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The Gazette of the Democratic Socialist Republic of Sri Lanka
EXTRAORDINARY

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PART I : SECTION (I) — GENERAL

Government Notifications

L. D. — B 3/2010.

STRATEGIC DEVELOPMENT PROJECTS ACT, No. 14 OF 2008

Notification under Section 3(2)

BY VIRTUE of the powers vested in me by section 3 (2) of the Strategic Development Projects Act, No. 14 of 2008, I, Basil Rohana Rajapakse, Minister of Economic Development, do by this Notification, in consultation with the Minister to whom the subject of Petroleum Resources Development has been assigned, —

- (1) Identify as a Strategic Development Project for the purposes of the aforesaid Act, Project for the exploration of Oil and Gas in the Mannar Basin, in respect of which a Petroleum Resources Agreement, in terms of the Petroleum Resources Act, No. 26 of 2003 has been entered into between the project company Cairn Lanka (Private) Limited and Government of Sri Lanka on 07th July 2008. The total investment of the project is to be around US\$ 113Mn., and such project is in the national interest and is of economic and social benefit to the Country ;
- (2) Declare that the date of commencement of the aforesaid project will be the date of commencement of exploration activities, as specified in the said Petroleum Resources Agreement ;
- (3) Specify that for the purposes of the aforesaid project, in terms of the Strategic Development Projects Act, the exemptions set out in the Schedule to this Notification shall apply to the project company or to subcontractors appointed to this project within the definition of Petroleum Resources Act, No. 26 of 2003. These exemptions are valid for a period of eight (08) years from the date of 16th October 2008 to 15th October 2016. After that period the then prevailing general tax regime will be applicable; and
- (4) Declare that the Notification published in the *Gazette Extraordinary* No. 1679/5 dated November 09th, 2010, shall be hereby rescinded.

SCHEDULE

1. Inland Revenue Act, No. 10 of 2006.
 - * Corporate Income Taxes ;
 - * The Company shall be exempted from the payment of with holding tax ;
 - i. On interest of foreign loans taken for capital expenditure.
 - ii. On technical fees to consultants.
2. Value Added Tax Act, (VAT) No. 14 of 2002;
3. Finance Act, No. 11 of 2002; (Imposition of Ports and Airports Development Levy)
4. Finance Act, No. 5 of 2005 ; (Construction Industry Guarantee Fund Levy)
5. Excise (Special Provisions) Act, No. 13 of 1989;
6. Economic Service Charge Act, No. 13 of 2006;
7. Customs Ordinance (Chapter 235) - Exemption from Customs Duty will be applicable to all capital goods imported in the name of the Company implementing the project or to sub contractors appointed to this Project within the definition of Petroleum Resources Act, No. 26 of 2003. These items are intended to be used solely for the purpose of exploration activities to be carried out by the Porject and will include equipment, machinery, material, supplies and consumables as required by the Project and approved by the Board of Investment, during the validity period of the exploration license which commences from 16th October 2008 for a period of eight (08) years, provided the conditions stipulated in the said Petroleum Resources Agreement are fulfilled by the Company.

BASIL ROHANA RAJAPAKSE, M.P.
Minister of Economic Development.

Colombo,
01st March 2011.

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