"Where Talent Meets Technology"



INVEST IN SRILANKA

Electronic and Electrical Sector



Overview

The electronic and electrical sector in Sri Lanka has emerged as a significant contributor to the country's economic growth, evolving over the past four decades into a key industrial manufacturing sector. With global market trends favoring South Asian manufacturing hubs, Sri Lanka is positioning itself as an attractive destination for electronics manufacturing, leveraging its strategic location, skilled workforce, and connectivity advantages. The electronic and electrical sector caters to multiple industries including automobile, telecommunication, consumer electronics, industrial automation and numerous other verticals.

Key facts

- Around 40 Companies in operation (Under Section 17 of BOI Law)
- Over 37,000 workforce including high profile research design engineers
- US\$ 421.99 million in export revenue in 2024
- 3.51% of the 2024 national export revenue

Industry Structure

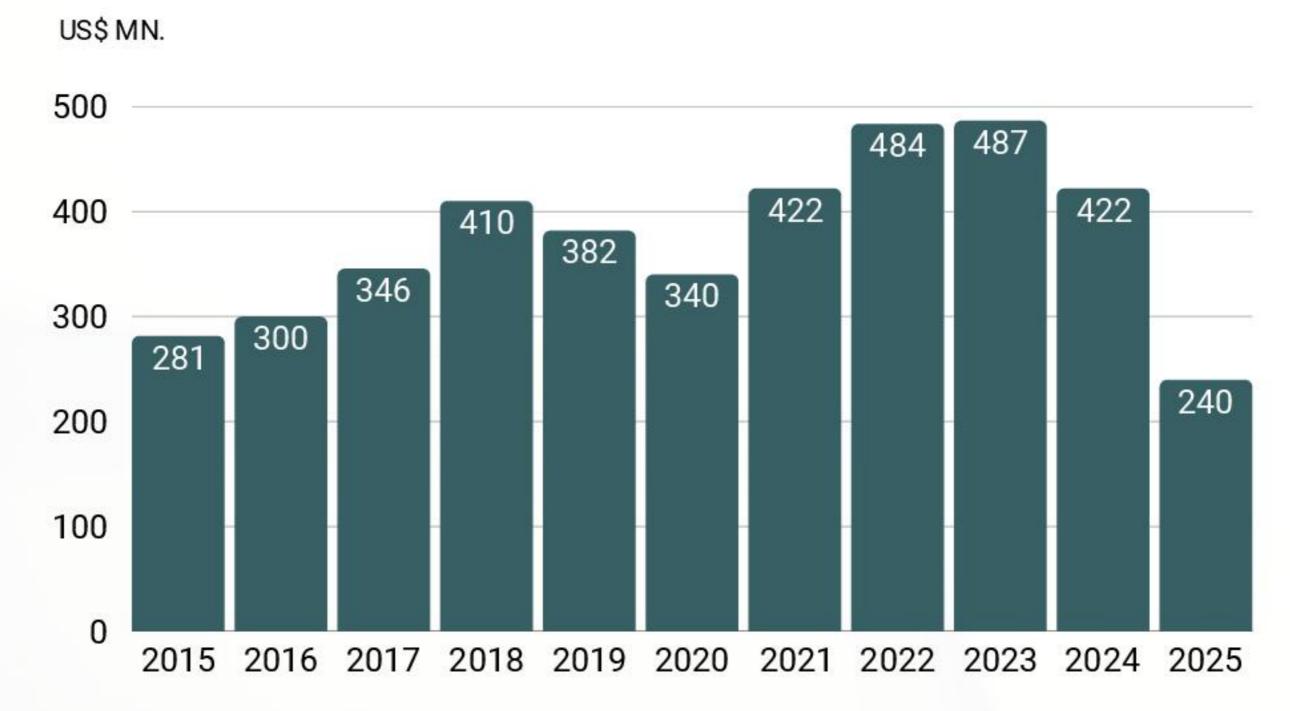
The industry encompasses various subsectors including:

- Printed Circuit Board Manufacturing
- Electronic Components Assembly
- Electrical Equipment Production
- Electronics Services and Support Systems

Potential areas for Investment

- Semiconductors
- Electric Batteries
- Electrical Boards & Panels
- Electric Capacitors
- Safety airbags
- Safety seat belts
- Electrical Switches & Plugs
- Transformers
- Fiber optic related products
- Insulated Wires
- Energy saving lamps

Export Performance - Electrical & Electronics sector 2015 - 2025 / January



SOURCE - EDB https://www.srilankabusiness.com/electrical-and-electronics/about/export-performance.html



Skilled Labours

- high standards of skill-education
- Electronic and Electrical Sector employs more than 37,000-40,000 skilled workers
- Over 1,500 Engineering graduates annually from state universities.
- Vocational Training institutions generate over 10,000 skilled labourers annually.
- University of Vocational Technology (UNIVITEC) records an output of over 800 graduates per annum in the field of Technology.

Competitive Wage Rates (US\$/Month) - Manufacturing Sector





Source: JETRO Survey 2024

Market Access

- 1. Indo-Lanka Free Trade Agreement (ISLFTA) 100% duty free market access for all E & E products
- 2.Sri Lanka Free Trade Agreement (PSLFTA) 100% duty free market access for E & E products (except insulated wires, electric motors, generators, monitors, projectors, electric filament or discharge lamps, discs, tapes).
- 3. Sri Lanka Thailand FTA (TCLFTA) Immediate Market Access for 438HS Tarif Line.
- 4.EU GSP scheme 100% duty free market access for all E & E products
- 5.UK Developing Countries Trading System (UK DCTS) 100% Duty Free
- 6. South Asian Free Trade Agreement (SAFTA) Tariffs preferences to a level between 0-5% on some E & E products.
- 7. Asia Pacific Trade Agreements (APTA) Margin of Preference (MOP) on some E & E products.

Research & Development

Within the country's E & E industry, the focus, and investments on R&D in affiliation with global partners has enabled and empowered sustainable innovation and design capability that can be made available at economical scales. This also has enabled global brands in search of small and medium scale high-quality manufacturers and service providers to procure total end to end solutions, that consist of design, development, manufacturing and delivery solutions of the highest standard.

Benefits to Investors

Enhanced Capital Allowance (ECA)

Applicable to new projects and expansion by existing BOI projects.

	Enhanced C	Period for Deducting		
Total Invesment Made (US\$ mN)	Northen Province	Other than Northern Province	Unrelieved Losses (Years)	
> 3 and ≤ 100	200%	100%	10	
> 100 and ≤ 1,000	200%	150%	10	
> 1,000	200%	150%	25	

Depreciable Assets:

Class 1: computers and data handling equipment together with peripheral devices.

Class 2: buses and minibuses, goods vehicles, construction and earthmoving equipment, heavy general purpose or specialised trucks, trailers and trailer-mounted containers, plant and machinery used in manufacturing.

Class 3: railroad cars, locomotives, and equipment, vessels, barges, tugs, and similar water transportation equipment, aircraft, specialised public utility plant, equipment, and machinery, office furniture, fixtures and equipment, any depreciable asset not included in another class.

Class 4: buildings, structures and similar works of a permanent nature.

Class 5: intangible assets, excluding goodwill.

Exemption of income tax on Employment Income of expatriates during the ECA

During the period covered by the ECA, the employment income of the company's expatriate employees is entitled to a 0% rate, where:

- The company has incurred more than US\$ 250 Mn on depreciable assets in Sri Lanka, for the period in which that payment is made, out of profits sheltered by ECA allowance, or for 5 years from the commencement of commercial operations, whichever is higher.
- The number of expatriate employees at any time during that period does not exceed twenty.



Exemption	Export oriented				Non-Export oriented			
	Customs Duty	VAT	PAL	CESS	Customs Duty	VAT	PAL	CESS
Importation of construction related items during project implementation (PI) period	<	<	<	<	<	<	<	~
Importation of capital items (plant,mechine ry,equipment)	✓ Lifetime	Exempted / Deferred for a Lifetime	During Pl (for Inv > US\$ 50 Mn)	During Pl (for Inv > US\$ 50 Mn)	J During Pl period	During Pl period	During Pl (for Inv > US\$ 50 Mn)	PI (for Inv > US\$ 50 Mn)
Importation of raw materials and production /related consumables	✓ Lifetime	Exempted / Deferred for a Lifetime	✓ Lifetime	✓ Lifetime	X	X	X	X

Global Presence in Sri Lanka



























BOARD OF INVESTMENT OF SRI LANKA Level 24 & 26, West Tower, World Trade Centre,

Colombo 01, Sri Lanka. Hotline: +94-77-1211213

Telephone: +94-11-2434403 / +94-11-2346131/3

Fax: +94-112448105 Email: info@boi.lk

Website: www.investsrilanka.com