

BOX 10

Major Economic Policy Measures¹

Monetary Policy

- 30 January 2020 - Standing Deposit Facility Rate (SDFR) and Standing Lending Facility Rate (SLFR) were reduced by 50 basis points to 6.50 per cent and 7.50 per cent, respectively.
- 17 March 2020 - SDFR and SLFR were reduced by 25 basis points to 6.25 per cent and 7.25 per cent, respectively.
- Statutory Reserve Ratio (SRR) applicable on all rupee deposit liabilities of Licensed Commercial Banks (LCBs) was reduced by 1 percentage point to 4.00 per cent from 5.00 per cent with effect from the reserve maintenance period commencing 16 March 2020.
- 03 April 2020 - SDFR and SLFR were reduced by 25 basis points to 6.00 per cent and 7.00 per cent, respectively, with effect from the close of business on 03 April 2020.
- 16 April 2020 - Bank Rate was reduced by 500 basis points to 10.00 per cent and allowed to automatically adjust in line with SLFR, with a margin of +300 basis points.
- 06 May 2020 - SDFR and SLFR were reduced by 50 basis points to 5.50 per cent and 6.50 per cent, respectively, with effect from the close of business on 06 May 2020. Bank Rate was automatically reduced to 9.50 per cent from 10.00 per cent.
- 16 June 2020 - SRR applicable on all rupee deposit liabilities of LCBs was reduced by 2 percentage points to 2.00 per cent, while till cash adjustment to SRR was reduced to 1.00 per cent from 2.00 per cent with effect from the reserve maintenance period commencing 16 June 2020.
- 09 July 2020 - SDFR and SLFR were reduced by 100 basis points to 4.50 per cent and 5.50 per cent, respectively. Bank Rate was automatically reduced to 8.50 per cent from 9.50 per cent.

Special Credit Schemes

- 27 January 2020 - Operating Instructions of Self-Employment Promotion Initiative Loan Scheme (SEPI-Phase II) were amended to increase the fund allocation from Rs. 390 million to Rs. 950 million and to increase the maximum loan amount from Rs. 500,000 to Rs. 1,000,000, per borrower.
- 25 February 2020 - A Credit Guarantee Scheme was implemented on behalf of the Government of Sri Lanka to provide up to 75 per cent of guarantee facility for new working capital loans to be granted for Small and Medium Sector Enterprises (SMEs) whose previous loans are in the Non-Performing Loan category.
- 27 March 2020 - Introduced a concessional loan scheme, the Saubagya COVID-19 Renaissance Facility (Phase I - Refinance Scheme), up to a cumulative value of Rs. 50 billion at an interest rate of 4.00 per cent per annum to support businesses affected by COVID-19.
- 01 April 2020 - Saubagya COVID-19 Renaissance Facility (Phase I - Refinance Scheme) loan scheme was implemented under Section 88 of the Monetary Law Act (MLA), No. 58 of 1949, to assist Micro, Small and Medium Sector Enterprises (MSMEs) including individuals and self employed workers adversely affected by the COVID-19 outbreak.
- 06 April 2020 - Operating Instructions were issued to Participating Financial Institutions (PFIs) that were not registered under the Saubagya (Prosperity) Loan Scheme, enabling LCBs and Licensed Specialised Banks (LSBs) to act as PFIs under the Saubagya COVID-19 Renaissance Facility.

¹ Includes major economic policy measures implemented in 2020 and up to 31 March 2021 and the policy measures that are to be implemented in the near future. Policy measures announced by the Government and implemented during the period from 01 December 2019 to 01 April 2020 (published as notices to the public on the website of the Inland Revenue Department) are subject to the approval of the Parliament.

- 09 April 2020 - Operating Instructions of the New Comprehensive Rural Credit Scheme (NCRCS) were amended to reduce the interest rate to the end borrower from 7 per cent per annum to 4 per cent per annum to support small-scale farmers, who engage in cultivating 33 short term crops and to introduce 'Saubagya' Home Garden Promotion Programme to the NCRCS scheme.
- 16 June 2020 - Extended the concessional loan scheme introduced on 27 March 2020 up to Rs. 150 billion at an interest rate of 4.00 per cent per annum to support businesses affected by COVID-19, under the Saubagya COVID-19 Renaissance Facility - Phase II.
- 18 June 2020 - A special liquidity facility to LCBs namely Liquidity Facility to the Construction Sector (LFCS) was introduced upon receipt of a promissory note by LCBs backed by Treasury bills and bonds to be on lent to the construction sector in lieu of overdue payments of the Government at a concessionary rate not exceeding 4.00 per cent per annum.
- 19 June 2020 - As an addendum to the Operating Instructions of the Saubagya COVID-19 Renaissance Facility, actions have been taken to introduce 'Saubagya COVID-19 Renaissance Facility' to facilitate businesses adversely affected by the COVID-19 outbreak by providing working capital loans under Section 83 of the MLA.
- 24 June 2020 - Operating Instructions of the Saubagya COVID-19 Renaissance Facility (Phase I) were amended to extend the acceptance of loan applications till 31 August 2020 by LSBs.
- 30 June 2020 - The Saubagya COVID-19 Renaissance Facility (Phase III) was implemented as a Credit Guarantee and Interest Subsidy Scheme under Section 108 of the MLA to provide short term working capital loans in parallel with the existing facilities.
- 01 July 2020 - Operating Instructions of the 'Saubagya' Loan Scheme were amended to reduce the current interest rate applicable to the end borrower from 8.00 per cent per annum to 6.00 per cent per annum in line with the reduction of policy interest rates of the Central Bank.
- 16 July 2020 - Operating Instructions were issued under the 'SWASHAKTHI Towards One Million Jobs' scheme to increase the maximum loan amount from Rs. 250,000 to Rs. 500,000.
- 24 July 2020 - The LFCS to LCBs was expanded to cover the contractors and suppliers of the Government in the Construction, Pharmaceutical Sectors and such other identified sectors upon receipt of a Letter of Acceptance by LCBs backed by Treasury bills and bonds to be on lent to such sectors in lieu of overdue payments of the Government.
- 25 August 2020 - Operating Instructions of the Saubagya COVID-19 Renaissance Facility were amended to extend the deadline for the submission of Loan Registration applications by PFIs till 30 September 2020.
- 03 November 2020 - Operating Instructions were amended to introduce seven new credit components under the Smallholder Agribusiness Partnerships Programme (SAPP), namely 4P Promoter Loan Scheme, 4P Promoter Bulk Loan Scheme, 4P Financial Intermediaries (FI) Bulk Loan Scheme, Revolving Fund (RF) Promoter Loan Scheme, RF Promoter Bulk Loan Scheme, RF FI Bulk Loan Scheme, and RF Tea and Rubber Sector Loan Scheme.

Financial Sector

Licensed Banks

- 30 January 2020 - A Circular was issued to licensed banks (LCBs and LSBs) providing guidelines for the implementation of a special credit support scheme to provide credit support to eligible SME borrowers.

01 March 2020	- A Circular was issued to LCBs informing them to extend the maximum period for the settlement of export credit facilities out of export proceeds up to 180 days from the date of shipment.
19 March 2020	- Banking Act Directions were issued to LCBs and the National Savings Bank (NSB) informing them to suspend facilitation of the importation of selected motor vehicles under Letters of Credit (LCs) and the importation of selected non-essential goods under LCs, documents against acceptance, and advance payments. Further, purchasing of International Sovereign Bonds (ISBs) by LCBs and NSB was suspended for a period of three months.
24 March 2020	- A Circular was issued to licensed banks informing the relief measures to be provided to COVID-19 affected businesses and individuals pursuant to the Direction issued by His Excellency the President and the decision taken by the Cabinet of Ministers.
27 March 2020	- A Circular was issued to licensed banks informing the eligibility to participate in a refinancing facility to support COVID-19 affected businesses, including self-employed businesses and individuals, commencing 25 March 2020. This Circular was issued to supplement the Circular No. 04 of 2020, dated 24 March 2020, and set out the operational guidelines to enforce the refinancing facility. - The Central Bank introduced extraordinary regulatory measures, permitting Domestic Systemically Important Banks (D-SIBs) and other banks to draw down their Capital Conservation Buffer, providing a 60-day period to settle loans, which are considered 'past due' during March 2020, permitting conversion and recovery of foreign currency (FCY) loans in Sri Lankan rupees, and deferring the enhancement of capital by licensed banks, which are yet to meet the minimum capital requirements of end 2020 until end 2022.
17 April 2020	- The minimum daily deposit required to be held by a LCB in the Central Bank was reduced to 20 per cent of the required reserves on any given day, from the previous requirement of 90 per cent, with effect from the reserve maintenance period commencing 16 April 2020.
27 April 2020	- A Monetary Law Act Order was issued informing the maximum rate of interest chargeable by licensed banks on pawning advances collateralised by personal gold jewellery.
05 May 2020	- Banking Act Directions were issued to licensed banks permitting certain assets to be considered as liquid assets, subject to conditions, for the purpose of computation of Statutory Liquid Assets Ratio (SLAR). The minimum requirement for Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR) was reduced to 90 per cent, subject to enhanced supervision and frequent reporting up to 30 June 2021.
13 May 2020	- Banking Act Directions were issued restricting discretionary payments of licensed banks, such as declaring cash dividends, profit repatriation, share buy-back, and increasing management allowances and payments to the Board of Directors to ensure maintaining appropriate levels of liquidity and prudent management of cash flows by licensed banks. Further, banks were informed to exercise prudence and extreme due diligence when incurring capital expenditure and refrain to the extent possible from incurring non-essential expenditure.
15 May 2020	- Banking Act Directions were issued on Loan to Value (LTV) ratios for credit facilities granted in respect of motor vehicles, replacing the previous Banking Act Directions issued on the same.

- 19 June 2020 - Banking Act Directions were issued to LCBs and NSB suspending the purchase of Sri Lanka ISBs for three months with effect from 19 June 2020, unless such purchase of ISBs is funded by new foreign currency inflows to the banks.
- 16 July 2020 - Banking Act Directions were issued permitting licensed banks to consider new credit facilities granted under the liquidity facility scheme to the construction sector against “Letters of Acceptance of Payments of Outstanding Bills to Contractors” issued by the Government to settle dues to contractors by 31 December 2020, as liquid assets for the purpose of computation of SLAR until 31 December 2020, subject to a haircut of 10 per cent. These Letters of Acceptance of Payment of Outstanding Bills and the credit guarantees provided under Phase III of the Saubagya COVID-19 Renaissance Facility were permitted to be considered as acceptable credit risk mitigants for credit facilities granted against the same and to be risk weighted at zero per cent.
- A Circular was issued to licensed banks requiring financial institutions to extend the existing moratorium period of capital outstanding of leasing facilities granted to tourism related motor vehicles until 31 March 2021. Financial institutions may recover interest during the moratorium period in a manner that is not inconvenient to such borrowers, and the accrued penal interest in respect of such leasing facilities is to be waived off. Further, licensed banks were informed of the maximum additional interest rate chargeable during the moratorium period and the manner in which such additional interest to be recovered in relation to leasing facilities granted for buses providing public transport services and the Equal Monthly Instalment (EMI) loans.
- An amendment was issued with respect to the Banking Act Directions on Capital Requirements under Basel III, to increase the annual turnover threshold of SMEs to Rs. 1 billion.
- 21 August 2020 - A Monetary Law Act Order was issued on the Maximum Interest Rates applicable on Sri Lankan rupee denominated credit cards, pre-arranged temporary overdrafts, pawning advances, penal interest rates on all loans and advances, and enhanced rates on accommodations for exporters in line with the market interest rates.
- 26 August 2020 - A Circular was issued to licensed banks extending the moratorium granted to COVID-19 affected businesses and individuals engaged in the tourism sector for a further period of six months commencing 01 October 2020.
- 08 September 2020 - Banking Act Directions were issued amending the limit on acquiring a material interest of issued capital carrying voting rights of licensed banks by Multilateral Financial Organisations (MFOs) to a level not exceeding 20 per cent, subject to the condition that such material interest acquired shall be reduced to 15 per cent within 10 years from the date of stipulation.
- 30 September 2020 - Banking Act Directions were issued amending the general terms and conditions applicable for financial derivative transactions of licensed banks to facilitate the implementation of Inward Investment Swaps.
- 28 October 2020 - A Circular was issued amending the previous Circular on Adoption of Sri Lanka Accounting Standards – SLFRS 9: Financial Instruments by licensed banks allowing flexibility to exercise judgement on a case-by-case basis to determine the ability of the borrower to repay obligations for the purpose of classification of loans amidst the COVID-19 outbreak.
- 09 November 2020 - A Circular was issued instructing licensed banks to extend the debt moratorium for a further period of six months commencing 01 October 2020 considering the second wave of the pandemic.

12 November 2020	- Banking Act Determination on annual licence fee was issued informing the Monetary Board decision to keep the annual licence fee structure for licensed banks for 2021 as same as in 2020.
04 December 2020	- Monetary Law Act Order was issued informing the maximum interest rate of 7 per cent, per annum, for mortgage backed housing loans obtained by salaried employees in the public and private sector, with a view to expanding the home ownership while providing an additional stimulus to the domestic construction sector and the related supply chain.
11 December 2020	- Banking Act Directions were issued to LCBs and NSB suspending the purchase of Sri Lanka ISBs for six months with effect from 11 December 2020 unless such purchase of ISBs is funded by new foreign currency inflows to the banks.
23 December 2020	- Banking Act Directions were issued to LCBs and NSB suspending the purchase of Sri Lanka ISBs for a period of three months, considering the undue pressure to the domestic foreign exchange market added by licensed banks using inflows to the current account of the balance of payments for the purchase of such ISBs. Accordingly, Banking Act Directions issued on 11 December 2020 were withdrawn.
31 December 2020	- Banking Act Directions were issued amending the regulatory framework on valuation of immovable properties of licensed banks, broadening the eligibility criteria for valuers of licensed banks.
13 January 2021	- A Circular was issued instructing licensed banks to suspend recovery actions against SME paddy millers for six months, considering the Government initiatives to support SME paddy millers amidst the pandemic.
19 January 2021	- Banking Act Directions were issued relaxing the restrictions on discretionary payments of licensed banks. Accordingly, licensed banks were permitted to pay cash dividends and repatriate profits after completion of the audit of the financial statements for the year 2020. Further, licensed banks were required to refrain from engaging in share buy-backs and increasing non-essential expenditure, while exercising extreme due diligence and prudence when incurring capital expenditure until 30 June 2021.
25 January 2021	- A Circular was issued introducing amendments to Guidelines on Adoption of Sri Lanka Accounting Standard – SLFRS 9: Financial Instruments reducing the applicable Loss Given Default (LGD) with respect to exposures denominated in FCY issued by Sovereigns to 10 per cent when computing expected losses for the year 2021. - Banking Act Directions were issued reducing the risk weight applicable on foreign claims on the Central Government for the year 2021 from 20 per cent to 10 per cent and reducing the risk weight applicable for mortgage backed residential housing loans from 50 per cent to 35 per cent. - Banking Act Directions were issued informing LCBs to refrain from entering into forward contracts of foreign exchange for a period of three months with immediate effect with a view to avoiding excess volatility in the foreign exchange market and the impact on banks' risk management.
10 March 2021	- A Circular was issued instructing licensed banks to provide concessions for leasing facilities obtained by COVID-19 affected businesses and individuals engaged in passenger transportation services for six months, commencing 01 April 2021.

- | | |
|---------------|---|
| 18 March 2021 | - Banking Act Directions were issued to LCBs and NSB suspending the purchase of Sri Lanka ISBs with effect from 23 March 2021 until 09 April 2021, considering the possible large outflows of foreign exchange from banks, their impact on banks' risk management and the exchange rate. |
| 19 March 2021 | - A Circular was issued to licensed banks extending the debt moratorium granted to COVID-19 affected businesses and individuals in the tourism sector for another six months commencing 01 April 2021. The extension was granted to provide adequate time for borrowers to come up with proposals to restructure their credit facilities over a longer period, prior to the expiry of the extended moratorium period. |
| Forthcoming | <ul style="list-style-type: none"> - Drafting of a new Banking Act - Implementing Recovery Plans for licensed banks - Establishing a Regulatory Framework for Technology Risk Management and Resilience in licensed banks - Harmonising regulatory and accounting framework on classification of loans and advances, income recognition and provisioning - Facilitating banking sector initiatives towards sustainable finance |

Licensed Finance Companies (LFCs), Specialised Leasing Companies (SLCs), Licensed Microfinance Companies (LMFCs), and Primary Dealer Companies (PDCs)

- | | |
|------------------|--|
| 14 February 2020 | - A Direction was issued on Classification and Measurement of Credit Facilities, setting out the minimum requirements to LFCs with the adoption of Sri Lanka Accounting Standard, SLFRS 9: Financial Instruments issued by the Council of Chartered Accountants and prudential requirements of the Central Bank. |
| 17 February 2020 | - A Direction was issued on Classification and Measurement of Credit Facilities, setting out the minimum requirements to SLCs with the adoption of Sri Lanka Accounting Standard, SLFRS 9: Financial Instruments issued by the Council of Chartered Accountants and prudential requirements of the Central Bank. |
| 10 March 2020 | - A Circular was issued to LFCs and SLCs providing guidelines for the implementation of special credit support for eligible individuals and entities engaged in income generating activities. |
| 24 March 2020 | - A Circular was issued to LFCs and SLCs providing relief measures for businesses and individuals affected by the COVID-19 outbreak. |
| 27 March 2020 | - A Circular was issued to LFCs and SLCs to supplement the Circular dated 24 March 2020 on providing relief measures for businesses and individuals affected by the COVID-19 outbreak. |
| 31 March 2020 | - An amendment was issued with respect to the existing Direction on liquid assets to be maintained by LFCs that shall be effective for six months from the date of the Direction. |
| 24 April 2020 | <ul style="list-style-type: none"> - The existing LTV Direction issued to LFCs and SLCs was revised allowing higher LTV ratios for locally assembled motor cars, SUVs and vans. - The Direction on maximum interest rates on deposits and debt instruments of LFCs and SLCs was revised with marginally reduced rates. |
| 18 June 2020 | - An amendment to the Corporate Governance Direction of LFCs was issued permitting a director of an LFC, who is already holding office and reaches the age of 70 years, to continue in office as a director with the prior approval of the Monetary Board. |

26 June 2020	- An amendment to the Corporate Governance Direction of SLCs was issued permitting a director of an SLC, who is already holding office and reaches the age of 70 years, to continue in office as a director with the prior approval of the Monetary Board.
16 July 2020	- A Direction on Business Expansion and Operations was issued to LFCs revisiting the approval process, setting out minimum criteria on planning to open new business places, vesting responsibilities on Boards of Directors and key management personnel, setting out minimum risk management standards and the requirement to standardise the existing other outlets. - A Circular was issued to LFCs and SLCs extending the six months moratorium period granted in terms of Circular No. 05 of 2020, issued on 27 March 2020, for a further period of six months in respect of capital outstanding of leasing facilities granted to tourism related vehicles.
30 July 2020	- The definition of Liquid Assets of LFCs was amended under Section 74 of the Finance Business Act, No. 42 of 2011, to include Treasury Bonds (maturing in more than twelve months), Sri Lanka Development Bonds, and ISBs issued by the Government of Sri Lanka, free from any lien or charge.
20 August 2020	- A Direction on Business Expansion and Operations was issued to SLCs revisiting the approval process, setting out minimum criteria in planning to open new business places, vesting responsibilities on Board of Directors and key management personnel, setting out minimum risk management standards and the requirement to standardise the existing outlets.
28 September 2020	- LFCs were requested to follow a new format for publication of financial information and key performance indicators on official websites and newspapers in all three languages. Further, LFCs were required to publish the independent auditor's report along with the audited financial statements and credit rating reports on official websites in all three languages.
30 September 2020	- A Circular was issued to LFCs and SLCs on extending debt moratorium for COVID-19 affected businesses and individuals in the tourism industry for further six months from 01 October 2020. The Circular dated 16 July 2020 was revoked with the introduction of this Circular. - An amendment to the Direction was issued extending the effective date of the Direction on Liquid Assets issued on 31 March 2020, for further six months until 31 March 2021.
09 November 2020	- A Circular was issued to LFCs and SLCs on debt moratorium for COVID-19 affected businesses and individuals with a view to meeting the challenges faced by businesses and individuals due to the second wave of COVID-19.
27 November 2020	- An amendment was issued to the Circular issued on 09 November 2020, extending the deadline for the submission of debt moratorium requests, along with further instructions to LFCs and SLCs.
30 November 2020	- Prompt Corrective Action (PCA) framework for LFCs was issued with a view to ensuring financial soundness through better risk management policies and practices. The PCA outlines the minimum corrective actions applicable when certain capital-based triggers, such as capital adequacy requirements and capital thresholds etc., are met. - Maximum percentage limits of share capital of LFCs were issued with effect from 01 January 2022. LFCs shall reduce the direct or indirect holding of shares carrying voting rights by any shareholder up to a maximum limit of 50 per cent of the issued capital carrying voting rights in the LFC, by 31 December 2033, on a staggered basis over two phases.

- | | |
|------------------|---|
| 23 December 2020 | - A consultation paper was issued on the proposed Direction on Corporate Governance. |
| 01 January 2021 | - An amendment was issued to the Directions on Valuation of Immovable Properties of LFCs and SLCs, amending the eligibility criteria for valuers. |
| 17 February 2021 | - An amendment was issued to the Directions on LTV Ratios of LFCs and SLCs for Credit facilities granted in respect of motor vehicles, with a revised rate of 80 per cent in respect of registered vehicles, which have been used in Sri Lanka for more than one year after first registration. |
| 12 March 2021 | - A Circular was issued to LFCs and SLCs requesting to provide concessions for COVID-19 affected businesses and individuals engaged in passenger transportation services for a period of six months commencing from 01 April 2021. |
| 19 March 2021 | - A Circular was issued to LFCs and SLCs requesting to extend the debt moratorium granted to tourism sector under Circular No. 09 of 2020 issued on 30 September 2020 for another period of six months commencing from 01 April 2021. |
| 31 March 2021 | - LFCs and SLCs were informed on deferment of the implementation of Direction No. 01 of 2020 on Classification and Measurement of Credit facilities, for a period of three months. |
| | - Extended the amendment to the Direction on Liquid Assets dated 30 September 2020 for a period of three months until 30 June 2021, in order to facilitate the LFCs and SLCs to overcome the liquidity pressure considering the challenging operating environment due to the prolonged impact of COVID-19 pandemic. |
| Forthcoming | - Amending the Finance Business Act, No. 42 of 2011 |
| | - Amending Finance Leasing Act, No. 56 of 2000 and issuing a Direction on Leasing Business Operations |
| | - Revising the existing Direction on Corporate Governance |
| | - Introducing Directions to facilitate FinTech solutions including e-money system and mobile payment systems |
| | - Revising the existing directions in line with current market developments and issuing new directions on the required regulatory areas |
| | - Enacting the Microfinance and Credit Regulatory Authority Act (MCRA) and developing a regulatory framework in line with the Act |
| | - Implementing a five year consolidation plan to establish resilient and well performing around 25 LFCs in the medium term, each having prudential requirements well above the minimum level with diversified business models |

Insurance

- | | |
|------------------|--|
| 19 February 2020 | - The Consumer Education Strategy (CES) under Technical Assistance of the Capital Market Development Programme (CMDP) of the Asian Development Bank (ADB) was implemented. |
| 25 February 2020 | - Circular No. 42 was issued on 'Loss Adjuster Registration Rules', published in Extraordinary Gazette No. 2026/27, dated 05 July 2017, requiring all insurers to refrain from obtaining loss adjusting services from unlicensed loss adjusters. |

11 April 2020	<ul style="list-style-type: none"> - Relief measures related to the COVID-19 pandemic: <ul style="list-style-type: none"> • Monitor the suspension on payment of the first and final dividend to shareholders for the year ended 31 December 2019 as a relief to policyholders, which was introduced as an incentive by the Insurance Regulatory Commission of Sri Lanka (IRCSL). • For policies underwritten from 01 March 2020 to 30 June 2020, permit long term and general insurance companies to consider the premium receivables outstanding for 90 days for solvency purposes, subject to a specific confirmation given by the principal officer of the company. • Closely monitor 'Monthly Certification/ Reporting of Risk Based Capital Adequacy Requirements; e.g. Capital Adequacy Ratio (CAR), Total Available Capital (TAC) and Risk Capital Requirement (RCR) and Determination 01 - Compliance for Long Term and General Insurance Businesses' from the month ended 31 March 2020 provided by the principal officer. • Oversee whether long-term and general insurance companies use the Risk Free Interest Rate (RFR) as per the Rules gazetted in 2015 to compute solvency.
03 June 2020	<ul style="list-style-type: none"> - Direction No. 19 on 'Compliance with minimum net capital requirement' was amended to address enforcement action that would be taken by the IRCSL when brokering companies take extensive periods of time to meet the net capital requirement.
08 June 2020	<ul style="list-style-type: none"> - Direction No. 17 on Corporate Governance Framework for insurance companies was amended considering the views obtained from the Insurance Association of Sri Lanka (IASL) and a few insurers.
02 July 2020	<ul style="list-style-type: none"> - A Circular was issued mandating all insurers to issue policies in Sinhala, Tamil and English to ensure comprehension of policy terms and conditions by policyholders.
22 September 2020	<ul style="list-style-type: none"> - Implementation of assigned activities relating to the Financial Sector Modernisation Project (FSMP) was commenced.
05 October 2020	<ul style="list-style-type: none"> - A direction was issued on the procedure to be followed by all insurers/ brokers in conducting inquiries relating to agents.
14 October 2020	<ul style="list-style-type: none"> - A press notice was published requesting the insuring public, policyholders or any other interested members of the general public to submit their complaints and/or views with regard to selling insurance policies through Mobile Network/Fixed Line Operators or any other related matters.
Forthcoming	<ul style="list-style-type: none"> - Proceed with project activities related to the FSMP - Implementing assigned activities in relation to the National Financial Inclusion Strategy
Capital Market	
12 February 2020	<ul style="list-style-type: none"> - The Securities and Exchange Commission (SEC) amended listing rules to broad base the eligibility criteria for listing of shares. The SEC and Colombo Stock Exchange (CSE) jointly finalised a policy to broaden the regulatory framework governing initial listing of entities.

31 March 2020	<ul style="list-style-type: none"> - A moratorium was granted to the clients of all registered Margin Providers and all Licensed Stockbrokers from the payment of interest on credit with effect from 11 March 2020. - Guidelines were issued on adopting regulatory measures on monitoring credit exposure undertaken by stockbrokers/dealers.
30 April 2020	<ul style="list-style-type: none"> - The timeframe for submission of reports by licensed/registered entities was extended due to the COVID-19 pandemic. - A deferment of the SEC's annual licensing/registration fees for the year 2020 was granted for the core regulated activity of all licensed/registered entities for a period of one year. - A three-tiered circuit breaker structure was introduced in order to strengthen the capital market and to ensure that precautionary measures are in place to prevent distortion in the S&P SL20 Index.
31 July 2020	<ul style="list-style-type: none"> - Rules were gazetted to introduce Real Estate Investment Trusts (REITs).
9 September 2020	<ul style="list-style-type: none"> - The tick size of the Automated Trading System (ATS) was amended.
14 September 2020	<ul style="list-style-type: none"> - The listing rules applicable to the Empower Board were revised for further relaxation of rules.
September 2020	<ul style="list-style-type: none"> - Following initiatives were carried out under phase one of end-to-end digitalisation of the CSE: <ul style="list-style-type: none"> • Amendments were approved to the Stockbroker Rules, Central Depository Systems (CDS) Rules and Listing Rules submitted by the CSE, enabling the transition of the stock market from a paper based to an electronic based environment. • Online CDS accounts opening was enabled through the CSE mobile app, e-contract notes and e-statements, payment of dividends through electronic bank transfers. • An identity management tool has been built into the CDS account opening app with the CDS being able to verify the authenticity of the national identity card by integrating with the Department of Registration of Persons having entered into a Memorandum of Understanding (MoU).
October 2020	<ul style="list-style-type: none"> - Upon the approval of the Cabinet of Ministers, the SEC Bill was forwarded to the Legal Draftsman.
December 2020	<ul style="list-style-type: none"> - Guidelines on best practices for stockbrokers/dealers were issued and the Handbook of Market Surveillance was updated.
Forthcoming	<ul style="list-style-type: none"> - Facilitating the implementation of a Delivery vs Payment (DvP) and enhanced margining system <ul style="list-style-type: none"> • The SEC formulated a policy for a DvP mechanism and enhanced margining system in consultation with the CSE and other market stakeholders to mitigate the post trade risk inherent in the market. Upon receipt of approval of the SEC, the CSE was instructed to implement the same. The proposed DvP implementation, including system upgrades, are expected to be completed by the second quarter of 2021.

- Phase 2 of end-to-end digitalisation of the CSE

Following initiatives are to be completed:

- Electronic Wallet (e-Wallet) : Platform to enable electronic investments/fund raising etc.,
- Electronic Initial Public offering (e-IPO)
- Electronic subscription to IPO
- Electronic Portals (e-Portal): Platform for clients to directly access the CDS account and obtain required details
- Web portals at Sri Lankan Embassies in other jurisdictions to enable more foreign inflows to the country.

Payments and Settlements

- | | |
|-------------------|---|
| 20 January 2020 | - General Direction No. 1 of 2020 on fees chargeable on the transactions effected through the Common ATM Switch was issued, replacing General Direction No. 1 of 2014, to include maximum fees that can be charged for ATM transactions carried out using payment cards issued under the National Card Scheme. |
| 14 May 2020 | - Payment and Settlement Systems Circular No. 13 of 2020 was issued to mandate licensed commercial banks incorporated in Sri Lanka and operators of mobile phone based e-money systems joining LANKAQR as issuers and acquirers in order to promote LANKAQR for retail payments. |
| 01 June 2020 | - Guideline No. 01/2020 on minimum compliance standard for payment related mobile applications was issued, replacing the Guideline No. 01/2018, in order to update the guidelines to cover new developments in payment related mobile applications. |
| 08 June 2020 | - Payment and Settlement Systems Circular No. 16 of 2020 on maximum limits on transaction value and fees of Common Electronic Fund Transfer Switch (CEFTS) was issued to include procedure for determining maximum per transaction value limits for CEFTS transactions carried out through LankaPay Online Payment Platform. |
| 17 September 2020 | - Payment and Settlement Systems Circular No. 18 of 2020 was issued to revise the transaction fees of LankaSettle System and to extend the cut-off time for accepting customer transactions. Accordingly, customer fee for RTGS transactions was reduced to Rs. 400 from Rs. 1,000, while operator fee was reduced to Rs. 200 from Rs. 450. |
| 27 November 2020 | - Payment and Settlement Systems Circular No. 19 of 2020 was issued to revise the Liability Manager (LM) Limits in LankaPay Common ATM Switch and LankaPay CEFTS and the categorisation of licensed commercial banks for the purpose of imposing LM limits. |
| 11 December 2020 | - Payment and Settlement Systems Circular No. 20 of 2020 was issued to revise the maximum per transaction fee of LankaPay CEFTS charged from customers for fund transfers effected through internet banking, mobile banking and ATMs of respective members of CEFTS. |

Anti-Money Laundering and Countering the Financing of Terrorism

- | | |
|------------------|---|
| 05 February 2020 | - Guideline No. 1 of 2020 was issued on scenario based LankaFIN reporting for LFCs, insurance companies and stock broker companies. |
|------------------|---|

- 10 June 2020 - Guideline No. 2 of 2020 was issued on Anti-Money Laundering and Countering the Financing of Terrorism Compliance Obligations for Accountants and Trusts or Company Service Providers.
- 15 June 2020 - Circular No. 3 of 2020 was issued to Financial Institutions advising to be vigilant to emerging Money Laundering/Terrorist Financing risks.
- 22 October 2020 - Guideline No. 3 of 2020 was issued on Non Face-to-Face Customer Identification and Verification Using Electronic Interface provided by the Department for Registration of Persons. (Repealed)
- 30 December 2020 - Revised Guideline No. 3 of 2020 was issued on Non Face-to-Face Customer Identification and Verification Using Electronic Interface provided by the Department for Registration of Persons.

Foreign Exchange Management and International Operations

- 19 March 2020 - Directions No. 01 of 2020 were issued to Authorised Dealers (ADs) informing them to issue foreign currency notes up to a maximum of US dollars 5,000 (or its equivalent in other foreign currency) as travel allowance to persons resident in Sri Lanka travelling abroad for any purpose, from the previously permitted travel allowance of US dollars 10,000.
- 20 March 2020 - Directions No. 02 of 2020 were issued to ADs, requesting them to suspend the release of foreign exchange with immediate effect for the importation of certain non-essential consumer goods under Documents Against Payments and Open Account Payment terms, for a period of three months until 20 June 2020.
 - Sell-Buy Forex SWAP Auctions were introduced as an alternative intervention mechanism, to address the temporary liquidity shortage in the domestic foreign exchange market without depleting the foreign exchange reserves.
- 02 April 2020 - Extraordinary Gazette Notification No. 2169/3 was issued as an Order under Section 22 of the Foreign Exchange Act (FEA), No. 12 of 2020 imposing the following measures on outward remittances on Capital Transactions for a period of three months effective from 02 April 2020.
 - Suspend the general permission granted to make outward remittances for investments overseas through the Outward Investment Accounts by persons resident in Sri Lanka excluding the following:
 - (a) investments to be financed out of a foreign currency loan obtained by the investor from a person resident outside Sri Lanka under the provisions of FEA, or
 - (b) investments to be made to fulfill the regulatory requirement in that country.
 - Suspend the outward remittances through Business Foreign Currency Accounts (BFCAs) or Personal Foreign Currency Accounts (PFCAs) held by persons in, or resident in, Sri Lanka, other than for the remittances on current transactions.
 - Suspend the repatriation of funds under the migration allowance through Capital Transactions Rupee Accounts (CTRAs) by the emigrants who have already claimed migration allowance.
 - Limit the eligible migration allowance for the emigrants who are claiming the migration allowance for the first time up to a maximum of US dollars 30,000.
 - Limit the authority of the Monetary Board to grant special permission for investments on a case-by-case basis, which exceeds the limits specified in the general permission, only to those satisfying the criteria mentioned in (a) and (b) above.

03 April 2020	- Directions No. 03 of 2020 were issued to ADs informing them to recover any foreign currency loans granted to holders of BFCAs in Sri Lankan rupees, when recovery of such loans in foreign currency is remote, as a last resort by converting such loans to Sri Lankan rupee denominated loans, where necessary.
08 April 2020	- Extraordinary Gazette Notification No. 2170/4 was issued as regulations to introduce a Special Deposit Account (SDA) for any Sri Lankan individual resident in or outside Sri Lanka, including Dual Citizens, Citizens of other States with Sri Lankan origin, and any person resident outside Sri Lanka, including funds, corporate bodies, associations incorporated/registered outside Sri Lanka and other well-wishers with the following special features: <ul style="list-style-type: none"> • Minimum tenure: Six months • Interest payable: 1 percentage point and 2 percentage points per annum for SDAs with a tenure of six months and twelve months, respectively, payable at maturity of the deposit, above the deposit interest rates applicable for normal deposits of similar maturities by the respective bank • Repatriation of funds: Freely convertible and repatriable outside Sri Lanka on the maturity of the term deposits
09 April 2020	- Directions No. 04 of 2020 were issued to ADs specifying the criteria of opening and maintaining SDAs and permitted debits and credits.
16 April 2020	- Directions No. 05 of 2020 were issued to ADs informing, loans granted to Sri Lankans employed abroad to be recovered in Sri Lankan rupees, as a last resort, where necessary, when recovery of such loans in foreign currency is remote.
01 July 2020	- Extraordinary Gazette Notification No. 2182/33 was issued as an Order, under Section 8 of the FEA, to increase the amount of foreign currency that can be retained by a person in, or resident in Sri Lanka in possession up to US dollars 15,000 from the previously permitted amount of US dollars 10,000.
	- Extraordinary Gazette Notification No. 2182/32 was issued informing further measures taken to encourage opening of SDAs as stated below: <ul style="list-style-type: none"> • Expansion of the sources of funding SDAs <ol style="list-style-type: none"> (a) Any person who has arrived in Sri Lanka from overseas on or after 01 January 2020 can open SDAs with any AD on or before 07 October 2020, out of foreign exchange legitimately acquired and brought into Sri Lanka by such person subject to; <ul style="list-style-type: none"> - a declaration made to the Sri Lanka Customs at the port of arrival where the amount of such foreign exchange exceeds US dollars 15,000 or an equivalent amount in any designated foreign currency. - a declaration to the relevant AD where the amount of such foreign exchange is equal or less than US dollars 15,000 or an equivalent amount in any designated foreign currency. (b) Any person in, or resident in, Sri Lanka can open SDAs with any AD on or before 07 October 2020, out of foreign currency notes in his possession up to the limit of US dollars 15,000 and subject to such terms and conditions of the prevailing Regulations and Orders, subject to a declaration on the source of funds to the AD.

- Obtaining loans against SDAs
 - (a) SDA holders are permitted to obtain loans from ADs against SDAs (keeping as collateral) as follows:
 - Residents in Sri Lankan rupees
 - Non-resident SDA holders, who are eligible to obtain loans as per the prevailing regulations.
- 02 July 2020
- Extraordinary Gazette Notification No. 2182/37 was issued as an Order, under Section 22 of the FEA, imposing further measures on outward remittances on Capital Transactions for a period of six months.
 - Suspend the general permission granted to make outward remittances for investment overseas through the Outward Investment Accounts by persons resident in Sri Lanka excluding the following;
 - (a) investments to be financed out of foreign currency loans obtained by the investor from a person resident outside Sri Lanka under the provisions of the FEA,
 - (b) an additional investment to be made to fulfill the regulatory requirement in the investee's country applicable on the investment already made in a company or a branch office in that country,
 - (c) an additional investment/infusion of funds to be made by eligible resident companies in already established subsidiaries or branch offices in overseas up to a maximum of US dollars 20,000, for the purpose of working capital requirements of the investee,
 - (d) the remittances up to a maximum of US dollars 20,000, for the purpose of maintenance of liaison, marketing, agency, project, representative or any other similar offices already established overseas.
 - Suspend the outward remittances through BFCAs or PFCAs held by persons resident in Sri Lanka, other than for the remittances on current transactions up to any amount or capital transactions up to a maximum of US dollars 20,000.
 - Limit the eligible migration allowance for emigrants, who are claiming the migration allowance for the first time, up to a maximum of US dollars 30,000.
 - Limit the repatriation of funds under the migration allowance by emigrants, who have already claimed migration allowance up to a maximum of US dollars 20,000.
 - Limit the authority of the Monetary Board to grant special permission for investments on a case-by-case basis, which exceeds the limits specified in the general permission, only to those satisfying the criteria mentioned in (a) and (b) above.
- 06 July 2020
- Directions No. 06 of 2020 were issued to ADs specifying the further criteria of opening and maintaining SDAs, permitted debits, credits and other requirements.
- 23 September 2020
- A new USD/LKR Buy-Sell SWAP Scheme was introduced to the market for tenors beyond one year and up to two years period, under the name "Inward Investments SWAPs-IIS Scheme" to hedge the foreign exchange risk pertaining to foreign currency inflows that are channeled through the Inward Investments Accounts of non-residents, in order to encourage the fresh foreign exchange inflows to the country.
- 06 October 2020
- Extraordinary Gazette Notification No. 2196/22 was issued granting permission to renew and continue the SDAs opened beyond the designated date of maturity, and will only be eligible for interest rates offered by the ADs for normal term deposits, and the funds held in such SDAs can be freely convertible and repatriable outside Sri Lanka on the maturity of the term deposit.

07 October 2020	<ul style="list-style-type: none"> - Directions No. 07 of 2020 were issued to ADs permitting to credit maturity proceeds including the interest of SDAs to PFCAs, provided such person is eligible to open and maintain PFCAs in terms of the provisions under the FEA. - Directions No. 08 of 2020 were issued to ADs permitting to credit maturity proceeds including the interest of SDAs to Inward Investment Accounts (IIAs), provided such person is eligible to open and maintain IIAs in terms of the provisions under the FEA. - Directions No. 09 of 2020 were issued to ADs permitting to debit maturity proceeds including the interest of SDAs to IIAs or PFCAs in terms of the provisions under the FEA.
17 November 2020	<ul style="list-style-type: none"> - Extraordinary Gazette Notification No. 2202/7 was issued amending the validity periods of the Extraordinary Gazette Notification No. 2170/4 and Extraordinary Gazette Notification No. 2182/32 from six months to twelve months.
25 November 2020	<ul style="list-style-type: none"> - Directions No. 10 of 2020 were issued to ADs specifying the extension of the duration granted to open up SDAs from six months to twelve months, while the duration applicable for permitted credits related to transfers from Inward Investment Accounts or accounts maintained in the Offshore Banking Unit by the account holder out of the proceeds received as inward remittances was also extended to twelve months from six months.
15 December 2020	<ul style="list-style-type: none"> - Directions No. 11 of 2020 were issued to Restricted Dealers (RDs) solely engaged in money changing business (Money Changers) on buying, selling and exchanging foreign currencies enabling the Department of Foreign Exchange (DFE) of the Central Bank to take regulatory actions against the non-compliance with the Directions and the terms and conditions of the permit issued to respective RDs.
18 December 2020	<ul style="list-style-type: none"> - Extraordinary Gazette Notification No. 2206/25 was issued as an Order under Section 22 of the FEA extending the period of validity of the Order under Section 22 of the Act published in the Extraordinary Gazette Notification No. 2182/37 for a further six months from 02 January 2021.
15 January 2021	<ul style="list-style-type: none"> - Directions No. 01 of 2021 were issued to ADs permitting to open and maintain Temporary Special Foreign Currency Accounts for Licensed Finance Companies to hedge the foreign exchange risk pertaining to the repayment of foreign currency loans subject to conditions.
27 January 2021	<ul style="list-style-type: none"> - Operating instructions were issued with regard to the introduction of a scheme for licensed banks to sell 10 per cent of converted inward workers' remittances to the Central Bank of Sri Lanka on a mandatory basis, in order to build-up foreign exchange reserves. However, considering the market conditions that prevailed in the ensuing period, the requirement was temporarily suspended on 17 March 2021.
03 February 2021	<ul style="list-style-type: none"> - Following Regulations and Orders were issued with effect from 22 March 2021 by rescinding existing relevant Regulations and Orders addressing the practical issues and concerns of the ADs and other stakeholders with the purpose of achieving greater efficiency in the domestic foreign exchange market: <ul style="list-style-type: none"> • Foreign Exchange Regulations No. 01 of 2021 (Gazette No. 2213/34) were issued on regulations applicable for classes of capital transactions undertaken outside Sri Lanka by persons resident in Sri Lanka. • Foreign Exchange Regulations No. 02 of 2021 (Gazette No. 2213/35) were issued on regulations applicable for classes of capital transactions undertaken in Sri Lanka by persons resident outside Sri Lanka. • Foreign Exchange Regulations No. 03 of 2021 (Gazette No. 2213/36) were issued on regulations applicable for remittance of funds by emigrants.

- Foreign Exchange Regulations No. 04 of 2021 (Gazette No. 2213/37) were issued on regulations applicable for classes of miscellaneous capital transactions.
 - Foreign Exchange Regulations No. 05 of 2021 (Gazette No. 2213/38) were issued on regulations applicable for opening and maintenance of accounts for the purpose of engaging in foreign exchange transactions.
 - Order under Section 8 (Gazette No. 2213/39) of the FEA was issued on export or import of foreign currency or Sri Lanka currency by a person in or resident in Sri Lanka.
 - Order under Section 31 (Gazette No. 2213/40) of the FEA was issued on determination of 'persons resident in Sri Lanka'.
- 18 February 2021
- Amendment of rules in respect of the receipt of export proceeds into Sri Lanka and the conversion of such export proceeds into Sri Lankan rupees. Accordingly, every exporter of goods shall convert 25 per cent from and out of the total export proceeds received in Sri Lanka to Sri Lankan rupees, through a Licensed bank (Extraordinary Gazette No. 2215/39).
 - Operating instructions were issued with regard to the introduction of a scheme for licensed banks to sell 50 per cent on 25 per cent of converted export proceeds, where the conversion is mandatory under the Gazette and Rules issued on 18 February 2021 under the MLA, to the Central Bank of Sri Lanka on mandatory basis, in order to build-up foreign exchange reserves. However, considering the market conditions prevailed in the ensuing period, this requirement was temporarily suspended on 17 March 2021.
- 18 March 2021
- Following Directions were issued to ADs (effective from 22 March 2021) in line with the Regulations and Orders issued on 03 February 2021:
 - Directions No. 02 of 2021 were issued on Current Transactions to carry out current transactions by ADs under Section 6 of the FEA on behalf of persons in or resident in Sri Lanka.
 - Directions No. 03 of 2021 were issued on Electronic Fund Transfer Cards (EFTCs) for the use of EFTCs by persons in, or resident in Sri Lanka for making payments in foreign exchange to persons resident outside Sri Lanka.
 - Directions No. 04 of 2021 were issued on PFCAs for the opening and maintaining of foreign currency accounts by eligible resident/ non-resident individuals.
 - Directions No. 05 of 2021 were issued on BFCAs for the opening and maintaining of foreign currency accounts by resident foreign exchange earners.
 - Directions No. 06 of 2021 were issued on Diplomatic Foreign Currency Accounts (DFCAs) and Diplomatic Rupee Accounts (DRAs) for the opening and maintaining of foreign currency and Sri Lankan rupee accounts by diplomatic mission/ personnel.
 - Directions No. 07 of 2021 were issued on Senior Foreign Nationals' (Special Accounts) for the opening and maintaining of accounts by senior foreign nationals, who are over 55 years of age and intend a prolonged stay in Sri Lanka on resident visas under the "Sri Lanka – My Dream Home programme".
 - Directions No. 08 of 2021 were issued on Resident Guest Scheme (Special Accounts) for the opening and maintaining of accounts by prospective investors and professionals, who come to Sri Lanka under the 'Resident Guest Scheme' implemented by the Department of Immigration and Emigration.

- Directions No. 09 of 2021 were issued on Accommodations to BFCAs Holders to grant accommodations in foreign currency by ADs to foreign exchange earners, who hold BFCAs.
- Directions No. 10 of 2021 were issued on Loans and Advances to Sri Lankans Employed Abroad (other than emigrants) to grant loans/advances denominated in foreign currency and Sri Lankan rupees by ADs to Sri Lankan citizens working abroad.
- Directions No. 11 of 2021 were issued on Loans to Sri Lankans, Resident Outside Sri Lanka on Permanent Resident Visa (PR) in another country and Dual Citizens to grant loans denominated in foreign currency and Sri Lankan rupees by ADs to PR holders and dual citizens.
- Directions No. 12 of 2021 were issued on Sri Lanka Development Bonds to grant permission for ADs and Primary Dealers, who have been appointed by the Superintendent of Public Debt of the Central Bank of Sri Lanka as Designated Agents, for purchasing and marketing SLDBs issued by the Government of Sri Lanka.
- Directions No. 13 of 2021 were issued on Sale of Foreign Exchange (Form 1) and Purchase of Foreign Exchange (Form 2) on reporting requirements by ADs.
- Directions No. 14 of 2021 were issued on Outward Investment Accounts for the opening and maintaining of accounts by resident persons for making remittances in respect of capital transactions outside Sri Lanka.
- Directions No. 15 of 2021 were issued on Inward Investment Accounts for the opening and maintaining of accounts by non-resident investors for routing inward remittances in respect of capital transactions in Sri Lanka.
- Directions No. 16 of 2021 were issued on Capital Transactions Rupee Accounts for the opening and maintaining of accounts by emigrants for channeling the migration allowance.
- Directions No. 17 of 2021 were issued on Emigrants' Remittable Income Accounts for the opening and maintaining of accounts by emigrants for repatriating current income derived in Sri Lanka subject to regulatory requirements.
- Directions No. 18 of 2021 were issued on Non-Resident Rupee Accounts for the opening and maintaining of Sri Lankan rupee accounts by emigrant's resident in or outside Sri Lanka and firms/ companies established/incorporated outside Sri Lanka.
- Directions No. 19 of 2021 were issued on External Commercial Borrowing Accounts for the opening and maintaining of accounts by Companies incorporated in Sri Lanka for crediting loan proceeds obtained from foreign lenders.
- Directions No. 20 of 2021 were issued on Guarantees on directions applicable for issuance and renewal of Guarantees in respect of Current and Capital Transactions.

Regulations of Import and Export Control Department

- | | |
|---------------|--|
| 24 March 2020 | - Operating Instructions 01/2020 were issued by the Department of Imports and Exports Control by suspending the facilitation of the importation of selected goods. |
| 16 April 2020 | - Imports and Exports (Control) Regulations No. 01 of 2020 (published in the Gazette Extraordinary No. 2171/5) were issued with a list of goods, the importation of which is temporarily suspended and another list of goods that can be imported under a minimum of 30-day credit facility. |

- 22 May 2020 - Imports and Exports (Control) Regulations No. 02 of 2020 (published in the Gazette Extraordinary No. 2176/19) were issued with a validity period of three months by updating the Gazette Extraordinary No. 2171/5. Updated lists of goods for temporary suspension and for importing only under a mandatory credit period provided by foreign supplier were issued. A list of exceptions and other regulatory and administrative measures were also introduced.
- 30 June 2020 - Imports and Exports (Control) Regulations No. 03 of 2020 (published in the Gazette Extraordinary No. 2182/10) were issued updating the Gazette Extraordinary No. 2176/19.
- 16 July 2020 - Imports and Exports (Control) Regulations No. 04 of 2020 (published in the Gazette Extraordinary No. 2184/21) were issued updating the Imports and Exports Control Regulations No. 02 and 03, to be in effect until further notice. Updated lists of goods for temporary suspension and for importing only under a mandatory credit facility provided by foreign supplier were issued. A list of exceptions and other regulatory and administrative measures were also issued.
- 17 August 2020 - Imports and Exports Control Regulation No. 05 of 2020 (published in the Gazette Extraordinary No. 2189/4) were issued with an unspecified validity period suspending the list of goods specified in the gazette that require import licenses.
- 15 September 2020 - Imports and Exports (Control) Regulations No. 07 of 2020 (published in the Gazette Extraordinary No. 2193/9) were issued amending the lists of goods that are under import restrictions as specified by Imports and Exports (Control) Regulations No. 04 of 2020.
- 19 October 2020 - Imports and Exports (Control) Regulations No. 08 of 2020 (published in the Gazette Extraordinary No. 2198/2) were issued amending the lists of goods that are under import restrictions as specified by Imports and Exports (Control) Regulations No. 04 of 2020.
- 24 December 2020 - Imports and Exports (Control) Regulations No. 11 of 2020 (published in the Gazette Extraordinary No. 2207/15) were issued amending the lists of goods that are under import restrictions as specified by Imports and Exports (Control) Regulations No. 04 of 2020.
- 05 January 2021 - Imports and Exports (Control) Regulations No. 01 of 2021 (published in the Gazette Extraordinary No. 2209/18) were issued amending the lists of goods related to tyre imports that are under import restrictions as specified by Imports and Exports (Control) Regulations No. 04 of 2020.
- 11 February 2021 - Imports and Exports (Control) Regulations No. 03 of 2021 (published in the Gazette Extraordinary No. 2214/56) were issued amending the lists of goods related to ceramic products and sarees that are under restrictions as specified by Imports and Exports (Control) Regulations No. 04 of 2020.

Price Revisions

The Maximum Retail Prices (MRP) of several items were revised as follows:

Date	Item	Revision
29.01.2020	Disposable Face Mask – Non woven (Earloop type or Tie on type)	Imposed a MRP of Rs. 15 per unit.
	Disposable Surgical Face Mask – Non woven (Earloop type or Tie on type)	Imposed a MRP of Rs. 15 per unit.
	Face Mask (N95 type – particulate respirator)	Imposed a MRP of Rs. 150 per unit.
23.02.2020	B'onions	MRP increased to Rs. 190 per kg from Rs. 78 per kg.
12.03.2020	Broiler Chicken Meat (whole chicken) with skin	Imposed a MRP of Rs. 430 per kg.
	Broiler Chicken Meat (whole chicken) without skin	Imposed a MRP of Rs. 500 per kg.
	Maize (used for any purpose)	Imposed a MRP of Rs. 55 per kg.
16.03.2020	The MRPs imposed on the following medical devices on 29.01.2020 were amended as follows;	
	Disposable Surgical Face Mask - Three ply layers – Non woven (Earloop or Tie on type)	Imposed a MRP of Rs. 50 per unit.
	Face Mask - N 95 type – (Surgical / Healthcare / Respiratory / Medical)	Imposed a MRP of Rs. 325 per unit.
18.03.2020	Mysore Dhal	MRP decreased to Rs. 65 per kg from Rs. 130 per kg.
	B'onions	MRP decreased to Rs. 150 per kg from Rs. 190 per kg.
	Canned Fish	MRP decreased to Rs. 100 per net weight of 425 g from Rs. 140 per net weight of 425 g.
20.03.2020	MRPs imposed on medical devices on 29.01.2020, as amended on 16.03.2020, were rescinded.	
10.04.2020	Keeri Samba	Imposed a MRP of Rs. 125 per kg.
	White / Red Samba - Steamed / Boiled (excluding Suduru Samba)	MRP decreased to Rs. 90 per kg from Rs. 98 per kg.
	White / Red Raw Samba	Imposed a MRP of Rs. 90 per kg.
	White / Red Nadu - Steamed / Boiled (excluding Mottaikarupam and Attakari)	MRP decreased to Rs. 90 per kg from Rs. 98 per kg.
	White / Red Raw Rice	Imposed a MRP of Rs. 85 per kg.
21.04.2020	Turmeric Powder	Imposed a MRP of Rs. 750 per kg.
28.04.2020	White Sugar (Unpacketed)	MRP of Rs. 100 per kg was removed.
	White Sugar (Packeted)	MRP of Rs. 105 per kg was removed.

Date	Item	Revision
30.04.2020	Mysore Dhal	MRP of Rs. 65 per kg was removed.
	Canned Fish	MRP of Rs. 100 per net weight of 425 g was removed.
28.05.2020	Keeri Samba	MRP decreased to Rs. 120 per kg from Rs. 125 per kg.
	White / Red Samba – Steamed / Boiled (excluding Suduru Samba)	MRP increased to Rs. 98 per kg from Rs. 90 per kg.
	White/Red Raw Samba	MRP increased to Rs. 98 per kg from Rs. 90 per kg.
	White / Red Nadu – Steamed / Boiled (excluding Mottaikarupan and Attakari)	MRP increased to Rs. 96 per kg from Rs. 90 per kg.
	White / Red Raw Rice	MRP increased to Rs. 93 per kg from Rs. 85 per kg.
29.07.2020	NS1 Antigen Test for Dengue	Imposed a MRP of Rs. 1,200 per test and report.
	Full Blood Count (FBC) Test	Imposed a MRP of Rs. 400 per test and report.
23.09.2020	Turmeric Powder	MRP of Rs. 750 per kg was removed.
25.09.2020	Coconut (Circumference over 13 inches)	Imposed a MRP of Rs. 70 per nut.
	Coconut (Circumference between 12 - 13 inches)	Imposed a MRP of Rs. 65 per nut.
	Coconut (Circumference below 12 inches)	Imposed a MRP of Rs. 60 per nut.
04.11.2020	White / Red Samba – Steamed / Boiled (excluding Suduru Samba)	Imposed a MRP of Rs. 94 per kg.
	White / Red Raw Samba	Imposed a MRP of Rs. 94 per kg.
	White / Red Nadu – Steamed / Boiled (excluding Mottaikarupan and Attakari)	Imposed a MRP of Rs. 92 per kg.
	White / Red Raw Rice	Imposed a MRP of Rs. 89 per kg.
10.11.2020	White Sugar (Packeted)	Imposed a MRP of Rs. 90 per kg.
	White Sugar (Unpacketed)	Imposed a MRP of Rs. 85 per kg.
	White Sugar	Imposed an Importer's Maximum Wholesale Price of Rs. 80 per kg.
08.02.2021	White Sugar, Dried Chilies (Neither crushed nor ground), Potatoes (Imported), Keeri Samba	MRPs were removed.

Tax Revisions

Income Taxes

Personal and Corporate Income Tax

01 January 2020 - Personal income tax rates, tax slabs and tax free thresholds were revised as follows:

Previous		Current	
Tax Free threshold			
Rs. 1.2 million per annum for employment income and Rs. 500,000 per annum for personal income		Rs. 3 million per annum for any income	
Taxable Income			
Tax Slab	Tax Rate	Tax Slab	Tax Rate
First Rs. 600,000	4%	First Rs. 3,000,000	6%
Rs. 600,001 - Rs. 1,200,000	8%	Rs. 3,000,001 - Rs. 6,000,000	12%
Rs. 1,200,001 - Rs. 1,800,000	12%	Exceeding Rs. 6,000,000	18%
Rs. 1,800,001 - Rs. 2,400,000	16%		
Rs. 2,400,001 - Rs. 3,000,000	20%		
Exceeding Rs. 3,000,000	24%		

- Corporate income tax rates were revised as follows:
 - standard corporate income tax rate was reduced to 24 per cent from 28 per cent.
 - corporate income tax rate applicable for the construction industry was reduced to 14 per cent from 28 per cent.
 - corporate income tax rate applicable for the manufacturing industry was revised to 18 per cent.
 - corporate income tax rate applicable for betting and gaming, liquor and tobacco remained unchanged at 40 per cent.

Pay As You Earn (PAYE) Tax

01 January 2020 - PAYE tax on any employment receipts to any resident or non-resident person was removed.

Advance Personal Income Tax (APIT)

01 April 2020 - APIT was introduced in lieu of PAYE tax on an optional basis. Employees whose income exceeds Rs. 3.0 million per annum are liable to pay APIT at the rates of 6 per cent and 12 per cent subject to the tax slabs of Rs. 3.0 million for each slab, and thereafter 18 per cent when the income exceeds Rs. 9 million. APIT is deducted from the remuneration of resident employees² with the consent of such employees, and any resident employee who dissents to paying APIT is liable to pay personal income tax based on the applicable tax slabs and rates. With regard to non-resident employees, APIT is deducted from the remuneration by the relevant employer irrespective of the consent of such employees (IRD public notice - PN/APIT/2020-01).

² In terms of the provisions of the Inland Revenue Act No. 24 of 2017.

Withholding Tax (WHT)

- 01 January 2020 - WHT on any payments made to any resident person was removed except the following;
- WHT at the rate of 14 per cent on the amounts paid as winning from lottery, reward, betting or gambling
 - WHT at the rate of 2.5 per cent on sale of any gem at an auction conducted by the National Gem and Jewellery Authority
 - WHT on payments made to any non-resident person under Sections 84 and 85 of the Inland Revenue Act No. 24 of 2017
- 31 March 2020 - The deadlines of WHT payments for the months of February and March 2020, which were due on 15 March 2020 and 15 April 2020, respectively, were extended until 30 April 2020 (IRD public notice - PN/WHT/2020-04).

Economic Service Charge (ESC)

- 01 January 2020 - ESC was removed with effect from 01 January 2020 (Economic Service Charge (Amendment) Act, No. 4 of 2020).

Income Tax Exemptions

- 01 January 2020 - Profits and income earned from information technology and enabling services
- Profits and income earned from services rendered to persons outside Sri Lanka, including the income earned from foreign sources, if the payments for such services are received in foreign currency through a bank
 - Interest income earned on Non Resident Foreign Currency (NRFC) and Resident Foreign Currency (RFC) accounts
 - Dividends paid by a resident company to any non-resident
 - Dividends distributed by commercial hub operators
 - Amounts derived by any non-resident person from laboratory services or standard certification services
 - Amounts received by any religious institution by way of grants and donations

Value Added Tax (VAT)

- 01 January 2020 - The threshold for registration of VAT was increased to Rs. 300 million per annum from Rs. 12 million per annum.
- Information technology and enabling services were exempted from VAT.
- 23 March 2020 - The deadlines for VAT payments for the months of February and March 2020, which were due on 20 March 2020 and 20 April 2020, respectively, were extended until 30 April 2020 (IRD public notice – PN/VAT/2020-03).

Excise Duty

30 April 2020

- Excise duty on ethyl alcohol was revised as follows (Extraordinary Gazette Notification No. 2173/11):

Item	Locally supplied/ imported litres per month	Prevailed Tax w.e.f. 02.03.2016 (Rs. per bulk litre)		Tax Revision w.e.f. 30.04.2020 (Rs. per bulk litre)				
		Locally Supplied	Importation	Locally Supplied	Importation			
Ethyl alcohol used by government approved Research and Educational Institutions, Hospitals and Government Departments	Up to 10,000 litres	Free	Free	Free	Free			
	Up to 20,000 litres for the Medical Supply Unit of the Ministry of Health							
	From 10,001 litres up to 20,000 litres					600	700	700
	Above 20,000 litres					1,000	1,100	1,100
Ethyl alcohol used in the production of Medicinal and Industrial Products of which the final products are not subjected to excise duty	Up to 500 litres	Free	200	Free	200			
	From 501 litres up to 10,000 litres	600	700	100	700			
	From 10,001 litres up to 20,000 litres	700	800	150	800			
	Above 20,000 litres	1,100	1,200	200	1,200			
Ethyl alcohol used in the manufacturing of products for export or for the washing of machinery and used for manufacture of such products for export, of which the final products are not subjected to excise duty	Up to 500 litres	Free	Free	Free	Free			
	From 501 litres up to 10,000 litres	600	700	100	700			
	From 10,001 litres up to 20,000 litres	700	800	150	800			
	Above 20,000 litres	1,100	1,200	200	1,000			
Impure ethyl alcohol spirits (technical spirits/weak spirits)	For each litre	400	1,100	75	1,100			
Ethyl alcohol used in manufacturing of alcohol	For each litre	10	10	10	10			

09 June 2020

- Excise duty on ethyl alcohol was revised as follows (Extraordinary Gazette Notification No. 2179/9):

Item	Locally supplied/imported litres per month	Tax Revision (Rs. Per bulk litre)	
		Locally Supplied	Importation
Ethyl alcohol used in the production of:			
Sanitizer for local sales for the period from 30.03.2020 to 15.08.2020	Up to 500 litres	Free	200
	From 501 litres up to 10,000 litres		700
	From 10,001 litres up to 20,000 litres		800
	Above 20,000 litres		1,200
Sanitizer for exports	For each litre	Free	25

- 08 January 2021 - Excise duty on bottled toddy manufactured in and issued from any licensed manufactory established in Sri Lanka was reduced to Rs. 25 per liter from Rs. 50 per liter (Extraordinary Gazette Notification No. 2209/42).
- 11 January 2021 - Some hotels were exempted from the payment Triennial of authorisation fee for the year 2021 (Extraordinary Gazette Notification No. 2210/2).

Excise (Special Provisions)

- 02 June 2020 - Excise duty on palm oil fatty acids and tallow fatty acids was increased to 24 per cent from 20 per cent (Extraordinary Gazette Notification No. 2178/15).

Excise duty on selected sweetened beverages was revised as follows (Extraordinary Gazette Notification No.2189/47 and Extraordinary Gazette Notification No. 2197/3):

Item	Prevailed Tax w.e.f. 06.03.2019	Tax Revision w.e.f. 22.08.2020	Tax Revision w.e.f. 13.10.2020
Waters, including mineral waters and aerated waters, containing added sugar or other sweetening matter or flavoured	Rs. 12 per litre or 40 cents per gram of sugar excluding 4g per 100 ml, contained in the product	Rs. 12 per litre or 30 cents per gram of sugar excluding 6g per 100 ml, contained in the product, whichever is higher	Rs. 12 per litre or 30 cents per gram of sugar, excluding 6g per 100 ml, contained in the product, whichever is higher
Beverages put up for retail sales as "Energy Drinks"	Rs. 12 per litre or 40 cents per gram of sugar excluding 4g per 100 ml, contained in the product	Rs. 12 per litre or 30 cents per gram of sugar excluding 6g per 100 ml, contained in the product, whichever is higher	Rs. 12 per litre or 30 cents per gram of sugar, excluding 6g per 100 ml, contained in the product, whichever is higher
Beverage based on fruit or vegetable juices - Sugar contents of which is more than 6g per 100 ml	Rs. 12 per litre or 40 cents per gram of sugar excluding 8g per 100 ml, contained in the product	Rs. 12 per litre or 30 cents per gram of sugar excluding 9g per 100 ml, contained in the product, whichever is higher	30 cents per gram of sugar, excluding 8g per 100 ml, contained in the product
Other - Sugar contents of which is more than 6g per 100 ml	Rs. 12 per litre or 40 cents per gram of sugar excluding 8g per 100 ml, contained in the product, whichever is higher	Rs. 12 per litre or 30 cents per gram of sugar excluding 9g per 100 ml, contained in the product, whichever is higher	30 cents per gram of sugar, excluding 8g per 100 ml, contained in the product

Customs Duty

Customs duty on the importation of Petrol and Diesel was revised as follows:

Item	Date	Customs Import Duty (Rs. per litre)	Customs Duty Waiver (Rs. per litre)	Applicable Duty (Rs. per litre)	Surcharge (Percentage of Customs Duty) (Rs. per litre)
Petrol (92 Octane)	14.03.2020	35.00	5.00	30.00	
	23.04.2020	50.00		50.00	26.00 (a)
	30.06.2020	50.00	6.00	44.00	
	17.09.2020	50.00	11.00	39.00	
	11.11.2020	50.00	7.00	43.00	
	31.12.2020	50.00	18.00	32.00	
	02.02.2021	50.00	29.00	21.00	
	25.03.2021	50.00	45.00	5.00	

Petrol (95 Octane)	14.03.2020	35.00		35.00	15.00 (a)
	23.04.2020	50.00		50.00	49.00 (a)
	24.06.2020				20.00 (a)
	30.06.2020	50.00	6.00	44.00	
	24.08.2020				20.00 (b)
	24.11.2020				20.00 (b)
	31.12.2020	50.00	16.00	34.00	
	02.02.2021	50.00	8.00	42.00	0.00 (c)
	25.03.2021	50.00	24.00	26.00	
Auto Diesel	14.03.2020	5.85		5.85	11.00 (a)
	23.04.2020	25.00		25.00	24.00 (a)
	24.06.2020				12.00 (a)
	30.06.2020	25.00	7.00	18.00	
	24.08.2020				12.00 (b)
	17.09.2020	25.00	8.00	17.00	
	11.11.2020	25.00	3.00	22.00	
	24.11.2020				12.00 (b)
	31.12.2020	25.00	20.00	5.00	
	02.02.2021	25.00	14.00	11.00	0.00 (c)
25.03.2021	25.00	25.00			
Super Diesel	14.03.2020	15.00		15.00	20.00 (a)
	23.04.2020	25.00		25.00	40.00 (a)
	24.06.2020				30.00 (a)
	30.06.2020	25.00	5.00	20.00	
	24.08.2020				30.00 (b)
	11.11.2020	25.00		25.00	
	24.11.2020				30.00 (b)
	31.12.2020	25.00	15.00	10.00	
	02.02.2021	25.00		25.00	0.00 (c)
25.03.2021	25.00	10.00	15.00		

(a) Effective for a period of two months

(b) Effective for a period of three months

(c) Effective until 23 February 2021

- 14 January 2020 - A duty waiver of Rs. 13 per kg was imposed on wheat flour, making the applicable duty Rs. 3 per kg.
- 10 April 2020 - Customs duty on the importation of lubricants (used for motor vehicles) was increased (Extraordinary Gazette Notification No. 2170/6).
- 17 April 2020 - Customs duty on the importation of fish products, mandarins, cereal products, flour, vegetable and fruit products including juice products, tea and coffee extracts and tobacco products was increased in a range of 25-50 per cent (Extraordinary Gazette Notification No. 2171/4).
- 19 June 2020 - Implemented duty revisions recommended by the Inter Ministerial Task Force (Industrial and Entrepreneurship Development)
- Customs duty on springs and leaves for springs of iron or steel was increased.
- 22 September 2020 - Customs duty of Rs. 300 per kg was imposed on the importation of bamboo sticks (Extraordinary Gazette Notification No. 2194/5).

- 23 September 2020 - The general duty waiver of 15 per cent of the Customs import duty was granted on the importation of linear low density polyethylene by a silage manufacturing entity to supply silage to the local livestock farmers on the recommendation of the Department of Animal Production and Health and Secretary, State Ministry of Livestock, Farm Promotion and Dairy and Egg Related Industries.
- 16 November 2020 - Customs duty exemptions were granted to the Colombo International Container Terminals Limited as follows (Extraordinary Gazette Notification No. 2202/3):
- All equipment/accessories/components required for the expansion, other than the items mentioned in the negative list, during the implementation period of two years w.e.f. 16 November 2020.
 - The items already imported under the Bank Guarantee basis required for the augmentation and modernisation of the expansion prior to 16 November 2020.
- 18 November 2020 - Customs duty for entire imported goods was simplified to 0 per cent, 10 per cent and 15 per cent from 0 per cent, 15 per cent and 30 per cent. Tax rates applicable for approximately 1,440 items were reduced to 15 per cent from 30 per cent (Extraordinary Gazette Notification No. 2202/5).

Commodity Export Subsidy Scheme (CESS)

- 14 January 2020 - CESS of Rs. 15 per kg on wheat flour was removed (Extraordinary Gazette Notification No. 2158/1).
- 20 May 2020 - CESS on the supply or donation of health protection equipment and similar products by any export oriented enterprises, which have entered into an agreement with the Board of Investment (BOI) of Sri Lanka, to Ministry of Healthcare and Indigenous Medical Services, Department of Health Services, Tri Forces, Sri Lanka Police and COVID Centre (National Operation Centre for Prevention of COVID-19 outbreak) was exempted on their request (Extraordinary Gazette Notification No. 2176/13).
- Machinery and equipment including medical, surgical and dental instruments, apparatus, accessories and parts thereof, hospital/medical furniture and drugs, chemicals and similar items, required for the provision of health services to address the COVID-19 pandemic in the country, imported or imported and supplied or imported and donated to the Secretary, Ministry of Healthcare and Indigenous Medical Services were exempted from CESS. This exemption was not granted for any partial consignment/cargo of the above and was effective until 31 December 2020 (Extraordinary Gazette Notification No. 2176/13).

CESS on following items was revised as follows (Extraordinary Gazette Notification No. 2178/21, Extraordinary Gazette Notification No. 2182/21 and Extraordinary Gazette Notification No. 2182/22):

Item	Prevailed Tax (Per cent) w.e.f. 28.11.2017	Tax Revision (Rs. per kg) w.e.f. 03.06.2020	Tax Revision (Rs. per kg) w.e.f. 01.07.2020
Cement clinkers	-	1.00	-
Portland cement: White cement, whether or not artificially coloured	8.0	3.00	2.00
Water-proof cement, boiler cement and similar compositions	8.0	3.00	2.00
Other Portland cement imported in packings of 50 kg and below	14.0	5.00	3.00
Other Portland cement imported in packings of over 50 kg or in bulk	8.0	3.00	2.00

- 01 July 2020 - CESS was imposed on the importation of selected items while CESS on the importation of selected items was increased (Extraordinary Gazette Notification No. 2182/21).
- 14 October 2020 - CESS was amended on the importation of selected items (Extraordinary Gazette Notification No. 2197/5).
- 01 November 2020 - CESS was amended on the importation of selected items, while CESS was rescinded for the following items (Extraordinary Gazette Notification No. 2199/21):
- Supply or donation of health protection equipment and similar products by any export oriented enterprises, which have entered into an agreement with the Board of Investment, to the Ministry of Healthcare and Indigenous Medical Services, Department of Health Services, Sri Lanka Army, Sri Lanka Navy, Sri Lanka Air Force, Sri Lanka Police, and COVID Centre (National Operation Centre for Prevention of COVID-19 Outbreak).
 - Machinery and equipment including medical, surgical, and dental instruments, apparatus, accessories and parts thereof, hospital/medical furniture and drugs, chemicals and similar items, required for the provision of health services to address the COVID-19 Pandemic, imported or imported and supplied or imported and donated to the Secretary, Ministry of Healthcare and Indigenous Medical Services, on the recommendation of the Secretary, Ministry of Healthcare and Indigenous Medical Services, subject to approval of the Director General of Customs. This exemption was for any partial consignment/cargo of the above and was effective until 31 December 2020.
- 18 November 2020 - CESS was amended on the importation of selected items while importation of several goods was exempted from CESS (Extraordinary Gazette Notification No. 2202/6).
- 16 March 2021 - CESS was revised for the importation of several items (Extraordinary Gazette Notification No. 2219/15).
- 18 March 2021 - CESS was exempted for any goods imported by any enterprise and for a Strategic Development Project, which invests US dollars 50 million or above in each stage on a project on or after 06 March 2019, during the project implementation or construction period of the said project but prior to the commencement of commercial operations (Extraordinary Gazette Notification No. 2219/36).

Special Commodity Levy (SCL)

SCL on the importation of several items was revised as follows:

Date	Item	Revision
25.01.2020	Potatoes	SCL of Rs. 25 per kg was extended for a period of 31 days (Extraordinary Gazette Notification No. 2159/41).
02.02.2020	B'onions, Chickpeas (whole and split), Red and Yellow Lentils (whole and split), Dates (fresh and dried), Oranges (fresh), Apples (fresh), Maize, Vegetable Oils, Beet and Cane Sugar and White Crystalline Cane and Beet Sugar	Imposition of SCL was extended for a period of six months (Extraordinary Gazette Notification No. 2160/63).

Date	Item	Revision
07.02.2020	Fish (fresh, chilled or frozen)	SCL was decreased to Rs. 25 per kg from 10 per cent or Rs. 100 per kg, the amount of levy whichever is higher, for a period of three months (Extraordinary Gazette Notification No. 2161/34).
25.02.2020	Potatoes	Imposition of SCL of Rs. 25 per kg was extended for a period of 31 days (Extraordinary Gazette Notification No. 2164/10).
04.03.2020	Fish (fresh, chilled or frozen)	SCL was increased to 10 per cent or Rs. 150 per kg, the amount of levy whichever is higher, for a period of six months from Rs. 25 per kg (Extraordinary Gazette Notification No. 2165/12).
08.03.2020	Mackerel, Black Gram, Cowpeas and Kurakkan	Imposition of SCL was extended for a period of six months (Extraordinary Gazette Notification No. 2165/73).
13.03.2020	Fish (fresh, chilled or frozen) - to use as fish bait	Subject to confirmation of the import having shipped on or before 04 March 2020, by the Bill of Lading and recommendation of the Ministry of Fisheries and Aquatic Resources, the balance amount after collecting Rs. 25 per kg from the applied SCL of 10 per cent or Rs. 150 per kg was waived off (Extraordinary Gazette Notification No. 2166/34).
18.03.2020	Fish (fresh, chilled or frozen)	Subject to confirmation of the import having shipped on or before 04 March 2020, by the Bill of Lading and recommendation of the Ministry of Fisheries and Aquatic Resources, the balance amount after collecting Rs. 25 per kg from the applied SCL of 10 per cent or Rs. 150 per kg was waived off (Extraordinary Gazette Notification No. 2167/10).
19.03.2020	Sanitizers and Face Masks	SCL of Rs. 1 per kg was imposed (Extraordinary Gazette Notification No. 2167/11).
27.03.2020	Potatoes	Imposition of SCL of Rs. 25 per kg was extended for a period of three months (Extraordinary Gazette Notification No. 2168/7).

Date	Item	Revision
10.04.2020	Vegetable Oils	SCL was increased for a period of three months (Extraordinary Gazette Notification No. 2170/5).
17.04.2020	Oranges (fresh and dried), Grapes (fresh and dried), Apples, Pears, Cherries and Plums and Sloes	SCL was increased for a period of two months (Extraordinary Gazette Notification No. 2171/2).
	Clementines (fresh and dried), Grapefruit including pomelos (fresh and dried), Lemons (fresh and dried), Quinces, Apricots, Sour cherries (<i>Prunus cerasus</i>) and Peaches (including nectarines)	SCL was imposed for a period of two months (Extraordinary Gazette Notification No. 2171/2).
	Coconut Oil	SCL was decreased to Rs. 195 per kg from Rs. 295 per kg for a period of three months (Extraordinary Gazette Notification No. 2171/3).
01.05.2020	B'onions	SCL was increased to Rs. 15 per kg from Rs. 1 per kg for a period of three months (Extraordinary Gazette Notification No. 2173/12).
08.05.2020	Sprats, Dried Fish, Green gram (Moong), Mangoosteens (fresh and dried) and Kiwifruit	Imposition of SCL was extended for a period of three months (Extraordinary Gazette Notification No. 2174/7).
22.05.2020	Yoghurt, Potatoes, Red Onions, Garlic, Peas (split), Chickpeas (whole and split), Red and Yellow Lentils (whole and split), Dates (fresh and dried), Oranges (fresh), Lemons (fresh and dried), Grapes (fresh), Apples (fresh), Quinces (fresh), Chillies (dried, neither crushed nor ground), Maize, Ground Nuts (shelled), Vegetable Oils except Coconut Oil, Margarine, Canned Fish, Beet and Cane Sugar and White Crystalline Cane and Beet Sugar	SCL was increased for a period of six months (Extraordinary Gazette Notification No. 2176/18).
	Oranges (dried), Grapes (dried) and Coconut Oil	SCL was decreased for a period of six months (Extraordinary Gazette Notification No. 2176/18).
	Jack and Horse Mackerel	SCL was decreased to Rs. 6 per kg from Rs. 150 per kg or 10 per cent, for a period of six months (Extraordinary Gazette Notification No. 2176/18).
	Peas (whole), Chillies (crushed or ground), Seeds of Cumin, Seeds of Fennel and Face Mask	Imposition of SCL was extended for a period of six months (Extraordinary Gazette Notification No. 2176/18).
17.06.2020	Vegetable fats and oils and their fractions and Margarine (other)	Imposed SCL of Rs. 600 per kg for a period of six months (Extraordinary Gazette Notification No. 2180/10).
	Clementines (fresh and dried), Grapefruit, including pomelos (fresh and dried), Pears, Apricots, Sour cherries (<i>Prunus cerasus</i>), Cherries (other), Peaches (including nectarines), Plums and Sloes	Imposition of SCL was extended for a period of six months (Extraordinary Gazette Notification No. 2180/11).

Date	Item	Revision
27.06.2020	Vegetable oils (except coconut oil), Vegetable fats and oils and their fractions and Margarine (other)	SCL was decreased for a period of six months (Extraordinary Gazette Notification No. 2181/23 and Extraordinary Gazette Notification No. 2181/24).
	Coconut oil	SCL was increased for a period of six months (Extraordinary Gazette Notification No. 2181/23).
11.07.2020	Coconut oil	SCL was decreased for a period of six months (Extraordinary Gazette Notification No. 2183/44).
19.07.2020	Maldive Fish, Grated or powdered cheese, Seeds of coriander, Turmeric (Neither crushed nor ground and other)	Imposition of SCL was extended for a period of six months (Extraordinary Gazette Notification No. 2184/53).
	Black gram flour	SCL was increased to Rs. 325 per kg from Rs. 200 per kg for a period of six months (Extraordinary Gazette Notification No. 2184/53).
01.08.2020	Sprats, Dried Fish, Green Gram (Moong), Mangoosteens (fresh and dried) and Kiwifruit	Imposition of SCL was extended for a period of three months (Extraordinary Gazette Notification No. 2186/32).
	B'onions	SCL was increased to Rs. 50 per kg from Rs. 15 per kg for a period of three months (Extraordinary Gazette Notification No. 2186/32).
15.08.2020	Potatoes	SCL was increased to Rs. 55 per kg from Rs. 50 per kg for a period of four months (Extraordinary Gazette Notification No. 2188/50).
22.08.2020	Jack and Horse Mackerel	Imposition of SCL of Rs. 6 per kg was extended for a period of three months (Extraordinary Gazette Notification No. 2189/39).
04.09.2020	Fish (fresh, chilled or frozen), Mackerel, Jack and Horse mackerel, Black Gram, Cowpeas, Millet and Kurakkan	Imposition of SCL was extended for a period of six months (Extraordinary Gazette Notification No. 2191/26).
01.10.2020	Butter, Dairy Spreads, Mathe Seed, Kurakkan Flour, Mustard Seeds and Salt	Imposition of SCL was extended for a period of one year (Extraordinary Gazette Notification No. 2195/29).
14.10.2020	B'onions, Red and Yellow Lentils (whole and split), Canned Fish, Beet and Cane Sugar, Sugar (containing added flavouring or colouring matter) and White Crystalline Cane and Beet Sugar	SCL was reduced to 25 cents per kg for a period of three months (Extraordinary Gazette Notification No. 2197/12).

Date	Item	Revision
27.10.2020	Fish (fresh, chilled or frozen), dried fish and Maldivian Fish	SCL was increased for a period of six months (Extraordinary Gazette Notification No. 2199/1).
	Sprats, Green Gram (Moong), Mangoosteens (fresh and dried) and Kiwifruit	Imposition of SCL was extended for a period of six months (Extraordinary Gazette Notification No. 2199/1).
18.11.2020	Canned Fish	SCL was increased to Rs. 100 per kg from 25 cents per kg for a period of six months (Extraordinary Gazette Notification No. 2202/4).
22.11.2020	Yoghurt, Red Onions, Garlic, Peas (whole and split), Chickpeas (whole and split), Dates (fresh and dried), Oranges (fresh and dried), Lemons (fresh and dried), Grapes (fresh and dried), Apples, Quinces, Chillies (Dried, neither crushed), Chillies (Crushed or ground), Seeds of Cumin, Seeds of Fennel, Maize, Ground Nuts (shelled), Margarine and Face Masks	Imposition of SCL was extended for a period of six months (Extraordinary Gazette Notification No. 2202/44).
15.12.2020	Potatoes, Clementines (fresh and dried), Grapefruit, including pomelos (fresh and dried), Pears, Apricots, Sour cherries (Prunus cerasus), Cherries (other), Peaches (including nectarines), Plums and Sloes, Vegetable fats and oils and their fractions and Margarine (other)	Imposition of SCL was extended for a period of six months (Extraordinary Gazette Notification No. 2206/3).
16.12.2020	Salt	Waived-off the balance amount after collecting Rs. 10 per kg from the applicable SCL of Rs. 40 per kg on the importation of Salt, by any pharmaceuticals manufacturing enterprises, registered with the National Medicines Regulatory Authority (NMRA) for manufacturing pharmaceuticals, not for commercial purpose (Extraordinary Gazette Notification No. 2206/10).
14.01.2021	B'onions, Red and Yellow Lentils (whole and split), Beet and Cane Sugar, Sugar (containing added flavouring or colouring matter) and White Crystalline Cane and Beet Sugar	Imposition of SCL was extended for a period of three months (Extraordinary Gazette Notification No. 2210/16).
19.01.2021	Grated or powdered cheese, Seeds of coriander, Turmeric (neither crushed nor ground and other), Black Gram Flour	Imposition of SCL was extended for a period of six months (Extraordinary Gazette Notification No. 2211/8).
12.02.2021	Sprats	SCL was increased to Rs. 100 per kg from Rs. 1 per kg for a period of six months (Extraordinary Gazette Notification No. 2214/58).
	Dried Fish, Potatoes	SCL was decreased for a period of six months (Extraordinary Gazette Notification No. 2214/58).
04.03.2021	Mackerel, Jack and Horse mackerel, Black Gram, Cowpeas, Millet and Kurakkan	Imposition of SCL was extended for a period of one year (Extraordinary Gazette Notification No. 2217/23).

Ports and Airports Development Levy (PAL)

- 25 February 2020 - PAL on cement clinkers was reduced to 7.5 per cent from 10 per cent (Extraordinary Gazette Notification No. 2164/15).
- 16 April 2020 - PAL on the importation of health instruments and appliances and hospital furniture consigned to the Secretary, Ministry of Healthcare and Indigenous Medical Services as a donation was exempted (Extraordinary Gazette Notification No. 2171/6).
- 23 April 2020 - PAL on the importation of steel industry related raw materials was reduced to 5 per cent from 10 per cent (Extraordinary Gazette Notification No. 2172/10).
- 19 May 2020 - PAL on the supply or donation of health protection equipment and similar products by any eligible export oriented enterprises was exempted (Extraordinary Gazette Notification No. 2176/10).
- Machinery and equipment, including medical, surgical and dental instruments, apparatus, accessories and parts thereof, hospital/medical furniture and drugs, chemicals and similar items, required for the provision of health services to address the COVID-19 pandemic in the country, imported or imported and supplied or imported and donated to the Secretary, Ministry of Healthcare and Indigenous Medical Services were exempted from PAL. This exemption should not be granted for any partial consignment/cargo of the above and effective until 31 December 2020 (Extraordinary Gazette Notification No. 2176/10).
- 26 May 2020 - PAL on the importation of raw materials and packing materials by the pharmaceutical manufacturers for the manufacture of pharmaceuticals was exempted (Extraordinary Gazette Notification No. 2177/4).
- 03 September 2020 - PAL on the importation of selected machinery, plants and equipment was reduced to 2.5 per cent from 5 per cent (Extraordinary Gazette Notification No. 2191/25).
- 24 October 2020 - PAL was exempted for pharmaceutical machinery and equipment including accessories and spare parts for pharmaceutical machinery and equipment imported by the pharmaceutical manufacturers for the manufacture of pharmaceuticals, on the recommendation of the Secretary to the State Ministry of Production, Supply and Regulation of Pharmaceuticals, subject to the approval of the Director General of Customs (Extraordinary Gazette Notification No. 2198/57).
- 27 October 2020 - PAL was exempted for medical instruments and equipment including test kits required for the provision of health services, imported or imported and supplied by any agency. (Extraordinary Gazette Notification No. 2199/2).
- 30 November 2020 - PAL was exempted for non-woven fabrics, ear loops and nose bridges, classified under HS Codes of 5603.91.00, 5607.90.90 and 3916.10.00, used for the manufacture of face masks, imported or imported and supplied by any agency (Extraordinary Gazette Notification No. 2203/37).
- PAL on billets (HS Code under semi-finished products of iron or non-alloy steel) was reduced to 2.5 per cent from 5 per cent (Extraordinary Gazette Notification No. 2203/37).
- PAL on many items including perfumes and toilet waters, beauty or make-up preparations and preparations for the care of the skin, preparations for use on the hair, imitation jewellery and spectacles, goggles and the like, corrective, protective or other was revised (Extraordinary Gazette Notification No. 2203/37).

- 23 February 2021 - PAL on milk and cream, concentrated or containing added sugar or other sweetening matter (the products under HS codes 0402.10.00, 0402.21.00, 0402.29.00) was reduced to 2.5 per cent from 10 per cent (Extraordinary Gazette Notification No. 2216/3).
- 09 March 2021 - Importation of project related capital goods by any enterprise, which has entered into an agreement with the Board of Investment of Sri Lanka, for the use in any project of such enterprise having a stage wise capital investment of not less than US dollars 50 million during the project implementation or construction period and prior to the commencement of commercial operations except any project approved under Commercial Hub Regulations and Strategic Development Project (SDP) Act, No. 14 of 2008, was exempted from PAL.
- 20 March 2021 - Importation of furnace oil by the Ceylon Petroleum Corporation, specifically for the production of bitumen on the recommendation of the Secretary to the Ministry in charge of the subject of Petroleum, subject to the approval of the Director General of Customs, was exempted from PAL.

Other Taxes and Levies

- 01 January 2020 - Debt Repayment Levy (DRL) was removed (Finance (Amendment) Act, No. 2 of 2020).
- 23 March 2020 - The deadline of stamp duty payments for the first quarter of 2020, which was due on 15 April 2020, was extended until 30 April 2020 (IRD public notice - PN/SD/2020-01).
- 01 October 2020 - Embarkation levy was revised as follows:

Category	Previous Fee w.e.f. 01.02.2020	Revised Fee w.e.f. 01.10.2020
Person leaving Sri Lanka by aircraft from Mattala Rajapaksa International Airport (MRIA)	USD 60	Free (a)
Person leaving Sri Lanka by aircraft from Colombo International Airport Ratmalana (CIAR)	USD 60	USD 30 (b)

(a) Effective during the period of 01.10.2020 - 30.09.2022

(b) Effective during the period of 01.10.2020 - 30.09.2021

- 01 January 2021 - Annual liquor license fees were waived off for hotel license (FL/7), tourist board approved and hotels non-tourist board approved rooms 5 or over, hotel bar license (FL/8), restaurant license (for restaurants which are approved/not approved by the Tourist Board) (FL/11), rest house license (FL/12), and consume at the premises (FL/22B) (for premises which are approved/not approved by the Tourist Board) (Extraordinary Gazette Notification No. 2208/35).

Other

- 15 July 2020 - Several tax incentives were granted to the Colombo International Financial Centre (CIFC) Mixed Development Project (Extraordinary Gazette Notification No. 2184/15).
- 10 November 2020 - Tax incentives granted by the Extraordinary Gazette No. 1841/4 were rescinded for the 'project to set up and operate an Integrated Super Luxury Tourist Resort which consists of 400 rooms including high end shopping malls, high quality residencies and office spaces/service spaces with associated facilities' at D. R. Wijewardena Mawatha, Colombo 10 (Extraordinary Gazette Notification No. 2201/6).

- 05 January 2021
- Several tax incentives were granted to the 'project to manufacture semi steel radial tyres and all steel radial tyres (Trucks and Bus Radial Tyres (TBR), Passenger Car Radial Tyres (PCR) for export market' at the site to be sub-leased from the Hambantota International Port (Extraordinary Gazette Notification No. 2209/21).
 - Several tax incentives were granted to the individual enterprises, which are to be established within the "Dedicated Pharmaceutical Manufacturing Zone" (Extraordinary Gazette Notification No. 2209/22).

Government Expenditure

- 08 January 2020
- The Cabinet of Ministers granted approval to provide the recommended quantities of Urea, Triple Super Phosphate (T.S.P) and Muriate of Potash (MoP), free of charge, up to a maximum of two hectares to farmers cultivating paddy from the commencement of the Yala season of 2020.
- 14 February 2020
- The National Pay Commission was established to advise and assist the government in the formulation and implementation of a national wage policy (Extraordinary Gazette Notification No. 2162/64).
- 19 June 2020
- The compulsory retirement age of medical officers of the public service was extended to sixty one years with effect from 20 May 2020 (Extraordinary Gazette Notification No. 2180/35).
- 28 August 2020
- The Vote on Account (VoA) amounting to Rs. 1,748 billion for the period of September-December 2020 was approved by the Parliament.
- 02 September 2020
- A programme to recruit graduates and unskilled individuals from low income families was commenced.
- 11 September 2020
- Temporary suspension of Corporate Social Responsibility (CSR) activities of State Owned Enterprises (SOEs) including sponsorships, donations and advertisements was revoked.
- 20 November 2020
- The Appropriation Bill for financial year 2020 was approved by the Parliament.
- 10 December 2020
- The Appropriation Bill for financial year 2021 was approved by the Parliament.

Debt Management

- 29 March 2020
- Measures were taken by the Monetary Board to facilitate Treasury bill subscription to cover any shortfall arising at weekly Treasury bill auctions. This arrangement is in place to-date.
- 06 April 2020
- Measures were taken to publish the maximum yield rate for acceptance only for 364 day maturity and accommodating acceptance for 91 day and 182 day maturities within the announced yield rate for 364 day maturity at the Treasury bill auctions.
- 06 May 2020
- Measures were taken to publish the maximum yield rate for acceptance for all maturities offered at Treasury bill and Treasury bond auctions.
 - Activation of Phase III of the Treasury bond auction system was temporarily halted.

- 09 December 2020 - Measures were taken to record transactions of government securities (secondary market) in the LankaSecure System efficiently, effectively and accurately via recording transactions following a common referencing format and within 30 minutes of trade confirmation effective from 01 January 2021. However, the recording of transactions within 30 minutes of trade confirmation was repealed during January 2021 considering the necessity of introducing a trade reporting requirement.
- 26 January 2021 - Measures were taken to facilitate direct placements of Sri Lanka Development Bonds for banks through collateralised funding arrangements and/or sourcing of foreign currency positions to facilitate the foreign currency funding requirements of the General Treasury until market conditions return to normalcy and are conducive for the Government to raise funds in the international capital markets.
- 03 February 2021 - Measures were taken to publish the maximum yield rate for acceptance only for 364 day maturity and accommodating acceptance for 91 day and 182 day maturities within the announced yield rate for 364 day maturity at the Treasury bill auctions, while continuing to publish the maximum yield rate for acceptance for all Treasury bond maturities.
- 26 March 2021 - Measures were taken to record all secondary market trades of Government Securities on the trade date with a view to enhancing and strengthening the secondary market trading practices, improving the reliability of trading, and increasing investor safety and confidence. Accordingly, all participants to the LankaSettle System were required to report all trades to the Central Bank effective from 01 April 2021.

