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EXTRAORDINARY

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**PART I : SECTION (I) — GENERAL**

**Government Notifications**

**STRATEGIC DEVELOPMENT PROJECTS ACT, No. 14 OF 2008**

**Notification under Section 3(2)**

BY Virtue of the powers vested in me in terms of Section 3(2) of the Strategic Development Projects Act, No. 14 of 2008, as amended, I, Mahinda Rajapaksa, Minister of Economic Policies and Plan Implementation, do by this Notification :

- (1) Identified as a Strategic Development Project for the purposes of the Strategic Development Projects Act, No. 14 of 2008, as amended (hereinafter referred to as “SDP Act”), the project to provide Information Technology and Information Technology enabled services for export by HCL Technologies Lanka (Private) Limited (herein after referred to as “the project”) with an envisaged investment of USD 10.25 million by 2021 and to provide technically qualified IT employment opportunities for 5,325 locals by 2032. HCL Technologies Lanka (Private) Limited (herein after referred to as “HCL”) initially entered in to an agreement with the Board of Investment of Sri Lanka (hereinafter referred to as “BOI”) on January 08, 2020 and it is located at No. 752, Orion City in Colombo and the Cinnamon life, No. 05, Justice Akbar Mawatha, Colombo 02.
- (2) HCL is a fully owned subsidiary of HCL Technologies in India, an Indian multinational technology company that specializes in IT services and consulting, headquartered in Noida, Uttar Pradesh, India. HCL Technologies has been listed in the Forbes Global 2000 list.



- (3) The envisaged investment for the new project is USD 10.25 million and is expected to be financed on equity contribution of USD 2.40 million, loan of USD 5.90 million and USD 1.95 million as reinvestment of retained earnings. The total investment of USD 10.25 million is to be made in the project by December 31, 2021. By March, 2026 the expected new employment generation from the project is 2,424 technically qualified locals and it has to be gradually increased to employments up to 5,325 numbers by March, 2032.
- (4) The project shall be granted exemption in terms of the SDP Act subject to the project fulfilling the following terms and conditions;
- (a) A minimum investment of USD 10.25 million should be invested by December 31, 2021.
- (b) The company should employ at least a minimum number of Sri Lankan employees as per timelines in the table below, subject to a deficit of up to 5 percent of the local employment number as at the stated timelines, not being considered a non-compliance of this condition.

|   | Initial stage<br>(March 2021) | Capacity stage<br>(by March 2026) | Capacity<br>(by March 2029) | Capacity<br>(by March 2032) |
|---|-------------------------------|-----------------------------------|-----------------------------|-----------------------------|
| Technically qualified employees<br>(cumulative) | 384                           | 2,424                             | 3,550                       | 5,325                       |

- (c) More than ninety per centum (90%) of income from services should be received in Convertible foreign Currency.
- (5) In terms of the SDP Act, the exemptions set out in Scheduled of this Notification shall apply to the Project Company for the purposes of the aforesaid project.

#### SCHEDULE

- (1) Inland Revenue Act, No. 24 of 2017
- (a) Exemption of Corporate Income Tax (CIT)  
The CIT shall be exempted for a period of Twelve (12) years reckoned from the date the Order made in terms of Section 3 (4) of the SDP Act, which is placed before Parliament in terms of Section 3 (5) of the SDP Act. After the expiry of the aforesaid Twelve (12) years tax exemption period, the prevailing Corporate Income Tax rate at that time shall be applicable in respect of the profits generated by the Project of the Project Company.
- (b) Concessionary Tax rate  
After the expiry of the aforesaid Twelve (12) years of tax exemption period, for a period of five (5) years thereafter, fifty *per centum* (50%) of the Corporate Income Tax rate prevailing at such time, shall be applicable on the taxable profit and income generated from the approved activities of the Project.
- (c) Dividend Tax  
The tax on dividend distributed to shareholders out of exempted profit shall be exempted from income tax during twelve (12) years Corporate Income Tax exemption period and one (01) year thereafter.
- (d) Exemption from Income Tax on Employment  
The expatriate employees of the project shall be exempted from income tax arising from gains and profits from employment in relation to the aforesaid project for a period of five (05) years subject to a maximum number of twenty (20) expatriates.

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

The Project shall be exempted from the payment and charge of Value Added Tax (VAT) under the Value Added Tax Act, No. 14 of 2002 and its amendments for the importation of all project related items (plant, machinery, equipment) required for the implementation of the project as approved by the BOI for a period of twelve (12) years reckoned from the date the Order made in terms of Section 3 (4) of the SDP Act, is placed before Parliament in terms of Section 3 (5) of the SDP Act subject to the further condition that more than ninety *per centum* (90%) of income from services are received in convertible foreign currency.

(3) Ports and Airports Development Levy Act, No. 18 of 2011

The Project shall be exempted from the payment and charge of Ports and Airports Development Levy (“PAL”) as referred in the Ports and Airports Development Levy Act, No. 18 of 2011, on all project related items (Plant, machinery, Equipment) imported for a period of twelve (12) years reckoned from the date the order made in terms of Section 3 (4) of the SDP Act, is placed before Parliament in terms of Section 3(5) of the SDP Act.

(4) Customs Ordinance (Chapter 235)

The Project shall be exempted from the charge and payment of Customs Import Duty (“CID”), as referred in the Customs Ordinance (chapter 235), on all project related items (plant, machinery, equipment) imported during the Project Implementation Period reckoned from the date the Order made in terms of Section 3 (4) of the SDP Act, is placed before Parliament in terms of Section 3 (5) of the SDP Act subject to the further condition that more than ninety *per centum* (90%) of income from services are received in convertible foreign currency.

However, any importation of items in the Negative List shall be considered by the BOI where such items are either not wholly produced in Sri Lanka or are not available in sufficient quality, quantity and time line for project completion.

(5) Sri Lanka Export Development Act, No. 40 of 1979

The project shall be exempted from the payment and charge of CESS as referred in the Sri Lanka Export Development Act, No. 40 of 1979 and its amendments, on all project related items (plant, machinery, equipment) imported for a period of twelve (12) years reckoned from the date the Order made in terms of Section 3 (4) of the SDP Act, is placed before Parliament in terms of Section 3 (5) of the SDP Act.

Exemptions referred in (2), (3), (4) and (5) above shall be subjected to the prior approval of the BOI for the quantities and values of the items required to be imported by the project.

**MAHINDA RAJAPAKSA, M.P.,**  
Minister of Economic Policies and  
Plan Implementation.

Ministry of Economic Policies and Plan Implementation,  
31st December, 2021.

EOG 01-0198