



TOURISM

Sector



The Board of Investment of Sri Lanka

Overview

Blessed with natural and cultural endowments throughout the island, Sri Lanka is home to a rich and diverse Tourism & Leisure industry which is the economy's third largest foreign exchange earner. The focus is on investments that would provide world-class tourist experiences leveraging on established sub-sectors, as well as to diversify into new offerings.

As a country that is strategically positioned in the Indian Ocean; with a medium sized landmass, Sri Lanka has the potential to attract tourists due to the numerous attractive features it offers in terms of geographical diversity, a rich cultural heritage, hospitality and developed infrastructure features etc.

Key Targets

- **Approx. Target US\$ 8 Bn. revenue by 2025**
- **Approx. 4 Mn. tourist arrivals by 2025**
- **Sector specific 400,000+ talent pool**

Key Facts

Tourist Arrivals

2 Mn.

Earnings from tourism

US\$ 4 Bn.

Average Spending per day

US\$ 172

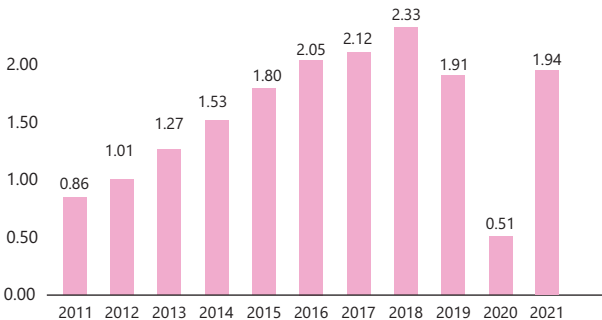
Total Employment (Estimates)

357,927
(Direct - 177,476) / Indirect - 180,451)

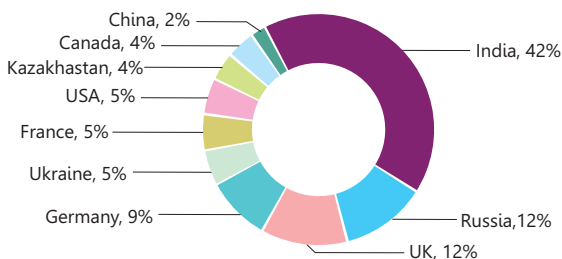
Tourism Investment (2021)

45 new investment projects
(US\$ 134 Mn.)

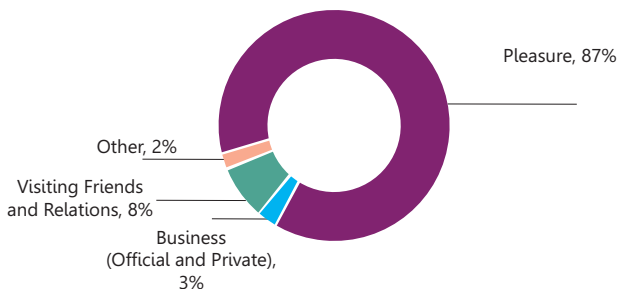
Tourists arrivals (Mn.) - (2011-2021)



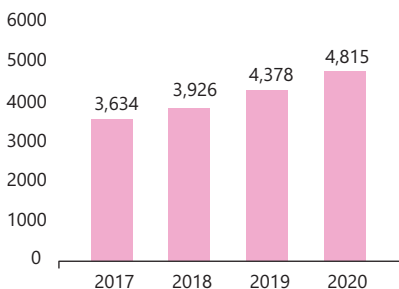
Top ten source markets (January –December 2021)



Distribution of Tourists by Purpose of Visit 2020 (%)

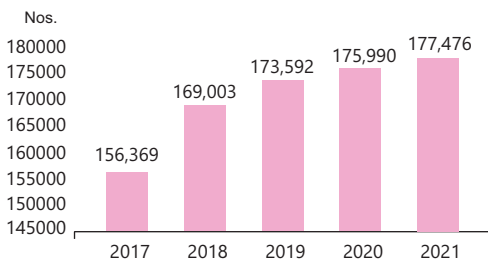


Number of Establishments (2017-2020)



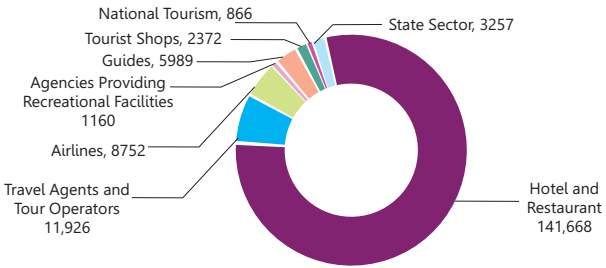
Workforce

Total Direct Employment (2017-2021)





Employment distribution by Establishment (2020)



Source: Sri Lanka Tourism Development Authority (STATISTICAL POCKET BOOK 2021)

Rankings

Colombo listed **best destinations to travel in 2022** & Sri Lanka listed in **20 best places to visit in 2020** - CNN Travel's



Sri Lanka ranked as **One of the Top 25 Islands in the World** - readers of travel + leisure magazine for 2021



Sri Lanka ranked as **No.04 as the world's top Wellness Tourism Destination BEST FOR: Spiritual health** - Global Wellness Institute



Sri Lanka ranked as **05th Best country in the world to travel to in 2021**- the Conde Nast 2021 Readers' Choice Awards



Sri Lanka won **"Back on the Map" award** - Wanderlust Reader Travel Awards 2020



Strengths/Advantages

- Geo strategic location with attractive places and comfortable weather conditions.
- Skillful and qualified workforce in the hospitality industry.
- Rapid growth in world tourism industry and demand for quality tourist accommodation. (In 2021, number of classified tourist hotels were 159 and among them 27 were five-star hotels)
- Quality of life
- Destination Management Organizations (DMO)'s and Government support to the Tourism sector: country branding and image building
- Promoting short distance travels and tourism niche-markets
- Promoting Special Interest Tourism (SIT): Tea Tourism, Ayurvedic Tourism, Health and Wellness tourism, Nature based travel
- Availability of a mix of attractions including beaches, wildlife parks, rainforests, tea plantations, ancient ruins, Buddhist cultural sites, and festivals.

Benefits to Investors

Tax Incentives

Enhanced Capital Allowance (ECA)

(In addition to normal depreciation allowance).

- An ECA of 100% to 150% is offered for expenses over US\$ 3 mn. incurred on depreciable assets, with an extended period of 10-25 years to deduct unrelieved losses.
- An ECA of 200% is offered for enterprises located in the Northern Province, with expenses over US\$ 3 mn. incurred on depreciable assets, with an extended period of 10-25 years to deduct unrelieved losses.

Exemption from Import Taxes & Levies

Exemption	Non-Export oriented			
	Customs Duty	VAT	PAL	CESS
Importation of construction related items during project implementation (PI) period	✓	✓ Deferred	✓ During PI (For Inv > US\$ 50 Mn)	✓ During PI (For Inv > US\$ 50 Mn)
Importation of any furniture, classified under HS heading 94.03	-	-	-	✓

Foreign Equity

100% foreign ownership permissible.

Repatriation of Earnings

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

Priority Areas for Investment

- Tourist Accommodation & Services (Hotels / Resorts / Villas/ Higher-end restaurants)
- Leisure & Recreational (Golf Course, Entertainment Complexes, Theme Parks, Shopping Complexes, Eco-Lodges, Camping, Whale & Dolphin Watching, Water Sports)
- Adventure & Eco-Tourism
- Transportation (Yacht Marina, Coastal Ferry Services, Cruise Lines)
- Skill Development: Hotel / Hospitality Training Institutes

Major Investments in Sri Lanka



Contact us for more details :

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