

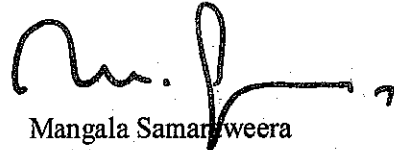
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## **PART I: SECTION (I) — GENERAL**

### **Government Notifications**

#### **CUSTOMS NOTIFICATION**

By virtue of powers vested in me by Section 101(1) of the Customs Ordinance (Chapter 235), as amended, I, Mangala Samaraweera, Minister of Finance and Mass Media, do by this Order promulgate regulations with a view to facilitate importation / local purchase of approved list of capital goods for the purpose of construction of dairy manufacturing facility, pharmaceutical manufacturing facility, medical equipment manufacturing facility, solid waste management facility, and renewable energy generation facility under bonded warehouse scheme.



Mangala Samaraweera  
Minister of Finance and Mass Media

Ministry of Finance and Mass Media,  
Colombo 01,  
10. August 2018.

#### **Regulations**

1. These regulations may be cited as Regulations to declare and facilitate importation or local purchase of approved list of capital goods for construction of dairy manufacturing facility, pharmaceutical manufacturing facility, medical equipment manufacturing facility, solid waste management facility and renewable energy generation facility under Bonded Warehouse Scheme, established under the Customs Ordinance (Chapter 235) as amended.
2. These regulations shall come into force with effect from August 10, 2018.
3. Purpose of the bonded warehouse facility, under these regulations, is to facilitate importation or local purchase of approved list of capital goods on the basis of exemption of selected duties and taxes, by a registered enterprise under the Company Act, No. 07 of 2007, for the purpose of construction of dairy manufacturing facility, pharmaceutical manufacturing facility, medical equipment manufacturing facility, solid waste management facility and renewal energy generation facility, during the period of construction of such facility.
4. The bonded warehouse facility shall be provided only for the above mentioned sector industries subject to following minimum eligible criteria.
  - i. Establishment of a dairy manufacturing facility with an investment of Fifty million rupees (LKR 50 Million) or more

- ii. Establishment of a pharmaceutical manufacturing facility with an investment of Fifty million rupees (LKR 50 Million) or more
- iii. Establishment of a medical equipment manufacturing facility with an investment of Seventy five million rupees (LKR 75 Million) or more
- iv. Establishment of a solid waste management facility as;
  - a) waste to energy facility with an investment of Five hundred million rupees (LKR 500 Million) or more
  - b) waste to sanitary land fill facility with an investment of Four hundred million rupees (LKR 400 Million) or more
  - c) waste recycling facility with an investment of One hundred million rupees (LKR 100 Million) or more
  - d) waste incineration facility with an investment of One hundred million rupees (LKR 100 Million) or more
- v. Establishment of a renewable energy generation facility with a minimum of One Megawatt (1 Mw) power generation capacity.

5. Establishment of a facility in the above list of sectors shall only refer to construction of new manufacturing / production facility or expansion of existing manufacturing / production facility for productivity improvement or production capacity enhancement, subject to the above minimum eligible criteria.

6. Application for the above facility shall be submitted to the Director General, Sri Lanka Customs together with the proposal and list of capital goods to be imported / locally purchased as approved by the Secretary to the line Ministry in charge of subject of such sector on the recommendation of the regulatory agency of the subject.

7. Secretary to the line Ministry in charge of the subject of the relevant sector shall grant approval by using the format A1 (Approval letter) and approval / recommendation for list of capital goods to be imported / locally purchased by using Format A2 (Approved List of Capital Goods) as specified in the first Schedule hereto.

8. After the completion of all the Customs requirements, Director General of Customs shall submit such application to the Secretary, Ministry of Finance and Mass Media (Department of Trade and Investment Policy) for approval for policy compliance within the purpose of these regulations.

9. For the purpose of these Regulations, the line Ministry refers to:

- i. Ministry in charge of subject of dairy industry,
- ii. Ministry in charge of subject of health, and/ or Indigenous Medicine
- iii. Ministry in charge of subject of environment
- iv. Ministry in charge of subject of solid waste management
- v. Ministry in charge of the subject of power and/ or renewable Energy.

10. Importation or locally purchased capital goods shall be consigned / invoiced to the approved bonded warehouse facility holder and shall only be released to such approved bonded warehouse facility under the purview of Sri Lanka Customs against a 'Bank Guarantee' or 'Corporate Guarantee' provided by the bonded warehouse facility holder to the satisfaction of the Director General of Customs .

11. Authorized officials of the Sri Lanka Customs, line Ministry and relevant agencies coming within the purview of the line Ministry and Ministry of Finance and Mass Media shall have the right to inspect bonded warehouse facility for monitoring or audit purpose.

12. Any excess in quantity of capital goods, imported / locally purchased for purpose of construction of an approved facility under these regulations shall be released on payment of applicable duties at the time of importation on such excess capital goods.

13. Any leakage or misuse of bonded warehouse facility by the bonded warehouse facility holder or its authorized representative shall lead to termination of such bonded warehouse facility and the bonded warehouse facility holder shall be liable to pay all applicable duties / taxes on all imported capital goods under the said bonded warehouse facility and such bonded warehouse facility holder shall be black listed for the purpose of these regulations

14. In the case of discontinuation of the construction of such facility under these regulations during the period of construction, the bonded warehouse facility holder shall be liable for payment of all applicable duties / taxes on imported / locally purchased capital goods under the said bonded warehouse facility with a surcharge of 50% of total payable duties and taxes on such capital goods.

15. In the case of discontinuation during the period of five years from commencement of such a manufacturing facility, constructed / established under these regulations shall be liable for payment of all applicable duties / taxes on imported / locally purchased capital goods under the bonded warehouse facility subject to depreciation of 20% annually.

16. Any facility to be approved under these regulations shall not be exempted from payment of Nation Building Tax (NBT) on importation / local purchase of such approved list of capital goods under the bonded warehouse facility, specified by these regulations.

17. Approval for establishment of a bonded warehouse facility under these regulations shall not exempt such facility from compliance to provisions of any other applicable legislation(s) including the Customs Ordinance as amended.

18. For the purpose of these regulations, "capital goods" means plants, machineries, equipment, spare-parts and related accessories, and sector specific (mentioned under regulation no. 4.) construction materials excluding cement, sand, timber and paints.

FIRST SCHEDULE

**A1 - Approval letter**

Director General  
Department of Sri Lanka Customs  
Colombo 11

**Letter of Approval for the request of bonding facility for .....(Company Name).....  
for.....(Project Name)..... under.....(sector name).....**

This has reference to the project proposal given by the ....(Company name)..... to this  
Ministry on ...(Date)..... (Copy of the proposal is attached herewith)

Accordingly, the above project can be classified into the ..... (Sector name).....project and  
the overall estimated investment of this project is..... (Project Value in LKR).... which fulfils  
the minimum investment required for the relevant sector mentioned in the gazette notification  
issued for Bonded Facility Scheme.

This project fulfils all the requirements made under above gazette notification and it is  
recommended by the .....(respective regulator agency)..... which is under this Ministry.

Given the facts, I approve this project to be implemented under the Bonding Facility Scheme,  
submitted by the.....Company name)..... for the issuance of the bonding facility,  
please.

.....(Signature of the Secretary).....

(Name of the Secretary)

Secretary

(Name of the Ministry)

Official Stamp

Copy: Respective Company

\*\*\*This shall be included in the relevant Ministry Letter Head.

**A2 - Approved List of Capital Goods**

**List of capital goods to be imported / locally purchased for the .....(Project Name)....  
by .....(Name of the Company).....**

<b>No.</b>	<b>HS Code in HS 8 digit (As per HS 2017 version)</b>	<b>Description of the Capital Good</b>	<b>Import or locally purchased</b>	<b>Units</b>	<b>CIF Value or purchase value in LKR</b>
1.					
2.					
3.					
4.					
5.					
6.					
7.					
8.					

**Submitted By,**

.....

**Chairman/ CEO  
Company Name  
Company Seal  
Date**

**Recommended By,**

.....

**Head of the Regulator Agency  
Address.  
Official Stamp  
Date**

**Approved By,**

.....

**Secretary  
Name of the line Ministry of the Regulator Agency  
Address.  
Official Stamp  
Date**