

Government Notification

STRATEGIC DEVELOPMENT PROJECTS ACT, NO. NO 14 OF 2008

Order Under Sub Section (4) of Section 3

By Virtue of the Powers vested in me by Sub-Section (4) of Section 3 of the Strategic Development Projects Act, No 14 of 2008 as amended, I Ranil Wickremesinghe, Minister of Finance, Economic Stabilization and National Policies, do by this Order declare that: -

1. The Notification containing the relevant information of the HCL Technologies Lanka (Private) Limited project, to provide Information Technology and Information Technology enabled services for export, located at No. 752, Orion City in Colombo and the Cinnamon Life, No. 05, Justice Akbar Mawatha, Colombo 02 which was identified as a Strategic Development Project for the purpose of Sub Section (2) of the section 3 of the aforesaid Act, was published in Gazette Extraordinary No. 2263/3 dated 18.01.2022.
2. The approval of the Cabinet of Ministers has been obtained on 27.06.2022 in terms of sub section (3) of Section 3 of the said Act to identify the HCL Technologies Lanka (Private) Limited project, to provide Information Technology and Information Technology enabled services for export, with an already realized investment of USD 10.25 million and to provide technically qualified IT employment opportunities for 5,325 locals by 2032, as a Strategic Development Project and for the granting of exemptions to the said project, in terms of Section 2 of the aforesaid Act.
3. The above Strategic Development Project shall be called and known as "HCL Technologies Lanka (Private) Limited ("the Project").
4. The exemptions from the enactments specified in the Schedule to the Order shall apply in respect of the Project.

SCHEDULE

(1) Inland Revenue Act, No 24 of 2017

(a) Exemption of Corporate Income Tax (CIT)

For a period of Twelve (12) years reckoned from the date the Order made in terms of Section 3 (4) of the SDP Act, is placed before Parliament in terms of Section 3 (5) of the SDP Act. After the expiry of the aforesaid Twelve (12) years tax exemption period, the prevailing Corporate Income Tax rate at that time shall be applicable in respect of the profits generated by the Project of the Project Company.

(b) Concessionary Tax rate

After the expiry of the aforesaid Twelve (12) years of tax exemption period, for a period of five (5) years thereafter, fifty per centum (50%) of the Corporate Income Tax rate prevailing at such time, shall be applicable on the taxable profit and income generated from the approved activities of the Project.

(c) Exemption from Income Tax on Employment

The expatriate employees of the project shall be exempted from income tax arising from gains and profits from employment in relation to the aforesaid project for a period of five (05) years subject to a maximum number of twenty (20) expatriates.

(d) Dividend Tax

The tax on dividend distributed to shareholders out of exempted profit shall be exempted from income tax during twelve (12) years corporate income tax exemption period and one (01) year thereafter.

(2) Value Added Tax Act, No 14 of 2002

The Project shall be exempted from the payment and charge of Value Added Tax (VAT) under the Value Added Tax Act, No. 14 of 2002 and its amendments for the importation of all project related items (plant, machinery, equipment and construction) required for the implementation of the project as approved by the BOI for a period of twelve (12) years reckoned from the date the Order made in terms of Section 3 (4) of the SDP Act, is placed before Parliament in terms of Section 3 (5) of the SDP Act subject to the further condition that more than ninety per centum (90%) of income from services are received in convertible foreign currency.

(3) Ports and Airports Development Levy Act, No. 18 of 2011

The project shall be exempted from the payment and charge of Ports and Airports Development Levy ("PAL") as referred in the Ports and Airports Development Levy Act, No. 18 of 2011, on all project related items (Plant, machinery, Equipment and construction items) imported for a period of twelve (12) years reckoned from the date the order made in terms of Section 3 (4) of the SDP Act, is placed before Parliament in terms of Section 3 (5) of the SDP Act.

(4) Customs Ordinance (Chapter 235)

The Project shall be exempted from the charge and payment of Customs Import Duty ("CID"), as referred in the Customs Ordinance (chapter 235), on all project related items (plant, machinery, equipment and construction items) imported during the Project Implementation Period reckoned from the date the Order made in terms of Section 3 (4) of the SDP Act, is placed before Parliament in terms of Section 3 (5) of the SDP Act subject to the further condition that more than ninety per centum (90%) of income from services are received in convertible foreign currency.

However, any importation of items in the Negative List shall be considered by the BOI where such items are either not wholly produced in Sri Lanka or are not available in sufficient quality, quantity and time line for project completion.

(5) Sri Lanka Export Development Act, No. 40 of 1979

The project shall be exempted from the payment and charge of CESS as referred in the Sri Lanka Export Development Act, No. 40 of 1979 and its amendments, on all project related items (plant, machinery, equipment and construction items) imported for a period of twelve (12) years reckoned from the date the Order made in terms of Section 3 (4) of the SDP Act, is placed before Parliament in terms of Section 3 (5) of the SDP Act.

Exemptions referred in (2), (3), (4) and (5) above shall be subject to the prior approval of the BOI for the quantities and values of the items required to be imported by the project.


Ranil Wickremesinghe,
Minister of Finance,

Economic Stabilization and National Policies

Ministry of Finance,
Economic Stabilization and National Policies
August 03, 2022.