and other incentives extended for projects that are identified as strategic investment that are of national interest, including extended tax exemptions for a period upto 25 years, and exceptions from the Customs Ordinance (Chapter 235).



This legislation was introduced to promote Sri Lanka as an emerging trading hub and facilitates related specific trading and services activities. Free Ports and Bonded Areas have been set up to create trade related infrastructure to facilitate Sri Lanka's import and export of goods and services with freedom to carry out transactions in convertible foreign currency.



The foreign investors are eligible to lease lands in Sri Lanka to establish their projects. A new land law was promulgated in 2014 which permitted lease of land for foreign investments and outright transfers will only be permitted when the foreign shareholding is less than 50%. The land lease period is subject to a maximum tenure of 99 years. Foreign investors are not liable to pay any lease tax when leasing a land. However condominium properties can be purchased outright with no restrictions on nationality.



This legislation has simplified the taxation law in Sri Lanka while introducing a new incentive regime for investors. While maintaining the standard corporate income tax rate at 24%, this law provides for zero rate, reduced rates of 14% and 18% for specific sectors and a higher rate of 40% for betting & gaming and manufacture of liquor & tobacco products. Enhanced Investment allowance has been offered to investors for their fixed capital investment over and above the normal depreciation.



## Improved Investment Climate

The legislative framework geared for an investor friendly investment climate elevates the attractiveness of Sri Lanka as a FDI destination in South Asia.

The existing laws with special provisions addressing foreign investment consist of

- The Board of Investment of Sri Lanka Law No. 4 of 1978
- Foreign Exchange Act No 12 of 2017
- Strategic Development Projects Act No. 14 of 2008
- Finance ACT No.12 of 2012 as amended (Commercial Hub Regulation)
- Land (Restriction on Alienation) Act No. 38 of 2014
- Inland Revenue Act No. 24 of 2017 as amended

### Exchange Control Laws Applicable for foreign Investments - (Foreign Exchange Act No. 12 of 2017)

In accordance with the Foreign Exchange Act No 12 of 2017, the Minister in charge has gazetted relevant regulations in the Extraordinary Gazette No 2213/35 dated 03-02-2021 with the Exchange Control Provisions applicable for foreign investments which read as follows;

A person resident outside Sri Lanka is permitted to Invest, acquire or hold all classes of shares or an entitlement of shares issued by companies incorporated in Sri Lanka subject to the exclusions & limitations as follows;

#### **Exclusions:-**

The permission for foreign investment shall not apply in respect of shares of a company proposing to carry on any of the following businesses:

- i. Pawn brokering
- ii. Retail trade with a capital of less than US\$5 Mn
- iii. Coastal Fishing

#### **Limitations:-**

(a) Foreign investments in the areas listed below will be approved only up to 40% of the stated capital of such a company or if a special approval has been granted by the Board of Investment of Sri Lanka for a higher percentage of foreign investment in any company, only up to such a higher percentage.

- i. Production of goods where Sri Lanka's exports are subject to internationally determined quota restrictions
- ii. Growing and primary processing of tea, rubber, coconut, cocoa, rice, sugar and spices

- iii. Mining and primary processing of non-renewable national resources
- iv. Timber based industries using local timber
- v. Deep Sea Fishing (as defined by the Ministry assigned the subject of Fisheries)
- vi. Mass Communication
- vii. Education
- viii. Freight Forwarding
- ix. Travel Agencies
- x. Shipping Agencies

(b) The permission shall apply in respect of shares in a company carrying on or proposing to carry on any of the businesses specified below only up to the percentage of the stated capital of the company, for which percentage either general or special approval has been granted by the Government of Sri Lanka or any legal or administrative authority set up for the approval of foreign investments in such businesses

- i. Air transportation;
- ii. Coastal shipping (as defined by the Ministry assigned the subject of Shipping);
- iii. Industrial enterprise in the Second Schedule of the Industrial Promotion Act, No. 46 of 1990, namely
  - any industry manufacturing arms, ammunitions, explosives, military vehicles and equipment aircraft and other military hardware;
  - any industry manufacturing poisons, narcotics, alcohols, dangerous drugs and toxic, hazardous or carcinogenic materials;
  - any industry producing currency, coins or security documents;
- iv. Large scale mechanized mining of gems;
- v. Lotteries



## Strategic Development Projects Act No. 14 of 2008

A project identified as a Strategic Development Project (SDP) would be exempted from the application of provisions of following enactments, as may be necessary to attract strategic investment, in the national interest, for a period not exceeding 25 years:

- i. The Inland Revenue Act, No. 24 of 2017
- ii. The Value Added Tax Act, No. 14 of 2002
- iii. Ports and Airports Development Levy Act, No. 18 of 2011
- iv. Customs Ordinance (Chapter 235)
- v. Sri Lanka Export Development Act, No. 40 of 1979
- vi. The Excise (Special Provision) Act, No. 13 of 1989
- vii. The Betting and Gaming Levy Act, No. 40 of 1988

A Project is identified as a SDP upon publication of gazette notification under Section 3(2) of the Act, and a notification under Section 3(4) shall be gazette granting exemptions for such a project, upon obtaining approval of the Cabinet of Ministers.

“Strategic Development Project” means a project:

- i. Which is in the national interest
- ii. Likely to bring economic and social benefit to the country
- iii. Likely to change the landscape of the country through
  - Provision of goods and services
  - Substantial inflow of foreign exchange to the country
  - Substantial employment and income earning opportunities
  - Technological transformations.



## Land (Restriction on Alienation) Act No.38 of 2014

### Salient features of the Act

#### 1. Outright Transfers

Acquisition of land by foreigners or foreign companies or Sri Lankan company with more than 50% foreign shareholding is prohibited subject to few exemptions.

The following table provides the restrictions (Section 2), exemptions (Section 3) to the law and some conditions that need to be fulfilled in this regard.

Restrictions	Exemptions	Conditions
<p>Section 2 (1)</p> <p>The transfer of Title of any land situated in Sri Lanka, shall be prohibited to;</p> <p>a) A foreigner</p> <p>b) Sri Lankan company with 50% or above foreign shareholding</p> <p>c) A foreign company</p>	<p><b>Section 3 (1)</b></p> <p>a) To <u>Diplomatic Mission</u> of another State or to an international, Multilateral or Bilateral Organization (DP Act)</p> <p>b) A <u>Condominium Parcel</u> Specified under the Approved Ownership Law</p> <p>c) Transferred to a foreign investor in consequent to a <u>Cabinet Decision</u> prior to January 1, 2013 as per an agreement structured under tax regime prior to 01-01-2013 and has ensured compliance through inward remittances</p> <p>d) Transferred by intestacy, gift or testamentary disposition to a <u>next of kin</u> (who is a foreigner) of the owner of such land</p> <p>e) To a <u>dual citizen</u> of Sri Lanka</p> <p>f) Transfer of a land to any bank with <math>\geq 50\%</math> foreign shareholding at an <u>auction</u> or execution of a <u>decree of court</u> for recovery of loans</p> <p>g) Transfer of a land to any <u>Finance Leasing Institution</u> with <math>\geq 50\%</math> foreign shareholding</p> <p>i. where such land has been <u>mortgaged</u></p> <p>ii. To <u>execute a lease</u> or</p> <p>iii. a decree of court to enforce the recovery of a loan</p> <p>h) Any land, transferred to a company with <u><math>\geq 50\%</math> foreign ownership from 01.01.2013 to 29.10.2014</u> (certification date), if such company has been in active operation in Sri Lanka for a period not less than <u>10</u> consecutive years</p> <p>i) Any land transferred on or after 1<sup>st</sup> April 2018, to a Sri Lankan Company with 50% or more foreign shareholding, listed in the Colombo Stock Exchange.</p>	<p><b>To allow transfer of land:</b></p> <p><b>Section 2 (a)</b></p> <p>Less than 50% of foreign shareholding shall be maintained for a minimum period of consecutive 20 years from the date of such transfer.</p> <p><b>Section 2 (b)</b></p> <p>When foreign shareholding of a company <u><math>\geq 50\%</math></u>;</p> <ul style="list-style-type: none"> <li>- Transfer of the land becomes null and void</li> <li>- Shareholding to be reduced to 50% within <ul style="list-style-type: none"> <li>o 12 months – listed companies</li> <li>o 6 months – other companies</li> </ul> </li> </ul>
	<p>With consultation with the Minister of Land and prior written approval of the Cabinet</p> <p><b>Section 3 (3)</b></p> <p>any foreign company engaged in international commercial operations and the land is purchased to locate or relocate its <u>global or regional operations</u> or to</p>	

## 2. Leasing of Lands to Foreigners

### Section 5 A

Notwithstanding anything to the contrary in any of the provisions of this Act, the provisions relating to the Land Lease Tax shall not apply to a lease of any land—

- (a) to a foreigner; or
- (b) to a company incorporated in Sri Lanka under the Companies Act, where any foreign shareholding in such company, either direct or indirect, is fifty per cent or above; or
- (c) to a foreign company, under and indenture of lease executed on or after January 1, 2016, and accordingly the Land Lease Tax shall not be charged, levied or collected from any such person or company on or after such date" subject to a maximum tenure of 99 years.

## 3. General Conditions

This section provides general rules applicable to lands transferred or leased under the new law and the interpretations.

### Restriction on Mortgaging (Section 11)

Any land transferred or leased to a person or a company referred to in Section 2 (1) and 5 (1) of Land (Restrictions on Alienation) Act, after the date on which the certificate of the speaker is endorsed in respect of this Act (October 29, 2014) shall not be mortgaged or pledged to any licensed bank, for a period of 5 years from the date of execution of the transfer or lease.

- (A) Lease / transfers prior to certification of Land (Restrictions on Alienation) Act  
(Section 20)

- (a) Any transfer deed to a person or a company referred in section 2(1), executed prior to January 1, 2013 and pending registration in shall be registered subject to the provisions of repealed Part VI of Finance Act, No. 11 of 1963, notwithstanding the fact that it was repealed.
- (b) Any Lease / transfer executed to a person or a company under section 2(1) or 5(1) of Land (Restrictions on Alienation) Act, from January 1, 2013 to October 29, 2014 shall be subject to the provisions of the said Act.

### Liability to pay stamp duty & other fees Section 6 (4)

The Lessee shall be liable to pay applicable stamp duty under the Stamp Duty Act, No. 43 of 1982 and any other tax or charge payable in respect of any such transactions.

### Maximum extent of land owned by a person (Section 12)

The provisions of the Land Reform Law, No. 1 of 1972, on the maximum extent of land that can be owned by any person, shall continue to apply in respect of any transfer of title or lease of a land exempted from the application of the provisions of this Act.

### Valuation of Land (Section 13)

- (a) State land – by the Government chief valuer;  
and
- (b) Private land - by a licensed valuer.  
And the total lease rental shall be calculated based on the above valuation.

### Concessions for Development Projects (Section 16)

Where a State land is transferred or leased to a project approved by the Cabinet of Ministers as a Development Project to which freehold right or leasehold right of the State land to be transferred, such project shall be granted a deduction amounting to 25% of the land value or total lease rental, determined under section 13:

Provided such Development Project shall be implemented either by (a) a citizen of Sri Lanka; or (b) a company incorporated in Sri Lanka, where the Sri Lankan shareholding is 50% or above.







## Bilateral Investment Promotion and Protection Treaties

Sri Lanka has entered into 26 Bilateral Investment Promotion and Protection Treaties (BITs) so far, providing protection to foreign investments within the country. Sri Lanka has developed its model BIT with a view of cater to the needs of covering the aspects of sustainable development principles in attracting foreign investments.

<i>Australia</i>	<i>France</i>	<i>Kuwait</i>	<i>Switzerland</i>
<i>Belgium-Luxembourg</i>	<i>Germany</i>	<i>Malaysia</i>	<i>Thailand</i>
<i>China</i>	<i>Indonesia</i>	<i>Netherlands</i>	<i>United Kingdom</i>
<i>Czech Republic</i>	<i>Iran</i>	<i>Norway</i>	<i>United States of America</i>
<i>Denmark</i>	<i>Italy</i>	<i>Pakistan</i>	<i>Vietnam</i>
<i>Egypt</i>	<i>Japan</i>	<i>Romania</i>	
<i>Finland</i>	<i>Korea, Republic of</i>	<i>Sweden</i>	

## Agreements on Avoidance of Double Taxation

Sri Lanka has entered into Double Taxation Avoidance Agreements (DTAAs) with 45 countries to eliminate or mitigate the incidence of juridical double taxation and avoidance of fiscal evasion in the international trade (or transactions)

<i>Australia</i>	<i>Germany</i>	<i>Mauritius</i>	<i>Russia</i>
<i>Bangladesh</i>	<i>Hong Kong</i>	<i>Nepal</i>	<i>Saudi Arabia</i>
<i>Bahrain</i>	<i>India</i>	<i>Netherlands</i>	<i>Seychelles</i>
<i>Belarus</i>	<i>Indonesia</i>	<i>Norway</i>	<i>Singapore</i>
<i>Belgium</i>	<i>Iran</i>	<i>Oman</i>	<i>Sweden</i>
<i>Canada</i>	<i>Italy</i>	<i>Pakistan</i>	<i>Switzerland</i>
<i>China</i>	<i>Japan</i>	<i>Palestine</i>	<i>Thailand</i>
<i>Czech Republic</i>	<i>Republic of Korea</i>	<i>Philippines</i>	<i>United Arab Emirates</i>
<i>Denmark</i>	<i>Kuwait</i>	<i>Poland</i>	<i>United Kingdom</i>
<i>Finland</i>	<i>Luxembourg</i>	<i>Qatar</i>	<i>United States of America</i>
<i>France</i>	<i>Malaysia</i>	<i>Romania</i>	<i>Vietnam</i>

# Investment Opportunities

## Key Target Sectors

### Pharmaceuticals

#### Compelling factors

- Opportunities for good quality producers in medium scale.
- High demand for high quality medical technologies and medical devices for public and private sector hospitals.
- Willing to spend on quality pharmaceutical products.
- Increasing aging population resulting in higher demand for healthcare (population over 65 years expected to grow from 9.4% of the population in 2015 to 21% by 2045).
- Strong IP protection; Neutral manufacturing location with access to US & EU markets with assured protection.
- Identified as an import substitute industry (Annual import over US\$ 500 Mn.).
- A dedicated pharma zone at Arabokka, Hambantota.
- More opportunities for Joint Ventures between regional countries and domestic partners.



#### Potential Areas

- |            |               |
|------------|---------------|
| - APIs     | - Drugs       |
| - Vaccine  | - Generics    |
| - Oncology | - Biosimilars |

### High Value Added Apparel

#### Compelling factors

- Meet global market demand for fast, high quality ethical fashion products.
- Environmental friendly factories: world's first LEED certified Platinum rated production facility.
- Ethical practices- known to the world as a producer of "Garments without Guilt" under the principles of Ethical working conditions, free of child labour, free of forced labour, free of discrimination on any grounds, free of sweatshop practices.
- International reputation as a reliable and a quality manufacturer with a highly competent, skilled and literate workforce.
- Demonstrates the best of technology in the Apparel industry, including the world's first eco-friendly "Green Garment Factory".
- Innovation focused factories which offer superior product development and design resources.
- The highest apparel exports per capita of any exporting nation in the region.



#### Potential Areas

- |              |                     |
|--------------|---------------------|
| - Lingerie   | - Active Sportswear |
| - Loungewear | - Women's Knit Tops |
| - Kids Wear  | - Swimwear          |
| - Workwear   | - Childrenswear     |

## Electronics & Electricals

### Compelling factors

- A center of excellence for electronics design and development and the industry moves towards the emerging technologies such as IoT, Robotics, Bio-medical, Analytics and to world known Research & Development.
- Progressively stepping into the global electronics value-added supply chain with products and services finding acceptance amongst the most important global market leaders.
- Skilled middle tier technology workforce and intelligent and trainable labor in conformity with the ILO requirements.
- Approximately, 2,000 engineering graduates pass out annually.
- Extensive availability of high quality minerals such as graphite, silica sand, quartz and ilmenite, which could be used as a base material for electronic products.



### Potential Areas

- Suppression Capacitors & Coils
- Transformers
- Seat Belt Sensors
- Wire Harness
- Airbag Sensors
- Electrical Panel Boards
- Power Suppliers and Inductors
- Electrical Switches and Sockets
- Telecommunication Cables
- Coil Windings
- Industrial Plugs
- Printed Circuit Boards
- Electrical Power Cables
- Antenna Cables
- Enameled Winding Wires
- IOT Devices
- LV Switch Boards
- Modular Enclosures
- Electronic Devices
- Machinery and Appliances
- Biomedical Engineering Products
- Household Appliances

## Information Communication Technology (ICT)

### Compelling factors

- Fastest growing ICT hub in South Asia.
- Currently US\$ 1 Bn exports and US\$ 3 Bn. by 2025.
- 2<sup>nd</sup> largest pool globally of UK-qualified accountants.
- 30% lower labour cost than other outsourcing destinations.



### Potential Areas

- Software Development
- IT Training/Education
- KPM/BPM
- Emerging Technologies

## Rubber Based Industry

### Compelling factors

- World largest Solid tyre exporter.
- 5<sup>th</sup> largest latex gloves exporter.
- The 13<sup>th</sup> largest rubber producer in the world.
- Total rubber production accounted for over 82,000 MT per annum.
- The main manufacturer of the best quality latex crepe rubber in the world.
- The largest exporter of latex crepe to the global market.
- The largest exporter of industrial solid tires and the fifth largest exporter of latex gloves to the world.
- Niche rubber products like solid tyres, sole crepe for shoes, and high-quality surgical gloves for the global market.



### Potential Areas

- |                   |                     |
|-------------------|---------------------|
| - Solid Tyres     | - Gaskets           |
| - Pneumatic Tyres | - Washers Seals     |
| - Rubber Tracks   | - Surgical Gloves   |
| - Compounds       | - Industrial Gloves |
| - Tubes           | - Carpets & Mats    |
| - Hoses           | - High-tech gloves  |

## Agriculture and Food Processing

### Compelling factors

- Large scale food manufactures have their own farms and farmer clusters with "Good Agricultural Practices (GAP)" & Organic Farming.
- Comply with international standards such as ISO 9000, ISO 22000, HACCP, Halal, Kosher & Organic EU.
- Constantly striving to create a greener fresh produce export image while continuing to improve crop quality, phytosanitary and organic standards & post-harvest handling procedures.
- Universities conduct advanced courses on Food Science and Technology to introduce qualified human resources to the industry.
- 1,000+ agriculture graduates from universities annually.
- The learning-oriented, dedicated expertise of farmers, and qualified staff currently engaged in the industry.
- Product developments, processing and packaging techniques, traditional skills in manpower and advanced technology ensure the makings of a perfect, high quality export range in fresh seafood.



### Potential Areas

- Fruits and Vegetables: Canned, frozen, juices, jams, pre-cut & ready made salads, dried and dehydrated.
- Processed Food: Beverages, meat products, coconut based products, bakery products, chocolates & cereal based products.
- Fish & Sea Foods : Sashimi quality tuna, tuna loins, fresh tuna steaks, tuna topping, tuna saku blocks  
Lobsters, crabs, squid, cuttlefish, shark fin, beche de-mer & fish maws, Ornamental Fish



## Hospitality and Tourism

### Compelling factors

- US\$ 8 Bn revenue and 4 Mn. tourist arrivals by 2025.
- Ranked No 1 travel destination in 2019 by "Lonely Planet".
- Sri Lanka ranks No. 4 in the list of 10 most In-Demand Travel Destinations in 2020 followed by the best warm weather destination title by "USA TODAY".
- Best wild-life destination in Asia.
- Best Place to Visit: Wildlife Tourism, Scenic & Eco Tourism, Beaches, Culture & Religious Tourism, Wedding Destination.



### Diverse Opportunities

- International Theme Parks
- Build & Operate Luxury Hotels
- Agro/Eco Tourism
- Adventure Tourism
- MICE

## Infrastructure & Construction

### Compelling factors

- Average annual growth of 7% in the construction sector.
- Government mandate for massive infrastructure drive.
- 3 of the top 10 global construction companies operating in Sri Lanka.



### Potential Areas

- Renewable Energy
- Highways / Expressways
- Sea Ports/Airport Development
- Industrial Zones
- Mixed Development Projects
- Development projects in CHEC Port City Project

## Mega Investment Opportunities:

### Investment opportunities in Eravur Zone (Textiles)

"World's most ethical apparel sourcing destination US\$ 1 Bn. + opportunity by 2025".

- 300 acres fabric manufacturing park declared as a Strategic Development Project.
- Expand the apparel sector value chain by building local capacity in textile manufacturing.
- Supply with enhanced delivery speed of raw materials at a comparatively low cost.
- Import substitution potential of woven and knitted fabric.
- Requires up to 16 woven and 14 knitted fabric mills.



### Investment opportunities in Hambantota Zone (Pharmaceuticals)

"Dedicated Pharmaceutical zone with industry leading incentives US\$ 1 Bn. + opportunity by 2025".

- 400 acre state of the art modern zone initiated as a Strategic Development Project.
- Strategic location near Hambantota port & international airport.
- Expected 40 pharmaceutical manufacturing companies.



### Investment opportunities in CHEC Port City

Sri Lanka's brand-new reclaimed land, slated as the "Gateway to South Asia", now officially becomes the country's first service oriented Special Economic Zone (SEZ).

- Land Extends 269 hectares.
- Expected Investment US\$ 15 Bn.
- Employment Opportunities over 80,000.
- Streamlined legal and regulatory framework - SEZ law & International Dispute Resolution Center.
- Services hub at par with Qatar, Singapore & Dubai.
- Self-sufficient city - equipped with all amenities, marina, residential complex and financial center.
- Investments in 5 different precincts including;
  - International Financial City
  - Central Park Living
  - Living Island
  - Marina+Lifestyle
  - International Island



# Investment Threshold

	Qualifying Criteria Minimum Investment (USD)
<b>Manufacturing</b>	
1.1 Manufacture of non-traditional goods <sup>v1</sup> for export including deemed exports	500,000
1.2 Manufacturing of non-traditional goods using advanced technology (Local Market)	5,000,000
1.3 Large scale manufacturing of non- traditional goods as approved by the Board (Local Market)	5,000,000

## Services

2.1 Information Technology (IT) and/or IT enabled services <sup>v2</sup>	150,000
2.2 Information Technology (IT) and/or IT enabled services (Local Market)	150,000
2.3 BPO Industry	150,000
2.4 Tourism & Leisure	500,000
2.5 Utilities (Power generation, water supply, waste management etc.)	500,000
2.6 Export-oriented services <sup>v3</sup>	500,000
2.7 Warehouse, logistic and Supply Chain Management and Cold Storage	500,000
2.8 Training Institutes	100,000
2.9 Research & Development <sup>v4</sup>	100,000
2.10 Large scale service projects as approved by the Board local market	5,000,000
2.11 Regional Operating Headquarters	250,000
2.12 Export Trading House Exporting entirety of locally procured manufactured products or re-exporting the entirety of imported products. Location should be within the EPZ or an approved customs bonded warehouse located outside EPZ	5,000,000 (Annual turnover)

## Agriculture<sup>v5</sup> and Agro Procesing

3.1 Agriculture and Agro Processing (Raw materials for the product to be sourced locally) (Export Market)	150,000
3.2 Agriculture and Agro Processing (Raw materials for the product to be sourced locally) (Local Market)	150,000

## Infrastructure

4.1 Small Scale Infrastructure Projects:	
(a) Construction and operation of Hospital	500,000
(b) Any other Infrastructure construction activity as approved by the Board - For Housing Projects	5,000,000 3,000,000
4.2 Large Scale Infrastructure Projects as approved by the Board	12,500,000
• Power generation, transmission & distribution	
• Development of Highways, Sea Ports, Air Ports, Public transport, Railways, Water services	
• Establishment of Industrial Estates including develop and management of Industrial Estates/ Special Economic Zones	
• Any other Infrastructure projects approved by the Board	

<sup>v1</sup> Non-traditional Goods include all goods other than Black tea in bulk, Crepe rubber, Sheet rubber, Scrap rubber, Coconut oil, desiccated coconut (other than Desiccated coconut manufactured using continuous scale automated process technology and marketed with a quality guarantee), Copra, Fresh coconuts, coconut fiber or such other commodity as may be determined by the Board

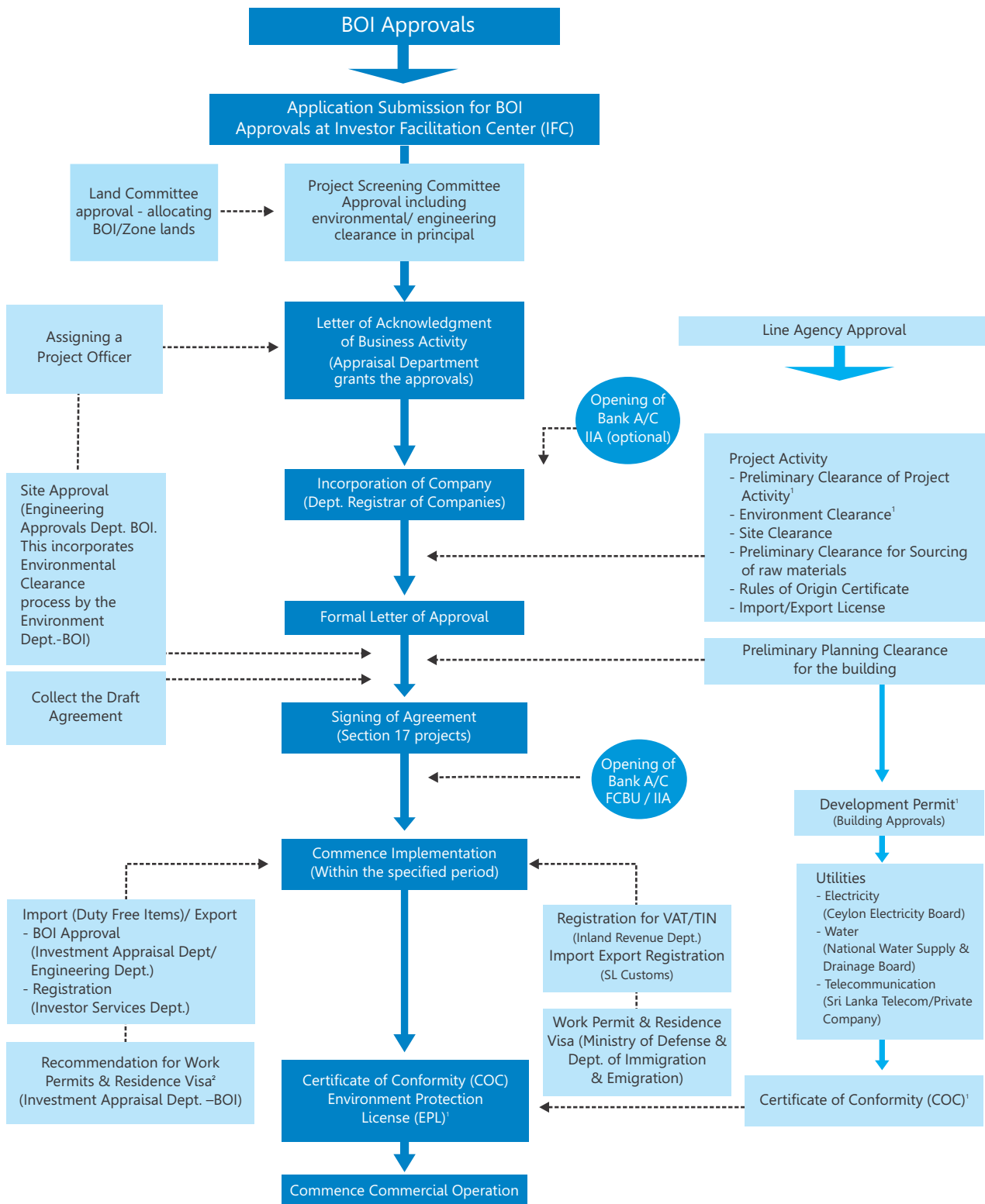
<sup>v2</sup> IT enabled services includes call centers or contact centers, transcription (data entry) centers, hosting centers, e-governance related projects and any other related activity determined by the Board

<sup>v3</sup> Export oriented Services includes: Garment washing and finishing plants; Embroidery services, Ship repairing and ship breaking; Textile dyeing and finishing plant; Textile printing; Testing of fabric; Computer aided design for garment and other industries; Bunkering services; Production of films; Air cargo services; International passenger services; Repairing of containers; and Vacuum packing of garments

<sup>v4</sup> Research & Development means Any systematic or intensive study carried out in the field of science or technology with the object of using the result of the study for the production or improvements of materials, devices, products, produce or process but not include: Quality control of products or routine testing materials, devices, products or produce; Research in the social sciences or humanities; Routine data collection; Efficiency surveys or management studies; Market research or sales promotion

<sup>v5</sup> Agriculture includes cultivation of plants, animal husbandry and rearing and/or processing of fish but excluding processing of black tea

# BOI Approval Process



IIA : Inward Investment Account  
FCBU : Foreign Currency Banking Unit

<sup>1</sup> If applicable only

<sup>2</sup> Residence visa can be obtained at any stage of the process



# BOI Fees

## 1. Application/Agreement Processing Charges

Agreement Processing Fees	Amount (US\$)
<b>Section 17</b>	
Investment Application Processing Fee	400
Agreement Processing Fees	
- For Normal Sec. 17 Projects	2,500
- Strategic Development Projects	4,500
Supplementary Agreements	
- For Normal Sec. 17 Projects	700
- Strategic Development Projects	4,000
<b>Section 16</b>	
Investment Application Processing Fee	400
Processing Fee for Perusal of Articles of Association of Companies	200
Agreement Processing Fees	100
<b>Non BOI Companies</b>	
Agreement Processing Fee	
- Industrial	700
- Non Industrial	65

All charges are liable to Value Added Tax (VAT)

(All charges can be paid on the rupee equivalent as per the prevailing exchange rate)

## 2. Land Rent

Charges per Acre		
Export Processing Zones and Industrial Parks	Non-Refundable Land Lease Premium Up-front (US\$)	Ground Rent (per annum) US\$
1 Katunayaka EPZ	150,000	12,500
2 Seethawaka EPZ	110,000	5,650
3 Biyagama EPZ	100,000	10,000
4 Wathupitiwela EPZ	50,000	5,130
5 Horana EPZ	45,100	5,650
6 Wagawatta IZ	40,000	4,660
7 Mirigama EPZ	35,200	5,130
8 Koggala EPZ	35,000	5,650
9 Malwatta EPP	30,000	5,130
10 Polgahawela EPZ	30,000	5,130
11 Mirijjawila IP	20,000	4,660
12 Mawathagama EPZ	14,000	5,130
13 Kandy IP	10,000	5,130
14 Bingiriya EPZ	10,000	4,235
15 Eravur Textile Manufacturing Zone	35,000	5,000
16 Arabokka Pharma Manufacturing Zone	20,000	4,660

Land Reservation Fee - 10% of Land Premium

Lease Period - 30 years

EPZ - Export Processing Zone

EPP - Export Processing Park

IP - Industrial Park

IZ - Industrial Zone

### 3. Annual Fees applicable for Enterprises located outside BOI EPZs / EPP / IPs / IZ

	US\$ (Per Annum)
<b>Section 17</b>	
<b>Annual Fees</b>	
a. Normal Projects	3,100
b. Agriculture Projects	1,100
c. Coir based Industries and Handicraft Projects	1,400
d. Hospitals, Utilities, Hotel & Tourism Sector Projects and any other Infrastructure Project	
<b>During Project Implementation Period</b>	
i. Projects less than US\$ 3 Mn.	4,300
ii. Projects between US\$ 3 Mn. and US\$ 10 Mn.	8,000
iii. Projects more than US\$ 10 Mn.	10,700
iv. Strategic Development Projects	20,000
<b>After Implementation, during Tax Holidays &amp; Concessionary Tax Period</b>	
i. Projects less than US\$ 3 Mn.	2,800
ii. Projects between US\$ 3 Mn. and US\$ 10 Mn.	6,700
iii. Projects more than US\$ 10 Mn.	9,400
iv. Strategic Development Projects	13,400
<b>After Tax holidays &amp; Concessionary Tax Period</b>	
Manufacturing / Service Sector, Strategic Development Projects	1,300
<b>During Project Implementation Period, Tax Holidays &amp; Concessionary Tax Period</b>	20,000
<b>After Tax Holiday &amp; Concessionary Tax Period</b>	75% of the Annual Fee prevailing at time of expiry of the tax concession Period
<b>Section 16</b>	
<b>Annual License Fee</b>	500

### 4. Environment Protection Licencing Charges

Licence Fee and the Renewal Fee for the activities, except the mining activities, specified in Parts A, B and C of the order made under Section 23A of the National Environment Act, No. 47 of 1980, shall be as follows :

Part	Duration	Fee (LKR)
Activities in List A	One year or less	15,000
Activities in List B	One year or less	10,000
Activities in List C	Two year or less	4,000 (Payable in two equal installments)
Activities in List D	Three year or less	4,500 (Payable in three equal installments)

Licence Fee and the Renewal Fee for the mining activities, specified in Parts A, B and C of the order made under Section 23A of the National Environment Act, No. 47 of 1980, shall be as follows :

Part	Duration	Fee (LKR)
Activities in List A	Three year or less	45,000
Activities in List B	Three year or less	30,000
Activities in List C	Three year or less	6,000

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