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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**

**Order under Subsection (4) of Section 3**

BY virtue of the powers vested in me by subsection (4) of section 3 of the Strategic Development Projects Act, No. 14 of 2008, I, Basil Rohana Rajapakse, Minister of Economic Development, do by this Order declare that,—

1. The Notification containing the relevant information of a Project to construct a Luxury Hotel as a Mixed Use Complex including High Quality Residencies and a High-End Shopping Mall, in Fort within the Administrative District of Colombo in the Western Province, which was identified as a Strategic Development Project for the purpose of the aforesaid Act, was published in *Gazette* Extraordinary No. 1700/4 April 5, 2011 ;
2. The approval of the Cabinet of Ministers has been obtained in terms of subsection (3) of section 3 to declare the Project to construct a Luxury Hotel as a Mixed Use Complex including High Quality Residencies and a High-End Shopping Mall, in Fort within the Administrative District of Colombo in the Western Province, as a Strategic Development Project ;
3. The above Strategic Development Project shall be called and known as the “Project to Construct a Luxury Hotel as a Mixed Use Complex including High Quality Residencies and a High-End Shopping Mall, in Fort, Colombo 1, in the Western Province” ;
4. The aforesaid “project to construct a Luxury Hotel as a Mixed Use Complex including High Quality Residencies and a High-End Shopping Mall, in Fort Colombo 1, in the Western Province” shall commence commercial operations within a period of forty two (42) months from the date of commencement of the Project. The date of the commencement of the project shall be reckoned from the date on which the Government gives vacant possession of the land to the project company ; and
5. The exemptions from the enactments specified in the Schedule to this Order shall commence to apply in respect of the “Project to Construct a Luxury Hotel as a Mixed Use Complex including High Quality Residencies and a High-End Shopping Mall, in Fort, Colombo 1, in the Western Province” subject to the limitations specified therein and shall be operative for the duration specified in the Schedule.

### SCHEDULE

Exemptions to be granted to the “Project to Construct a Luxury Hotel as a Mixed Use Complex including High Quality Residencies and a High-End Shopping Mall, in Fort Colombo 1, in the Western Province”

1. The Inland Revenue Act, No. 10 of 2006.

- A ten (10) year corporate income tax holiday period under the Inland Revenue Act commencing from either the first (01st) year in which the Company makes taxable profit or three (03) years after commencement of commercial operations, whichever falls first. Thereafter, there will be a partial exemption granted equivalent to the rate of six *per centum* (6%) which is half of the applicable tax rate for each year of assessment for a further period of fifteen (15) years immediately succeeding the last date of the tax exemption period. For avoidance of doubt, it is to be noted that the general tax regime then prevailing shall be applicable in relation to the Company implementing the project after the expiration of the twenty five (25) years as set out above.
- The dividends distributed to shareholders out of profits shall be exempted from income tax during the said ten (10) year tax exemption period and one (01) year thereafter.
- A five (05) year tax exemption from PAYE Tax shall be applicable for a Maximum number of twenty (20) expatriate staff of the Company.
- The Company shall be exempted from the payment of Withholding Tax :–
  - (a) on interest on foreign loans taken for capital expenditure.
  - (b) on technical fees to consultants.
  - (c) on management fees, royalty payments and marketing fees.

Provided these payments are made to one of the following subsidiaries of Shangri-La Asia Limited ;

- \* Shangri-La International Hotel Management Ltd. - Hong Kong
- \* Shangri-La International Hotel Management - BV
- \* Shangri-La International Hotel Management (Pte) Ltd. Singapore

Provided the fees will not exceed three *per centum* (3%) of gross operating revenues by way of basic management fees/royalties, marketing fees will not exceed one point five per centum (1.5%) of gross operating revenue and at ten per centum (10%) of gross operating profits by way of incentive management fees.

2. The Value Added Tax Act (VAT) No. 14 of 2002

The payment of Value Added Tax (VAT) on the importation of project related goods and the local purchases of project related goods and services during the project Construction period.

3. The Port and Airport Development Levy Act, No. 18 of 2011

Shall not be applicable during the project implementation construction period.

4. 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 during the construction period, in relation to items so imported solely for the purposes of the Project.

BASIL ROHANA RAJAPAKSE,  
Minister of Economic Development.

Colombo,  
11th July, 2011.