



COLOMBO PORT CITY

**Guidelines: Granting of Exemptions or Incentives
Businesses of Strategic Importance Regulations, No. 2 of 2023**



PRIMARY BUSINESS OF STRATEGIC IMPORTANCE



An Authorised Person engaged in business in and from the Area of Authority of the Colombo Port City that makes an investment to lease and develop a plot of land within the Area of Authority of the Colombo Port City which satisfies, any one of the following criteria, shall be designated as a **PRIMARY BUSINESS OF STRATEGIC IMPORTANCE**:-

- a) Make an investment of a minimum of USD 100 hundred million per plot of land or a pro-rated investment in a subdivided plot of land according to the Colombo Port City Development Control Regulations (DCR), or
- b) Make an investment of a minimum of USD 25 million in the plots of land for the Marina or Social Infrastructure.

The businesses designated as **PRIMARY BUSINESSES OF STRATEGIC IMPORTANCE** shall be entitled to the exemptions or incentives specified in the following schemes.

A **PRIMARY BUSINESS OF STRATEGIC IMPORTANCE** shall make a choice out of the two exemption or incentive schemes specified in item (a) or item (b) of sub-regulation (1) and inform such choice to the Commission, Such choice shall be final and shall not be changed.

PRIMARY BUSINESS OF STRATEGIC IMPORTANCE



The two Exemption or Incentive schemes, specified in item (a) or item (b) to be selected from.

SCHEME (a)

- (i) Exemptions from, or incentives under, the enactments set out in Schedule II to the Act, for a period of 25 years from the date of publication of an Order in the *Gazette*.
- (ii) An incentive of 50% of the prevailing corporate tax rate applicable for the respective year of assessment under the Inland Revenue Act, No. 24 of 2017 from all gains and profits of such Primary Businesses of Strategic Importance, for a period of 10 years following the expiry of the period of 25 years specified in item (i).

SCHEME (b)

- (i) An incentive of an enhanced capital allowance of 300% of the expenses incurred on depreciable assets, other than intangible assets used within Colombo Port City during a year of assessment. The capital allowance will be computed in accordance with the 4th Schedule to the Inland Revenue Act, No. 24 of 2017, where enhanced capital allowances are computed, and deducted results, in unrelieved loss, such unrelieved loss may be deducted for the purposes of calculating the income for a year of assessment in any of the succeeding years, but not exceeding 40 years from the date of publication of an Order in the *Gazette*.
- (ii) Exemptions from, or incentives under, the enactments set out in Schedule II to the Act, other than the Inland Revenue Act, No. 24 of 2017, for a period of 25 years from the date of publication of an Order in the *Gazette*.

SECONDARY BUSINESS OF STRATEGIC IMPORTANCE



An Authorised Person engaged in business in and from the Area of Authority of the Colombo Port City which encourages and promotes any one of the business activities specified in sub-regulation (2) and which satisfies any one of the criteria specified in sub-regulation (3), shared below, shall be designated as a **SECONDARY BUSINESS OF STRATEGIC IMPORTANCE**.

BUSINESS ACTIVITIES:

- Global & Regional Economic - International trade
- Shipping logistic operations
- Offshore banking and finance
- Information technology
- Business process outsourcing
- Corporate headquarters operations
- Regional distribution operations
- Tourism and other ancillary services
- Innovation
- Entrepreneurship
- Entertainment
- Generation of employment opportunities
- Sustainable development
- Urban amenity operations

CRITERIA:

- 1) Parent company shall have an annual global revenue of more than USD 50 million.
- 2) Minimum of 100 employees shall be employed within Colombo Port City within 05 years from the commencement of operations.
- 3) Start-up or growth stage business, with an enterprise valuation of at least USD 500,000, within 05 years from the date of granting a licence to the authorised person under the Act.
- 4) Contribute to the economy and social development in Sri Lanka, by fostering innovation, knowledge transfer, technology transfer, research and development, or generating the impetus for creating an international financial centre within Colombo Port City.

GRANTING OF EXEMPTIONS OR INCENTIVES BUSINESS OF STRATEGIC IMPORTANCE



▶ IMPORTANT FACTS

- ✓ The businesses designated as SECONDARY BUSINESSES OF STRATEGIC Importance shall be entitled to Exemptions from, or Incentives under, the enactments set out in Schedule II to the Act, for a period of 25 years from the date of publication of an Order in the Gazette.
- ✓ In order to be entitled to the exemptions or incentives granted under these regulations, an Authorised Person shall be designated as a 'PRIMARY' Businesses of Strategic Importance or SECONDARY Businesses of Strategic Importance within a period of 02 years from the date of publication of these regulations in the Gazette.

Colombo Port City Economic Commission Act No.11 of 2021 – SCHEDULE II



▶ ENACTMENTS *FROM, OR UNDER,* WHICH EXEMPTIONS OR INCENTIVES MAY BE GRANTED

1. **The Inland Revenue Act**, No. 24 of 2017
2. **The Value Added Tax Act**, No. 14 of 2002
3. **The Finance Act**, No. 11 of 2002
4. **The Finance Act**, No. 5 of 2005
5. **The Excise (Special Provisions) Act**, No. 13 of 1989
6. **The Customs Ordinance** (Chapter 235)
7. **The Ports and Airports Development Levy Act**, No. 18 of 2011
8. **The Sri Lanka Export Development Act**, No. 40 of 1979
9. **The Betting and Gaming Levy Act**, No. 40 of 1988
10. **Termination of Employment of Workmen (Special Provisions) Act**, No. 45 of 1971
11. **The Entertainment Tax Ordinance** (Chapter 267)
12. **The Foreign Exchange Act**, No. 12 of 2017
13. **Casino Business (Regulation) Act**, No. 17 of 2010



COLOMBO PORT CITY
ECONOMIC COMMISSION

 Unit 901, 9th Floor, One Galle Face Tower, No. 1A Centre Road, Colombo 02, Sri Lanka.

 info@portcity.gov.lk

 +94 11 7560 006

 www.portcitycolombo.gov.lk