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The Gazette of the Democratic Socialist Republic of Sri Lanka

EXTRAORDINARY

අංක 1708/1 - 2011 මැයි 30 වැනි සඳුදා - 2011.05.30

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PART I : SECTION (I) — GENERAL

Government Notifications

STRATEGIC DEVELOPMENT PROJECTS ACT, No. 14 OF 2008 AS AMENDED

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 as amended, I, Basil Rohana Rajapakse, Minister of Economic Development, do by this Notification, in consultation with the Minister to whom the subject of Industries and Commerce has been assigned, –

1. Identify as a Strategic Development Project for the purposes of the aforesaid Act, Ceylon Steel Corporation Limited to establish a modern steel mill with state-of-the-art technology, to upgrade the plant capacity of the existing factory at Athurugiriya, for the manufacture of steel bars and other rolled products and to install slitting line, G I pipe and tube mill, Galvanizing plant, wire drawing and wire mesh manufacturing, wire nail manufacturing plant, steel foundry products manufacturing plant, corrugated sheet rolling plant and a structural steel fabrication unit with an investment of United States Dollars Eighty Million (US\$ 80 Mn.). Further this project has been recognized as an import substitution industry, which will contribute to the national economy with foreign exchange savings and will provide an impetus to the domestic economy in a vital sector ;

2. Declare that the date of commencement of the expansion unit as stated above will be the date of the Memorandum of Understanding (MOU) signed with the Board of Investment of Sri Lanka ; and

3. Specify that for the purposes of the aforesaid project, in terms of the Strategic Development Projects Act as amended, the exemptions set out in the Schedule to this Notification shall apply to the project company.

Schedule

(a) Inland Revenue Act No. 10 of 2006 and its amendments

A ten (10) year tax holiday period under Inland Revenue Act commencing from either the first year in which the project company makes taxable profit or two years from the date of commencement of the operations of the new mill by the project company whichever becomes earlier. Thereafter, there will be a partial exemption granted

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equivalent to half of the applicable tax rate prevailing at that time for each year of assessment for a further period of five (5) years immediately succeeding the last date of the ten year tax holiday period. For avoidance of doubt it is to be noted that the general tax regime then prevailing shall be applicable in relation to the project company after the expiration of the fifteen (15) years as set out above.

However, Economic Service Charge will be applicable at the rate of 0.25% as per the Economic Service Charge Act No. 13 of 2006.

(b) The Value Added Tax Act (VAT) No. 14 of 2002 and its amendments

The payment of Value Added Tax (VAT) on the importation of project related capital goods and construction items will be exempted during the project implementation period of five (5) years with the approval of the Board commencing from the date of MOU entered into between the project company and the Board of Investment in this regard.

(c) The Port and Airport Development Levy Act, No. 18 of 2011

The payment of Port and Airport Development Levy on the importation of project related capital goods and construction items will be exempted during the said project implementation period of five (5) years with the approval of the Board commencing from the date of MOU entered into between the project company and the Board of Investment in this regard.

(d) Nation Building Tax Act, No. 10 of 2011

The payment of Nation Building Tax on the importation of project related capital goods and construction items will be exempted during the said project implementation period of five (5) years with the approval of the Board commencing from the date of MOU entered into between the project company and the Board of Investment in this regard.

(e) Customs Ordinance (Chapter 235)

Exemption from Customs Duty will be applicable to importation of project related capital goods and construction items other than the items mentioned in the negative list. However items in the negative list will be considered if quantity of such goods are not available in the local market, as approved by the Board of Investment during the said project implementation period of five (5) years commencing from the date of MOU entered into between the project company and the Board of Investment of Sri Lanka in this regard.

(f) Import of Raw materials

Import of Raw materials for the above said Mills will include major raw materials will be exempted from the Port and Airport Development Levy and if any Customs Import Duty for a period of eight (8) years with the approval of the Board Commencing from six months prior to commencement of commercial operation of the new rolling mill or first date of imports effected for the new rolling mill whichever falls later.

BASIL ROHANA RAJAPAKSE, MP,
Minister of Economic Development.

Colombo,
30th May, 2011.