

## BOX 14

### Major Economic Policy Measures<sup>1</sup>

#### Monetary Policy and Exchange Rate Policy

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| 20 January 2022 | - Standing Deposit Facility Rate (SDFR) and Standing Lending Facility Rate (SLFR) were increased by 50 basis points to 5.50 per cent and 6.50 per cent, respectively.  |
| 04 March 2022   | - SDFR and SLFR were increased by 100 basis points to 6.50 per cent and 7.50 per cent, respectively.   |
| 07 March 2022   | - A measured adjustment was allowed in the exchange rate.  |
| 08 April 2022   | - SDFR and SLFR were increased by 700 basis points to 13.50 per cent and 14.50 per cent, respectively, to be effective from the close of business on 08 April 2022.  |
| 12 May 2022     | - Introduction of a middle rate of the USD/LKR exchange rate applicable for interbank foreign exchange market transactions, together with the permitted USD/LKR variation margin, to be announced on a daily basis, with effect from 13 May 2022 to facilitate orderly behaviour of the foreign exchange market and to manage undue intraday volatility in the exchange rate.                    |
| 07 July 2022    | - SDFR and SLFR were increased by 100 basis points to 14.50 per cent and 15.50 per cent, respectively.   |
| 02 January 2023 | - Effective 16 January 2023, the availability of the Standing Deposit Facility (SDF) to a particular Licensed Commercial Bank (LCB) was limited to a maximum of five (05) times per calendar month. In addition, the availability of the Standing Lending Facility (SLF) to a particular LCB was limited to 90 per cent of the Statutory Reserve Requirement (SRR) of such LCB at any given day. |
| 03 March 2023   | - SDFR and SLFR were increased by 100 basis points to 15.50 per cent and 16.50 per cent, respectively, to be effective from the close of business on 03 March 2023.<br><br>- The issuance of market guidance through the announcement of a middle rate of the USD/LKR exchange rate and the variation margin was discontinued with effect from 07 March 2023.                                    |

#### Special Credit Schemes

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| 15 February 2022 | - The Smallholder Tea and Rubber Revitalisation (STaRR) Project was extended from 01 November 2021 to 31 December 2022.   |
| 20 May 2022      | - Operating Instructions of the Saubagya (Prosperity) loan scheme were amended to increase the interest rate to 9 per cent, while Participating Financial Institutions (PFIs) were instructed to ensure that a minimum of 80 per cent of the new loans are granted for agriculture, livestock, fisheries, and related activities. |
| 27 May 2022      | - Operating Instructions of the STaRR Project were amended to reduce the rate of interest subsidy to PFIs from 7 per cent to 4 per cent for the period from 01 November 2021 to 31 May 2022 and increase the rate of interest subsidy to PFIs from 4 per cent to 7 per cent for the period from 01 June 2022 to 31 December 2022. |

<sup>1</sup> Includes major economic policy measures implemented since 01 January 2022 until 15 March 2023 and the policy measures that are to be implemented in the near future.

- 13 June 2022 - Operating Instructions of the New Comprehensive Rural Credit Scheme (NCRCS) were amended to revise the applicable interest rates and Scale of Finance considering the prevailing economic conditions in the country and to fall in line with government policy measures on encouraging agricultural activities in the country to ensure food security, reduce foreign exchange outflow on food imports, make people more inclined towards agricultural products, and uplift the socioeconomic conditions of small scale farmers.
- 07 July 2022 - Debt moratoria were granted under the Saubagya (Prosperity) loan scheme, Saubagya COVID-19 Renaissance Facility (SCRF) Phase I and II loan schemes, and loan schemes under the Smallholder Agribusiness Partnership Programme (SAPP) for the period from 07 July 2022 to 31 December 2022 with a six month extension of the repayment period.
- 01 January 2023 - The Monetary Board of the Central Bank signed an Administrative Agreement with the Government to extend the operational period of the Self-Employment Promotion Initiative Loan Scheme - Phase II (SEPI Phase II) commencing from 01 January 2023 to 31 December 2027.
- 15 February 2023 - The SCRF - Phase IV, the refinance scheme, which was implemented to provide working capital loan for re-energising State Owned Enterprises (SOEs) under concessionary terms, was concluded with effect from 15 February 2023.

## Financial Sector

### Licensed Banks

- 11 March 2022 - An amendment to the Monetary Law Act (MLA) Order, No. 02 of 2021 was issued informing the revised maximum interest rates on credit card advances, pre-arranged temporary overdrafts, and pawning advances, considering the monetary policy tightening measures and the macroeconomic developments expected.
  - An amendment to the MLA Order, No. 03 of 2021 was issued removing the maximum interest rates imposed on foreign currency deposits of LCBs and National Savings Bank (NSB), considering the recent monetary policy tightening, expected macroeconomic developments, and prevailing interest rates on foreign currency deposits of licensed banks.
- 22 March 2022 - Banking Act Directions were issued revoking the Banking Act Directions No. 07 of 2021 on forward Sales and Purchases of Foreign Exchange by LCBs.
- 24 March 2022 - A Circular was issued providing guidelines for the establishment of post COVID-19 revival units in licensed banks, in order to identify and assist under-performing and non-performing borrowers affected by the pandemic for the purpose of reviving viable businesses with the potential of contributing to the national economic growth, thus facilitating the unwinding of debt moratoria in a sustainable manner.
- 21 April 2022 - An MLA Order was issued, revoking the maximum interest rates imposed on credit card advances, prearranged temporary overdrafts, and pawning advances. Further, licensed banks were permitted to adjust the interest rates of deposits upwards adequately, considering the monetary policy tightening.
- 06 May 2022 - Banking Act Directions were issued restricting discretionary payments and non-essential/non-urgent expenditures of licensed banks, while requiring licensed banks to exercise extreme prudence when incurring capital expenditure until 31

	December 2022, considering the possible adverse impact on liquidity and other key performance indicators of licensed banks due to the prevailing macroeconomic conditions and importance of maintaining appropriate levels of liquidity and capital buffers.
19 May 2022	- With the objective of curtailing imports of non-essential and non-urgent goods to preserve the stability of the exchange rate and liquidity in the domestic foreign exchange market, a 100 per cent non-interest bearing cash margin deposit requirement was introduced for imports under specified Harmonised System (HS) Codes, through Banking Act Directions to LCBs and NSB for importation under Documents against Acceptance (DA) and Documents against Payment (DP) terms and through an MLA Order to LCBs for importation under Letters of Credit (LCs).
23 May 2022	- Banking Act Directions were issued to licensed banks on certain regulatory requirements considering the prevailing extraordinary macroeconomic conditions. Accordingly, licensed banks were permitted to draw down the capital conservation buffer, stagger the overnight mark-to-market losses on government securities arising from the changes in policy interest rates (on 08 April 2022) denominated in Sri Lankan rupees (LKR) that are measured at fair value, up to the second quarter of 2024 for the purpose of Capital Adequacy Ratio computation, while regulatory minimum requirements for liquidity coverage and net stable funding ratios were reduced from 100 per cent to 90 per cent up to 30 September 2022. Revised treatment on the Other Comprehensive Income (OCI) for computation of capital adequacy ratio was introduced in line with International Standards. Further, the deadline to meet the minimum capital requirements was extended to 31 December 2023 and licensed banks were encouraged to move to The Standardised Approach (TSA) or the Alternative Standardised Approach (ASA) to compute risk weighted assets for Operational Risk, until 31 December 2023, subject to conditions.
08 June 2022	- An MLA Order was issued revoking the MLA Order, No. 03 of 2021 on maximum interest rates on foreign currency deposits of LCBs and NSB except Order 07 on the same, in view of the recent monetary policy tightening measures.
22 June 2022	- Banking Act Directions on sustainable finance activities of licensed banks were issued to provide a governance and risk management framework for sustainable finance activities of licensed banks, in line with the Sustainable Finance Road Map of the Central Bank, to promote financing for sustainable economic activities in Sri Lanka.
04 July 2022	- Addendum to the Banking Act Direction No. 08 of 2011 on the Customer Charter of licensed banks was issued, expanding the requirements aimed at improving the accessibility of banking services for customers with special needs, with a view to further strengthening financial consumer protection measures for such customers.
07 July 2022	- A Circular was issued requesting licensed banks to provide appropriate concessions, for a period of six months, to borrowers whose income or businesses have been adversely affected due to the current macroeconomic conditions and/or the COVID-19 pandemic, while preventing any undue stress on banking sector stability. These concessions are provided on a case-by-case basis based on the future repayment capacity of the individuals and viability of businesses/projects.
26 August 2022	- A Banking Act (Off-shore Banking Business Scheme) Order was issued recognising the Indian Rupee (INR) as a designated foreign currency for foreign currency transactions of the Off-shore banking units of LCBs.

- 29 August 2022 - Banking Act Directions were issued mandating the recording of Unique Identification Numbers (UINs) of depositors of licensed banks. Accordingly, licensed banks were requested to record UINs for all new depositors with effect from 01 October 2022 and to complete recording UINs of the existing customers in their systems by 31 December 2023.
- 03 November 2022 - A Circular was issued, with effect from 03 November 2022, adjusting the Central Bank's Rate of Interest on Advances (Bank Rate) in line with the latest available Average Weighted New Deposit Rate (AWNDR) published by the Central Bank with a margin of +700 basis points.
- 18 November 2022 - Banking Act Directions were issued to licensed banks on certain regulatory requirements on liquidity ratios considering the prevailing extraordinary macroeconomic conditions. Accordingly, licensed banks were required to maintain liquid assets of an amount not less than 20 per cent of total adjusted liabilities on a consolidated basis for the overall bank until further notice while continuing reporting of a separate Statutory Liquid Assets Ratio (SLAR) for the Domestic Banking Unit (DBU) and Off-shore Banking Unit (OBU) to the Bank Supervision Department. Further, licensed banks were permitted to maintain the Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR) at a level not less than 90 per cent up to 31 December 2022 with enhanced supervision and frequent reporting.
- 05 December 2022 - Banking Act Determination No. 01 of 2022 was issued informing banks the annual license fees of the licensed banks for the calendar year 2023 to be paid based on the total assets of such banks as per regulatory reporting, as at the end of 2022.
- 02 January 2023 - A Circular was issued with effect from 03 January 2023 adjusting the Central Bank's Rate of Interest on Advance (Bank Rate) in line with the latest available AWNDR published by the Central Bank with a margin of +300 basis points.
- A Circular was issued limiting the availability of the SDF to a particular LCB to a maximum of five (05) times per calendar month and the availability of SLF to a particular LCB to 90 per cent of the SRR of such LCB at any given day.
- 31 January 2023 - A Banking Act Determination was issued determining qualifying non-financial corporate debt securities and qualifying non-financial common equity shares as defined in the Banking Act Directions on the Liquidity Coverage Ratio under Basel III liquidity standards, to be treated as liquid assets in the computation of the Statutory Liquid Asset Ratio of the LCBs and Licensed Specialised Banks (LSBs).
- 02 February 2023 - Banking Act Directions were issued restricting discretionary payments of licensed banks in view of the prevailing macroeconomic conditions. Accordingly, licensed banks were requested to defer payment of cash dividends and repatriate profits for 2023 until completion of the external audit of the financial statements/interim financial statements for 2023. Further, licensed banks were required to inform the Director of Bank Supervision, the Board approved detailed assessment carried out in deciding the payments of cash dividends and repatriation of profits for 2022, prior to payment of such dividends/repatriation of profits. Licensed banks were also required to refrain from engaging in share buybacks, increasing management allowances and payments to Boards of Directors and incurring non-essential and/or non-urgent expenditure, while exercising extreme due diligence and prudence when incurring capital expenditure until 31 December 2023. Licensed banks were further required to form a Board level Sub

	Committee to operate in 2023 and 2024, entrusting the responsibility of evaluating and approving non-essential, non-urgent and/or capital expenditure to be incurred by the bank.
16 February 2023	- In addition to the existing list of HS Codes covered by the Order dated 19 May 2022, an Order was issued to all LCBs on the requirement of maintaining a 100 per cent Cash Margin Deposit Requirement against Letters of Credit for newly added 64 HS Codes.
17 February 2023	- An amendment to the Banking Act Directions No. 03 of 2022 on Margin Requirements Against Imports was issued extending the applicability of the cited Direction to 64 new HS codes.
Forthcoming	- Revised regulations on Maximum Amount of Accommodation  - The Banking (Special Provisions) Act is to be enacted in 2023. Cabinet approval for the draft Act has been received and currently the Act is being drafted by the legal draftsman.
<b>Licensed Finance Companies (LFCs), Specialised Leasing Companies (SLCs), Licensed Microfinance Companies (LMFCs), and Primary Dealer Companies (PDCs)</b>	
05 January 2022	- The Monetary Board of the Central Bank, in terms of the Regulations made under the Registered Stock and Securities Ordinance and the Local Treasury Bills Ordinance, decided to extend the suspension of Perpetual Treasuries Limited (PTL) from carrying on the business and activities of a Primary Dealer for a further period of six months with effect from 05 January 2022, in order to continue with the investigations being conducted by the Central Bank.
28 January 2022	- A Direction was issued on Technology Risk Management and Resilience with the objective of setting the minimum regulatory requirements on technology risk management and resilience of LFCs.
08 February 2022	- LFCs were requested to grant an incentive for Sri Lankans working abroad by reimbursing the transaction cost incurred on account of inward workers' remittances.
10 March 2022	- LFCs were informed on the grant of a transitional period for the effective implementation of sections 10 and 12 of the Finance Business Act (FBA) Direction No. 05 of 2021 on Corporate Governance until 01 July 2024.
18 March 2022	- A Direction was issued on Mobile Phone based E-money Services in order to provide a solution for easy access to finance by enabling convenient banking and to improve efficiency of the operations of LFCs.
21 March 2022	- Subsequent to the amalgamation of Sinhaputhra Finance PLC (SFP) with Commercial Leasing and Finance PLC as a part of the Masterplan for Consolidation of Non-Bank Financial Institutions (the Masterplan), the Monetary Board of the Central Bank cancelled the licence issued to SFP to carry on finance business under the FBA, No. 42 of 2011. Further, registration of SFP under the Finance Leasing Act (FLA), No. 56 of 2000, was cancelled by the Director, Department of Supervision of Non-Bank Financial Institutions (DSNBFI).
31 March 2022	- Subsequent to the amalgamation of Commercial Leasing and Finance PLC (CLFP) with LOLC Finance PLC as a part of the Masterplan, the Monetary Board of the Central Bank cancelled the licence issued to CLFP to carry on finance business under the FBA, No. 42 of 2011. Further, registration of CLFP under the FLA No. 56 of 2000 was cancelled by the Director, DSNBFI.

	<ul style="list-style-type: none"> <li>- Prevailing maximum interest rates on deposits and debt instruments were revised due to the increase in policy rates.</li> <li>- LFCs and SLCs were informed of deferment of the implementation of Section 4.3.1.(i) of FBA Direction No. 01 of 2020 and FLA Direction No. 01 of 2020 on Classification and Measurement of Credit Facilities by a period of two years due to the present economic conditions.</li> </ul>
18 April 2022	<ul style="list-style-type: none"> <li>- Prevailing maximum interest rates on deposits and debt instruments were revised allowing LFCs to decide the maximum interest rates on deposits and debt instruments, and SLCS to decide the maximum interest rates on debt instruments based on the moving average of Weighted Average Yield Rates of the last four Treasury bill primary auctions.</li> </ul>
12 May 2022	<ul style="list-style-type: none"> <li>- Subsequent to the amalgamation of Prime Finance PLC (PFP) with HNB Finance PLC as a part of the Masterplan, the Monetary Board of the Central Bank cancelled the licence issued to PFP to carry on finance business under the FBA, No. 42 of 2011. Further, registration of PFP under the FLA, No. 56 of 2000 was cancelled by the Director, DSNBFI.</li> </ul>
03 June 2022	<ul style="list-style-type: none"> <li>- The Monetary Board of the Central Bank directed Bimputh Finance PLC to repay its deposit base with effect from 03 June 2022 due to inability of the Company to comply with regulatory capital requirements and/or adhere to the Masterplan.</li> </ul>
08 June 2022	<ul style="list-style-type: none"> <li>- LFCs, SLCs, and LMFCs were informed on removing the maximum interest rate on microfinance loans, considering the significant increase in market interest rates.</li> </ul>
05 July 2022	<ul style="list-style-type: none"> <li>- The Monetary Board of the Central Bank, in terms of the Regulations made under the Registered Stock and Securities Ordinance and the Local Treasury Bills Ordinance, extended the suspension of PTL from carrying on the business and activities of a Primary Dealer for a further period of six months with effect from 05 July 2022, in order to continue with the investigations being conducted by the Central Bank.</li> </ul>
20 July 2022	<ul style="list-style-type: none"> <li>- A Circular was issued to LFCs and SLCs requesting them to provide concessions to borrowers whose income or businesses have been adversely affected due to the current macroeconomic conditions.</li> </ul>
29 August 2022	<ul style="list-style-type: none"> <li>- Assetline Finance Ltd. (formerly known as Assetline Leasing Co. Ltd., an SLC registered under FLA No. 56 of 2000) was issued a licence in terms of Section 5(7) of the FBA, No. 42 of 2011, to engage in finance business.</li> </ul>
02 September 2022	<ul style="list-style-type: none"> <li>- A Direction was issued mandating the recording of UINs of depositors of LFCs. Accordingly, all LFCs were required to record UINs for all new depositors with effect from 01 October 2022 and to complete recording UINs of the existing customers in systems of LFCs by 31 December 2023.</li> </ul>
29 November 2022	<ul style="list-style-type: none"> <li>- Guidelines on sustainable finance activities were issued to LFCs considering the importance of a sustainable economy and the need for providing with a governance and risk management framework for sustainable finance activities of LFCs with a view to facilitating the sustainable finance initiatives of LFCs in line with the Roadmap for sustainable development published by the Central Bank.</li> </ul>
01 December 2022	<ul style="list-style-type: none"> <li>- SMB Finance PLC (formerly known as SMB Leasing PLC, an SLC registered under FLA, No. 56 of 2000) was issued a licence in terms of Section 5(7) of the FBA No.42 of 2011, to engage in finance business.</li> </ul>

28 December 2022	- Finance business licence issued to Swarnamahal Financial Services PLC was cancelled in terms of Section 37 (3) of the FBA, No. 42 of 2011.
30 December 2022	- The Monetary Board of the Central Bank, in terms of the section 25 (1) (m) of the FBA, No.42 of 2011, decided to direct Kanrich Finance Ltd. (KFL) to settle its public liabilities in full within the period from 26 December 2022 to 28 February 2023 due to continuous capital deficiencies faced by KFL.
05 January 2023	- The Monetary Board of the Central Bank, in terms of the Regulations made under the Registered Stock and Securities Ordinance and the Local Treasury Bills Ordinance, decided to extend the suspension of PTL from carrying on the business and activities of a Primary Dealer for a further period of six months with effect from 05 January 2023, in order to continue with the investigations being conducted by the Central Bank.
18 January 2023	- The registration of Swarnamahal Financial Services PLC as a registered finance leasing establishment was cancelled in terms of Section 9(1) (h) of the FLA, No. 56 of 2000.
31 January 2023	- Subsequent to the amalgamation of LOLC Development Finance PLC (LDFP) with LOLC Finance PLC as a part of the Masterplan, the Monetary Board of the Central Bank cancelled the licence issued to LDFP to carry on finance business under the FBA, No. 42 of 2011. Further, the registration of LDFP issued under the FLA, No. 56 of 2000 has been cancelled by the Director, DSNBFI.  - Guideline on declaration of dividends or repatriation of profits was issued to LFCs as a measure to strengthen the resilience and capacity of LFCs to absorb economic shocks that could arise in the time of uncertainty and to continue to support credit needs of customers by maintaining sufficient capital.
02 February 2023	- LFCs were informed that ICRA Lanka Ltd. has been removed as an acceptable credit rating agency for specified purposes.
08 February 2023	- An order was issued by the Commercial High Court of Colombo to appoint Mr. Gerard Jeevananthan David as the liquidator of Standard Credit Finance Ltd.
03 March 2023	- LFCs and SLCs were requested to provide appropriate concessions to Micro, Small and Medium Enterprises and individuals affected by the prevailing macroeconomic conditions.
Forthcoming	- Implementing Phase II of the Masterplan <sup>2</sup> ensuring long term sustainability of small to medium scale LFCs in the medium term.  - Amending the existing regulatory framework in line with the current market developments, including amendments to the FBA, No. 42 of 2011 and FLA, No. 56 of 2000.  - Bringing rules and regulations to improve stability of the non-banking sector while strengthening the supervisory review process.  - Enacting the Microfinance and Credit Regulatory Authority Act to improve market conduct and consumer protection, of overall non-banking sector customers, bringing LMFCs and unregulated moneylenders under the regulatory purview.

## Insurance

26 January 2022	- Amendments were issued to Determinations 14 and 15 to all insurance companies on “The regulatory reporting formats of the Annual Return and Actuarial Abstract were amended for the purpose of facilitating the submission via Email”.
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<sup>2</sup> The Phase I of the Masterplan is about to be fully completed.



	<ul style="list-style-type: none"> <li>- Direction 01 of 2022 was issued to the industry in respect of restriction on providing codes and restriction on changing codes.</li> <li>- Circular 01 of 2022 was issued on prohibition on providing different quotations (reduction of premium) to same policyholder for the same insurance cover.</li> </ul>
03 February 2022	- Direction 02 of 2022 was issued on a Corporate Governance Framework for Insurers.
25 February 2022	- Direction 02 of 2022 (Revised) was issued informing the revision of Direction 02 of 2022 on the Corporate Governance Framework for Insurers.
01 July 2022	- Guidelines were issued on advertisements to all insurers, brokering companies, and agents, and required them to comply with the same with effect from 01 July 2022.
24 August 2022	- Direction 03 of 2022 was issued to the industry with regard to the cooling off period, guaranteed and non-guaranteed benefits, and applicable schedules of long term insurance policy.
06 October 2022	<ul style="list-style-type: none"> <li>- Amendments to Determination 12 were issued to revise the templates of the quarterly regulatory reporting templates of insurance companies.</li> <li>- Clarification to Circular 01 of 2021 was issued to clarify that the Actuarial Certificate referred to in this Circular shall be issued by the Actuary appointed in terms of Section 46 of the Regulation of Insurance Industry Act, No. 43 of 2000.</li> </ul>
10 November 2022	- Clarification to Circular 40 was issued to clarify that if standalone health covers are renewed at the end of the term of five years or more, the subsequent period of cover shall be for a period of five years or more, and that the premium agreed shall not be increased or the benefits shall not be decreased during the said period.
Forthcoming	<ul style="list-style-type: none"> <li>- Amendment to Rules in respect of Quarterly Return format of Insurance Brokers.</li> <li>- Guidelines on Policy Framework for General Insurance Policies will be issued subject to Insurance Regulatory Commission's approval.</li> </ul>

### Capital Market

February 2022	- Approval was granted for the measures to further streamline the dividend payment process.
April 2022	<ul style="list-style-type: none"> <li>- Approval was granted for the final policy framework for regulated short selling through securities borrowing and lending.</li> <li>- Approval was granted for the proposed revisions to the transaction cost applicable for repurchase of corporate debt.</li> </ul>
June 2022	<ul style="list-style-type: none"> <li>- Approval in principle was granted for the introduction of blue bonds in Colombo Stock Exchange (CSE).</li> <li>- A Memorandum of Understanding (MoU) was signed between the Securities and Exchange Commission (SEC), the Chartered Financial Analyst Institute, and the CSE for promoting awareness on Environmental, Social and Governance (ESG).</li> </ul>



- Approval was granted for the introduction of a central counterparty settlement mechanism.
- Completed the third phase of the digitisation of the Sri Lankan Capital Market.
- August 2022 - A MoU was signed between the SEC, the Institute of Chartered Accountants of Sri Lanka and the CSE for promoting Integrated Reporting.
- September 2022 - Approval was granted for the proposed regulatory framework for issuing sukuk products.
- January 2023 - Regulations were issued by the Ministry of Finance on the revised transaction fees pertaining to Repurchase Agreement (REPO) transactions on Corporate Debt securities.
- Rules to enable Green Bonds were finalised by the CSE and the SEC in line with the recommendations made by the Asian Development Bank (ADB).
- March 2023 - Approval was granted for the revised transaction fees applicable for Corporate Debt Transactions.

### Payments and Settlements

- 25 January 2022 - NSB was provided participant status of the LankaSettle System after fulfilling the eligibility requirements. NSB is the first LSB to obtain participant status of the LankaSettle System.
- 08 February 2022 - The Central Bank launched the National Remittance Mobile Application, 'Lanka Remit' in February 2022, which provides Sri Lankans working abroad to send money to Sri Lanka and pay utility bills using Electronic Fund Transfer Cards. Further, the Lanka Remit app has the remittance tracking facility, and the user can access global money transfer operators linked with the local LCBs.
- 28 February 2022 - The General Directions on Sri Lanka Interbank Payment System (SLIPS), Common ATM Switch (CAS), Common Electronic Fund Transfer Switch (CEFTS), and Common Point-of-Sales (POS) Switch were revised and issued under the Payment and Settlement Systems Act, No. 28 of 2005 to include LSBs to obtain Primary Membership of SLIPS, CAS, CEFTS, and Common POS Switch after becoming a participant in the RTGS System.
- 28 March 2022 - People's Bank commenced a pilot project on issuing a debit card under the National Card Scheme where the debit card can also function as a transit card with the support of its Stored Value function.
- 20 June 2022 - Revised the multitiered Liability Manager Limit structure for CAS and CEFTS in order to include NSB which obtained the participant status of the LankaSettle System and the Primary Membership of CAS and CEFTS in January 2022.

### Anti-Money Laundering (AML) and Countering the Financing of Terrorism (CFT)

- 10 January 2022 - Circular No. 01 of 2022 was issued to amend the Circular No. 02 of 2021 on Guidelines for Financial Institutions on Closed Circuit Television (CCTV) operations for AML/CFT purposes.
- 22 March 2022 - Circular No. 02 of 2022 was issued on further information requested on Suspicious Transaction Reports.

- 25 August 2022 - Circular No. 03 of 2022 was issued on provision of efficient banking services to Sri Lankan expatriates.
- 21 November 2022 - Circular No. 04 of 2022 was issued on authenticating customer identification details through the Department of Immigration and Emigration.
- 03 March 2023 - Circular No. 01 of 2023 was issued to all licensed banks and LFCs on 'Calling for Due Diligence on Compliance Lapses'

### Foreign Exchange Management and International Operations

- 19 January 2022 - Operating instructions were issued to all licensed banks on reimbursement of the transaction cost of workers' remittances with an objective of encouraging more workers' remittances to the country through formal fund transferring channels.
- 21 January 2022 - "Acceptance of Foreign Exchange within Sri Lanka by Hotel Service Providers Rules, No. 01 of 2022", as published in the Extraordinary Gazette Notification No. 2263/41 was issued under the MLA, mandating hotel service providers registered with and licensed by the Sri Lanka Tourism Development Authority to accept payments in respect of services rendered to persons resident outside Sri Lanka only in foreign exchange.
- 31 January 2022 - Extension of the effective periods of "Additional Incentive Scheme on Inward Workers' Remittances" and "Incentives for General Public for Depositing, Converting, and Investing of Foreign Currency Held in Hand" schemes, until further notice, in order to improve foreign exchange inflows to the country through formal channels and to promote foreign currency notes of the country to be channelled through the formal banking system.
- 24 February 2022 - Directions No. 01 of 2022 were issued to Authorised Dealers (ADs) permitting the debit of funds from Personal Foreign Currency Accounts (PFCAs) of Sri Lankans employed abroad (other than emigrants) to Business Foreign Currency Accounts (BFCAs) of local educational institutions to facilitate payment for the purpose of tuition fees in respect of immediate family members who have been enrolled as students of such educational institutions.
  - Directions No. 02 of 2022 were issued to ADs permitting ADs to credit funds to BFCAs from PFCAs of Sri Lankans employed abroad (other than emigrants) of local educational institutions, to facilitate payment for the purpose of tuition fees in respect of immediate family members who have been enrolled as students of such educational institutions.
- 08 March 2022 - Termination of additional incentives offered by the Central Bank of Rs. 8.00 per US dollar (USD) on the conversion of workers' remittances and Rs. 10.00 per USD on the conversion of foreign currency notes held in hand, as per the Operating Instructions issued by the Central Bank on "Additional Incentive Scheme on Inward Workers' Remittances" and "Incentives for General Public for Depositing, Converting, and Investing of Foreign Currency Held in Hand" schemes with effect from 09 March 2022.
- 11 March 2022 - Repatriation of Export Proceeds into Sri Lanka Rules No. 1 of 2022 was issued under the MLA as published in the Gazette (Extraordinary) Notifications No. 2270/66, imposing inter alia the following mandatory conditions on the exporters:

	<ul style="list-style-type: none"> <li>• to receive export proceeds in Sri Lanka, in respect of all goods exported and/or services provided outside Sri Lanka, within one hundred and eighty (180) days from the date of shipment or provisioning of services;</li> <li>• to submit all related documentary evidence on each and every receipt of export proceeds, to the licensed bank, that receives such proceeds, in Sri Lanka; and</li> <li>• to convert residual of the export proceeds received in Sri Lanka into LKR, upon utilising such proceeds only in respect of the authorised payments including local supplier payments specified thereto, on or before the seventh (7th) day of the following month.</li> </ul>
	<ul style="list-style-type: none"> <li>- Directions No. 03 of 2022 were issued to ADs determining 'Thai Baht' as a designated foreign currency for the purpose of the Foreign Exchange Act, No. 12 of 2017 (FEA).</li> </ul>
22 March 2022	<ul style="list-style-type: none"> <li>- Temporary increase of the percentage of weekly mandatory foreign exchange sales to the Central Bank by licensed banks on account of converted inward workers' remittances and mandatorily converted export proceeds from 25 per cent to 50 per cent, from the week commencing from 21 March 2022, until the week ending on 29 July 2022, in order to further improve foreign exchange inflows to the Central Bank to facilitate essential imports of the country.</li> </ul>
28 March 2022	<ul style="list-style-type: none"> <li>- The Regulations under FEA as published in the Gazette (Extraordinary) Notifications No. 2273/06 were issued to extend the initial period of 24 months given to open and maintain Special Deposit Accounts (SDAs) in DBUs and to transfer from Inward Investment Accounts (IIAs) or accounts maintained in an Offshore Banking Unit (OBU) of the account holder by a further twelve months. Accordingly, eligible persons may open SDAs until 08 April 2023 by inward remittances to Sri Lanka or by transferring funds from IIAs or accounts maintained in the OBU of the account holder.</li> </ul>
7 April 2022	<ul style="list-style-type: none"> <li>- Directions No. 04 of 2022 were issued extending the period by 12 months against the initial period of 24 months, granted for ADs to open and maintain SDAs at DBUs and to transfer from IIAs or accounts maintained in the OBU by the account holder, out of the proceeds received as inward remittances in favour of the account holder.</li> </ul>
11 April 2022	<ul style="list-style-type: none"> <li>- Reduction of the temporarily increased percentage of weekly mandatory foreign exchange sales to the Central Bank by licensed banks on account of converted inward workers' remittances and mandatorily converted export proceeds from 50 per cent to 25 per cent, effective from 11 April 2022 until further notice, considering the prevailing domestic foreign exchange market condition and foreign exchange commitments of banks.</li> </ul>
01 June 2022	<ul style="list-style-type: none"> <li>- An Order under Section 4 of the FEA, published in the Gazette Extraordinary Notifications No. 2282/27, was issued repealing the "Order under Section 4" published in the Gazette Extraordinary Notification No. 2220/69 dated 26 March 2021.</li> </ul>
03 June 2022	<ul style="list-style-type: none"> <li>- Further broadening the eligibility to open and maintain accounts for the purpose of engaging in foreign exchange transactions, a Regulation under the FEA was issued as published in the Gazette (Extraordinary) Notifications No. 2282/60 including the following persons resident in Sri Lanka who earn foreign exchange from an authorised person who is permitted to engage in business in and from the area of the authority of the Colombo Port City in accordance with the provisions of the Colombo Port City Economic Commission Act, No. 11 of 2021 (CPCECA).</li> </ul>

	<ul style="list-style-type: none"> <li>• An employee of an authorised person,</li> <li>• Any person who is engaged in business with an authorised person for the purpose of provisioning of goods or services.</li> </ul>
	<ul style="list-style-type: none"> <li>- Foreign Exchange (Investment in Colombo Port City) Regulations No. 01 of 2022 published in the Gazette (Extraordinary) Notifications No. 2282/59 were issued granting permission for any person resident outside Sri Lanka or any company incorporated in Sri Lanka which is fully owned by persons resident outside Sri Lanka or joint ventures registered/incorporated in Sri Lanka (i.e., investors), to make investments in Colombo Port City out of inward remittances received from overseas being the funds to finance the investments in Colombo Port City, subject to the permission granted under the provisions of CPCECA.</li> </ul>
08 June 2022	<ul style="list-style-type: none"> <li>- Removal of the ceiling of the USD interest rate which was applicable to USD/LKR swap transactions by allowing market forces to determine the swap prices with an expectation to enhance the funding status of the domestic foreign exchange market and improve the financial discipline of banks.</li> </ul>
15 June 2022	<ul style="list-style-type: none"> <li>- Directions No. 05 of 2022 were issued to Restricted Dealers on buying, selling, and exchanging foreign currencies in addition to the General Conditions specified in the Direction No.11 of 2020, including the following conditions additionally. <ul style="list-style-type: none"> <li>• Suspension of offering higher exchange rates by money changers to customers, than the exchange rates offered to them by ADs with whom they maintain accounts to deposit foreign currencies,</li> <li>• Mandating money changers to take necessary measures to assure continuous and uninterrupted operations of the CCTV System, to maintain CCTV recordings for a minimum period of 30 days, and to provide the same upon the request of the DFE.</li> </ul> </li> </ul>
16 June 2022	<ul style="list-style-type: none"> <li>- “Acceptance of foreign exchange within Sri Lanka by Hotel Service Providers Rules, No. 01 of 2022” as published in the Gazette (Extraordinary) Notifications No. 2263/41 issued under the MLA mandating hotel service providers to accept payments in respect of services rendered to persons resident outside Sri Lanka only in foreign exchange was repealed by the Rule published in the Gazette (Extraordinary) Notifications No. 2284/40.</li> <li>- An amendment to the Order under Section 8 of the FEA as published in the Gazette (Extraordinary) Notifications No. 2284/34 was issued to implement followings: <ul style="list-style-type: none"> <li>• Reducing the amount of foreign currency retained in possession by a person in, or resident in, Sri Lanka from USD 15,000 to USD 10,000 or its equivalent in other foreign currencies.</li> <li>• Granting an amnesty period of 14 working days effective from the date of the Order for persons in, or resident in, Sri Lanka who hold foreign currency notes in possession to deposit into a PFCA or into a BFCA, or to sell to an AD appropriately.</li> </ul> </li> </ul>
28 June 2022	<ul style="list-style-type: none"> <li>- Directions No. 06 of 2022 were issued permitting ADs to open and maintain Colombo Port City Investment Account - Investor (CPCIA- Investor) for eligible persons, in order to facilitate investments in the Colombo Port City, subject to the conditions stipulated therein.</li> </ul>

30 June 2022	<ul style="list-style-type: none"> <li>- Directions No. 07 of 2022 were issued, permitting ADs to open and maintain Colombo Port City Investment Account - Investee (CPCIA- Investee) for the authorised persons under the provisions of CPCECA.</li> <li>- An Order under Section 22 of the FEA, published in the Extraordinary Gazette Notifications No. 2286/27 dated 30 June 2022 was issued to suspend/limit outward remittances with respect to selected capital transactions for six months commencing from the date of the Order.</li> <li>- Directions No. 08 of 2022 were issued to permit the credit of earnings/payments in foreign exchange received by an account holder from a foreign currency account of an authorised person who is permitted to engage in business in and from the area of authority of the Colombo Port City in accordance with the provisions of the CPCECA to the PFCAs opened and maintained in terms of the Direction No. 04 of 2021.</li> <li>- Directions No. 09 of 2022 were issued to permit the credit of earnings/payments in foreign exchange received by an account holder from a foreign currency account of an authorised person who is permitted to engage in business in and from the area of authority of the Colombo Port City in accordance with the provisions of the CPCECA to the BFCAs opened and maintained in terms of the Direction No. 05 of 2021.</li> </ul>
05 July 2022	<ul style="list-style-type: none"> <li>- On the lapse of the Order under Section 8 of the FEA as published in the Gazette (Extraordinary) Notifications No. 2284/34, a New Order under the Section 8 of FEA was published in the Gazette (Extraordinary) Notifications No. 2287/16, extending the amnesty period by 14 working days, for persons in or resident in Sri Lanka who hold foreign currency notes in possession, to deposit those foreign currency notes into a PFCA or into a BFCA, or to sell to an AD appropriately.</li> </ul>
12 August 2022	<ul style="list-style-type: none"> <li>- “Repatriation of Export Proceeds into Sri Lanka Rules” No. 2 of 2022 were issued under the MLA as published in the Gazette (Extraordinary) Notifications No. 2292/50 excluding the exporters of services from the conversion requirements stipulated in the Repatriation of Export Proceeds Rules No. 01 of 2022.</li> </ul>
15 August 2022	<ul style="list-style-type: none"> <li>- On the lapse of the Order under Section 8 of the FEA as published in the Gazette (Extraordinary) Notifications No. 2284/34, a new Order under the Section 8 of FEA was published in the Gazette (Extraordinary) Notifications No. 2293/07, extending the amnesty period by one month, for persons in or resident in Sri Lanka who hold foreign currency notes in possession, to deposit those foreign currency notes into a PFCA or into a BFCA, or to sell to an AD appropriately.</li> </ul>
25 August 2022	<ul style="list-style-type: none"> <li>- Instructed banks to sell 25 per cent of the service export receipts/proceeds converted into LKR to the Central Bank, with effect from 12 August 2022, to effect the mandatory foreign exchange sale requirement to the Central Bank on converted service export proceeds, following the Gazette Extraordinary No. 2292/50 dated 12 August 2022.</li> </ul>
26 August 2022	<ul style="list-style-type: none"> <li>- Directions No. 10 of 2022 were issued to ADs determining ‘Indian Rupees (INR)’ as a designated foreign currency for the purpose of the FEA.</li> </ul>
31 August 2022	<ul style="list-style-type: none"> <li>- Circular No. 02/2022 was issued by the Ministry of Labour and Foreign Employment on granting permits/licenses for the importation of fully electric vehicles by Sri Lankans employed abroad who remit foreign exchange to Sri Lanka through the banking system of the country.</li> </ul>

- 08 September 2022 - Regulations under the FEA were issued, as published in the Gazette (Extraordinary) Notification No. 2296/12, granting permission to rollover SDAs already opened for a maximum period of 36 months from the initial date of placing such deposits.
- 09 September 2022 - Amended the Circular No. 02/2022 issued by the Ministry of Labour and Foreign Employment on granting permits/licenses to import fully electric vehicles for Sri Lankans employed abroad, revising certain eligibility conditions as follows:
- Removing the maximum limit of Cost, Insurance and Freight (CIF) value of the vehicle to be imported,
  - Allowing the migrant workers to transfer the vehicle to a third party prior to the expiration of a two year time period by paying a transfer tax of equivalent to 10 per cent of the CIF value of the vehicle.
- 16 September 2022 - Amended the Circular No. 02/2022 issued by the Ministry of Labour and Foreign Employment on granting permits/licenses to import fully electric vehicles for Sri Lankans employed abroad, by granting permission to an agent/authorised distributor of the manufacturer who is registered in Sri Lanka to import 3 brand new fully electric vehicles in 3 different models.
- 08 November 2022 - Directions No. 11 of 2022 were issued permitting ADs to open and maintain Golden Paradise Foreign Currency Accounts (GPFCA) in the names of foreign nationals who wish to stay in Sri Lanka on 10 years' resident Visas under the "Golden Paradise Visa Programme" implemented by the Department of Immigration and Emigration.
- 02 December 2022 - Regulations under the FEA were issued, as published in the Gazette (Extraordinary) Notification No. 2308/51, granting permission for companies incorporated in Sri Lanka under the Companies Act, No. 7 of 2007, which import raw materials for manufacturing of products with a domestic value addition of at least 30 per cent (borrower), to obtain foreign currency loans for a tenure of less than three (3) years including a minimum grace period of one (1) year, from the parent company or a company within the same group of companies incorporated outside Sri Lanka (Lender), for the purpose of financing the payments of such imports.
- 09 December 2022 - Directions No. 12 of 2022 were issued permitting ADs to open and maintain Special Foreign Currency Accounts (SFCA) - Short Term Loans, in order to facilitate payments for import of raw materials for manufacturing of products, by the companies incorporated in Sri Lanka under the Companies Act, No. 7 of 2007, out of the proceeds of the foreign currency loans obtained for a tenure of less than three years including a minimum grace period of one year, from the parent company or a company within the group of companies incorporated outside Sri Lanka.
- 22 December 2022 - On the lapse of the Order under Section 22 of the FEA as published in the Gazette (Extraordinary) Notifications No. 2286/27, a new Order under Section 22 of FEA was published in the Gazette (Extraordinary) Notifications No. 2311/38, extending the validity period for a further six months.
- 30 December 2022 - Termination of the incentive of LKR 2.00 per USD paid on the conversion of inward workers' remittances with immediate effect, following the request made by the Secretary to the Treasury.
- 26 January 2023 - Revocation of Operating Instructions issued on "Inward Investments Swaps - IIS Scheme".

	- Issuance of instructions to banks on participation at the USD/LKR buy-sell and sell-buy, foreign exchange swaps auctions of the Central Bank.
24 February 2023	- Reduction of weekly mandatory foreign exchange sales to the Central Bank by licensed banks on account of converted inward workers' remittances, converted service sector related exports proceeds/receipts, and the residual value of mandatorily converted export proceeds of goods from 25 per cent to 15 per cent, effective from 27 February 2023, in order to encourage market driven foreign exchange activities in the domestic foreign exchange market.
27 February 2023	- Directions No. 01 of 2023 were issued permitting ADs to open and maintain SFCA - Investee, out of proceeds received, being an investment into the share capital of the company from a non-resident investor, provided the investee has future requirements to meet payments for current transactions and repayments of foreign currency loans or/and accommodations obtained under the provisions of the Foreign Exchange Act, No. 12 of 2017.
03 March 2023	- Revocation of the Operating Instructions were issued by the Central Bank to licensed banks on "Managing Intraday Volatility of the Exchange Rate" on 12 May 2022.  - Revocation of the Operating Instructions were issued by the Central Bank to licensed banks on "Incentive Scheme on Inward Worker Remittances" and "Repatriation of Export Proceeds into Sri Lanka", on 27 January 2021 and 18 February 2021, respectively, as amended subsequently.

### Import and Export Controls

11 January 2022	- Imports and Exports (Control) Regulations No. 03 of 2022 (published in the Gazette Extraordinary No. 2262/18) were issued, <ul style="list-style-type: none"> <li>• Removing the temporary suspension on long grain rice, and;</li> <li>• Continuing the import restrictions on fish fillet under new HS codes.</li> </ul>
09 March 2022	- Imports and Exports (Control) Regulations No. 05 of 2022 (published in the Gazette Extraordinary No. 2270/18) were issued with a list of goods, the importation of which requires an import control license.
09 April 2022	- Imports and Exports (Control) Regulations No. 06 of 2022 (published in the Gazette Extraordinary No. 2274/42) were issued with a list of goods, the importation of which requires an import control license.
06 May 2022	- Imports Control Regulations on Payment Terms No. 07 of 2022 (published in the Gazette Extraordinary No. 2278/21) were issued to impose restrictions on importation under Open Account Payment Terms and Consignment Account Terms for certain goods, amending Special Import License and Payment Regulations, No. 01 of 2011, published in the Gazette Extraordinary No. 1739/3 dated 02 January 2012.
31 May 2022	- Imports and Exports (Control) Regulations No. 08 of 2022 (published in the Gazette Extraordinary No. 2282/21) were issued removing the requirement of a license imposed by Imports and Exports (Control) Regulations No. 05 of 2022, published in the Gazette Extraordinary No. 2270/18 and the Imports and Exports (Control) Regulations No. 06 of 2022, published in the Gazette Extraordinary No. 2274/42.



	- Imports Control Regulations on Payment Terms No. 09 of 2022 (published in the Gazette Extraordinary No. 2282/22) were issued extending the effective date of the Imports Control Regulations on Payment Terms No. 07 of 2022, published in the Gazette Extraordinary No. 2278/21.
24 June 2022	- Imports Control Regulations on Payment Terms No. 10 of 2022 (published in the Gazette Extraordinary No. 2285/19) were issued relaxing the restrictions issued by Imports Control Regulations on Payment Terms No. 07 of 2022 (published in the Gazette Extraordinary No. 2278/21) and permitting importation under Open Account Payment Terms and Consignment Account Terms for dried fish, milk powder, potato, onion, peas, masoor dhal, chillies, rice, wheat flour, and sugar.
05 August 2022	- Imports and Exports (Control) Regulations No. 11 of 2022 (published in the Gazette Extraordinary No. 2291/44) were issued removing glyphosate from the “banned” category and bringing it under a “import control license” requirement.
23 August 2022	- Imports and Exports (Control) Regulations No. 12 of 2022 (published in the Gazette Extraordinary No. 2294/29) were issued, <ul style="list-style-type: none"> <li>• bringing motorcycles with electric motor for propulsion and bicycles under the ‘import control license’ category from the ‘temporary suspension’ category,</li> <li>• temporarily suspending the importation of fermented beverages except Sake, Sochu, and Umeshu and articles for the conveyance or packing of goods of plastics except plastic crates and plastic pallets,</li> <li>• amending the type of sugar permitted to import under Open Account Payment Terms and Consignment Account Terms.</li> </ul> <p>- Imports and Exports (Control) Regulations No. 13 of 2022 (published in the Gazette Extraordinary No. 2294/30) were issued amending the list of imports under temporary suspension.</p>
09 September 2022	- Imports and Exports (Control) Regulations No. 14 of 2022 (published in the Gazette Extraordinary No. 2296/30) were issued, <ul style="list-style-type: none"> <li>• temporarily suspending/imposing an import control license on selected items,</li> <li>• removing the temporary suspension on the importation of some items and introducing terms for exemptions with the approval of relevant authorities.</li> </ul>
16 September 2022	- Imports Control Regulations on Payment Terms No. 15 of 2022 (published in the Gazette Extraordinary No. 2297/79) were issued, <ul style="list-style-type: none"> <li>• allowing the importation of milk powder and massor dhal (red lentils - whole), maize and soya bean meal by registered poultry feed manufacturers under Open Account and Consignment Account Payment Terms up to 31 October 2022,</li> <li>• allowing the importation of selected food items under open account and consignment account payment terms up to 30 September 2022.</li> </ul>
23 September 2022	- Imports and Exports (Control) Regulations No. 16 of 2022 (published in the Gazette Extraordinary No. 2298/55) were issued providing for the importation of fully electric vehicles, by any eligible person/ entity, who has obtained a “Vehicle Import Permit”, as per the Circular No. 02/2022 dated 31 August 2022 of the Ministry of Labour and Foreign Employment. These Regulations will only be in force until 31 December 2023.

05 October 2022	- Imports Control Regulations on Payment Terms No. 17 of 2022 (published in the Gazette Extraordinary No. 2300/12) were issued extending the advance payment limit up to USD 250,000 or its equivalent in any other convertible foreign currency for the importation of agricultural seeds, agrochemicals, and chemical fertilisers.
21 October 2022	- Imports and Exports (Control) Regulations No. 18 of 2022 (published in the Gazette Extraordinary No. 2302/31) were issued allowing the importation of broken rice in a maximum total quantity of 25,000 metric tons for animal feed production.
31 October 2022	- Imports Control Regulations on Payment Terms No. 19 of 2022 (published in the Gazette Extraordinary No. 2304/04) were issued, <ul style="list-style-type: none"> <li>• extending the date of arrival of import consignments of wheat flour at the port or airport in Sri Lanka under the Open Account and Consignment Account Payment Terms up to 31 December 2022,</li> <li>• exempting wheat flour imports under the Documents against Payment (DP) Terms and Document against Acceptance (DA) Terms from the requirement of having prior arrangements with bank.</li> </ul>
23 November 2022	- Imports and Exports (Control) Regulations No. 21 of 2022 (published in the Gazette Extraordinary No. 2307/12) were issued removing the list of goods from temporary suspension, and some medical and tourism related items were allowed to be imported with the approval of relevant authorities.
01 December 2022	- Imports Control Regulations on Payment Terms No. 22 of 2022 (published in the Gazette Extraordinary No. 2308/26) were issued extending the date of arrival of import consignments of maize and soya bean meal (for the purpose of manufacturing of poultry feed) at the port or airport in Sri Lanka under Open Account and Consignment Account Payment Terms up to 31 December 2022.
09 December 2022	- Imports and Exports (Control) Regulations No. 23 of 2022 (published in the Gazette Extraordinary No. 2309/40) were issued temporarily suspending the issuance of import control license for the importation of semi-milled or wholly milled rice.
19 December 2022	- Imports and Exports (Control) Regulations No. 24 of 2022 (published in the Gazette Extraordinary No. 2311/08) were issued removing the temporary suspension on the importation of several items and energy drinks, imported on an import control license.
21 December 2022	- Imports Control Regulations on Payment Terms No. 25 of 2022 (published in the Gazette Extraordinary No. 2311/18) were issued, <ul style="list-style-type: none"> <li>• extending the Advance Payment limit up to USD 250,000 or its equivalent in any other convertible foreign currency for importation of glyphosate,</li> <li>• allowing the importation of some mineral or chemical fertilisers during the period of 21 December 2022 to 21 June 2023 under the Open Account and Consignment Account Payment Terms,</li> <li>• extending the date of importation of maize under the Open Account and Consignment Account Payment Terms by registered poultry feed manufacturers up to 15 January 2023 and allowing for any other importer during the period of 21 December 2022 to 15 January 2023.</li> </ul>

- 01 January 2023
- Special Import License Regulations No. 01 of 2023 (published in the Gazette Extraordinary No. 2312/77) were issued with a consolidated list of goods, for which the importation requires an import control licence, and selected items, for which the issuance of Import Control License was suspended until further notice.
  - Imports and Exports (Control) Regulations No. 02 of 2023 (published in the Gazette Extraordinary No. 2312/78) were issued with a consolidated list of imports under temporary suspension and introduced terms for exemptions with the approval of relevant authorities.
- 19 January 2023
- Imports Control Regulations on Payment Terms No. 03 of 2023 (published in the Gazette Extraordinary No. 2315/46) were issued extending the date of arrival of import consignments of wheat flour at the port or airport in Sri Lanka under the Open Account and Consignment Account Payment Terms up to 31 January 2023.
- 22 February 2023
- Imports Control Regulations on Payment Terms No. 04 of 2023 (published in the Gazette Extraordinary No. 2320/46) were issued,
    - allowing Open Account and Consignment Account Payment Terms for those who are settling their payments for importation of goods, which are essentially required to provide specified terminal services, from the foreign exchange earned by such terminal operations,
    - Replacing the regulation 5(i) issued by the Imports and Exports (Control) Regulations No. 12 of 2022 (published in the Gazette Extraordinary No. 2294/29),
  - Imports and Exports (Control) Regulations No. 05 of 2023 (published in the Gazette Extraordinary No. 2320/47) were issued deleting and substituting regulation 8(m) issued by Imports and Exports (Control) Regulations No. 02 of 2023 (published in the Gazette Extraordinary No. 2312/78).

### Debt Management

- 01 February 2022
- An incentive scheme was introduced for Arrangers including Designated Agents (DAs) who bring in investments for Sri Lanka Development Bonds (SLDBs) via the Direct Window. The incentive is equivalent to a US dollar investment amount in SLDBs brought in multiplied by 50 basis points (0.5 per cent), converted to LKR as per the indicative exchange rate applicable on the settlement date of the transaction. Incentives will be disbursed through DAs to the designated LKR account.
- 12 April 2022
- The Ministry of Finance announced an interim policy on the servicing of Sri Lanka's external public debt, which will be the policy of the Government to suspend normal debt servicing of all Affected Debts as indicated in the policy statement for an interim period, pending an orderly and consensual restructuring of the obligations in a manner consistent with an economic adjustment programme supported by the International Monetary Fund (IMF).
- 29 April 2022
- SLDBs were excluded from the "Affected Debts" under the interim policy on servicing Sri Lanka's external public debt as announced on 12 April 2022. However, an alternative mechanism for settlement of SLDBs was introduced based on constraints on availability of liquid foreign currency resources.
    1. Settlement in LKR, subject to monetary policy considerations (LKR settlement date may depend on the fund availability of the General Treasury).

At the introduction, extremely smaller values of SLDB maturities and interest payments were settled in foreign currency and discontinued subsequently.

2. Extension of the maturity period of respective SLDB investments (including the interest payment) up to a minimum of six months from due payment date with original terms and conditions, i.e., interest rates applicable to each individual bid of original issuance.
3. Facilitation of Government securities (Treasury bonds) at the immediately preceding primary market weighted average yield rate, preferably within seven business days from the corresponding primary auction. For any other Government security, with remaining maturity other than the maturities offered at the immediately preceding primary auction, primary market weighted average yields will be interpolated or extrapolated, as necessary.

- 07 June 2022 - A resolution to increase the limit on Treasury bills to Rs. 4,000 billion from the previous limit of Rs. 3,000 billion was approved by the Parliament (No. 36 Order Paper of Parliament).
- 22 June 2022 - A Phase II for Treasury bill auctions was introduced for further subscription until 3.30 pm on the business day prior to the settlement date of the respective Treasury bill auction. Maximum amount offered for Phase II would be the auction shortfall plus 25 per cent from the aggregate amount offered at the auction. The issuance is made at the Weighted Average Yield Rates determined for respective maturities at the auction. In the event of oversubscription, allocation will be made based on aggregate successful participation by auction participants at the auction.
- 30 November 2022 - A resolution to increase the limit on issuance of Treasury Bills from Rs. 4,000 billion to Rs. 5,000 billion in terms of the Local Treasury Bill Ordinance No. 08 of 1923 was approved by the Parliament.
- 13 February 2023 - The offering of SLDBs under the Direct Issuance Window arrangement was suspended.

### Price Revisions

The Maximum Retail Prices (MRPs) imposed by the Consumer Affairs Authority and the Ministry of Health on certain items were revised as follows:

Date	Item	Revision
28.01.2022	Locally packaged/bottled drinking water	MRPs were removed (Extraordinary Gazette Notification No. 2264/68)
28.02.2022	Paracetamol Tablets/Capsules (500mg)	MRP was increased to Rs. 2.30 per tablet/ capsule from Rs. 1.71 per tablet/capsule (Extraordinary Gazette Notification No. 2269/11)
15.03.2022	Selected medicines including Paracetamol Tablets/Capsules (500mg)	MRPs were increased (Extraordinary Gazette Notification No. 2271/23)
28.03.2022	Selected medical devices including Intraocular Lenses/Lenses with Delivery System, bare metal stent, drug eluting stent, Blood Glucose Monitoring System, Pulse Oximeter, etc.	MRPs were increased (Extraordinary Gazette Notification No. 2273/04)

Date	Item	Revision
29.04.2022	Selected medicines including tablets/capsules, injections and medicines used for inhalation	MRPs were increased (Extraordinary Gazette Notification No. 2277/55)
02.05.2022	White/ Red Nadu - Steamed/ Boiled – Local (excluding Mottaikarupan and Attakari)	Imposed a MRP of Rs.220 per kg (Extraordinary Gazette Notification No. 2278/02)
	White/ Red Samba - Steamed/ Boiled – Local (excluding Suduru Samba)	Imposed a MRP of Rs. 230 per kg (Extraordinary Gazette Notification No. 2278/02)
	Keeri Samba (local)	Imposed a MRP of Rs. 260 per kg (Extraordinary Gazette Notification No. 2278/02)
10.06.2022	White/Red Raw Rice (local)	Imposed a MRP of Rs. 210 per kg (Extraordinary Gazette Notification No. 2283/43)
19.08.2022	Egg (white)	Imposed a MRP of Rs. 43 per egg (Extraordinary Gazette Notification No. 2293/69)
	Egg (brown/red)	Imposed a MRP of Rs. 45 per egg (Extraordinary Gazette Notification No. 2293/69)
01.09.2022	Selected medical devices including Intraocular Lenses/ Lenses with Delivery System, bare metal stent, drug eluting stent, Blood Glucose Monitoring System, Pulse Oximeter, etc.	MRPs were increased (Extraordinary Gazette Notification No. 2295/18)
20.01.2023	Egg (white)	Imposed a MRP of Rs. 44 per white egg (Extraordinary Gazette Notification No. 2315/57)
	Egg (brown)	Imposed a MRP of Rs. 46 per brown egg (Extraordinary Gazette Notification No. 2315/57)

- 21 November 2022 - Cabinet approval was granted to automate fuel price adjustments based on the 2018 fuel pricing formula with the aim of achieving cost recovery.
- Cabinet approval was granted to automate electricity tariff adjustments on a cost recovery, semi annual basis. Accordingly, end consumer electricity tariffs are to be adjusted in January and July every year.

## Tax Revisions

### Income Tax

- 19 December 2022 - Inland Revenue (Amendment) Act, No. 45 of 2022 was enacted to amend the Inland Revenue Act, No. 24 of 2017. Main amendments proposed in the Act include:
- revising the tax free threshold for personal income tax to Rs. 1.2 million from Rs. 3.0 million per annum,
  - reducing tax slabs for personal income tax to Rs. 0.5 million from Rs. 3.0 million,

- removing expenditure relief of Rs. 1.2 million per annum, in calculating taxable income applicable for personal income tax,
- revising the tax rates range for personal income tax between 6 per cent - 18 per cent to 6 per cent - 36 per cent,
- mandate employers to deduct Advance Personal Income Tax (APIT) irrespective of the consent of employee, with effect from 01 January 2023,
- increasing the standard corporate income tax rate to 30 per cent from 24 per cent, with effect from 01 October 2022,
- removing the concessionary rates in relation to corporate income tax, with effect from 01 October 2022.
- Accordingly, income tax rates applicable to individuals (residents and non-residents) at different taxable income levels are as follows:

First nine months of F/Y 2022/23		Balance three months of F/Y 2022/23		F/Y 2023/24 and onwards	
First Rs. 2,250,000	6 per cent	First Rs. 125,000	6 per cent	First Rs. 500,000	6 per cent
Next Rs. 2,250,000	12 per cent	Next Rs. 125,000	12 per cent	Next Rs. 500,000	12 per cent
Balance	18 per cent	Next Rs. 125,000	18 per cent	Next Rs. 500,000	18 per cent
		Next Rs. 125,000	24 per cent	Next Rs. 500,000	24 per cent
		Next Rs. 125,000	30 per cent	Next Rs. 500,000	30 per cent
		Balance	36 per cent	Balance	36 per cent

- Withholding Tax (WHT) on following payments were imposed with effect from 01 January 2023.

Payment	Relevant WHT
Service fee payments exceeding Rs. 100,000 per calendar month to a resident individual who is not an employee of the payer with respect to following: (a) For teaching, lecturing, examining, invigilating, or supervising examinations; (b) As a commission or brokerage to resident insurance, sales or canvassing agent; or (c) For services provided by such individual in the capacity of independent service provider such as doctor, engineer, accountant, lawyer, software developer, researcher, academic or any individual service provider	5 per cent on full payment
Interest or discount paid	5 per cent
Rent payments to residents (if aggregate amount exceeds Rs. 100,000)	10 per cent on full amount
Charge, natural resource payments or premium	14 per cent
Royalty	14 per cent

- WHT on dividend declared by a resident company shall be a final tax payment with effect from 01 January 2023.

- Income Tax Exemptions:
  - Granted exemption for the gain from the realisation of capital asset or liability of the business or an investment asset made by an entity fully owned by the Government if such gain was made due to decision by the Government as being essential for the economic development of Sri Lanka and subject to prior written approval of the Minister.
  - Exemption for the gain made by a person from the realisation of land or building which was sold, exchanged, or transferred to a real estate investment trust listed in the CSE was removed with effect from 01 October 2022.
  - Exemption for dividends paid by a resident company to a member who is a non-resident person was removed with effect from 01 October 2022.
  - Exemption for dividends and gains on the realisation of units or amount derived as gains from the realisation of capital assets of a business or investment by a unit holder from Real Estate Investment Trust was removed with effect from 01 October 2022.
- Exemption for gains and profits earned or derived by any person from following services/ activities was removed with effect from 01 April 2023.
  - Providing information technology and enabled services.
  - Any Vocational Education Programmes of any Vocational Institutions.
  - Any business of export of gold, gem, or jewellery or from the business of cutting and polishing of gems which are brought to Sri Lanka and exported after such cutting and polishing.
  - A new undertaking for sale of recycled construction materials commenced on or after 01 April 2021.
  - An undertaking for the purpose of manufacturing of boats and ships (by a resident person) in Sri Lanka commenced on or after 01 April 2021.
  - Any renewable energy established with a capacity to produce not less than one hundred Mega Watts of solar or wind power and supplied such power to the national grid commenced on or after 01 April 2021.
  - From an undertaking (by any resident person) to construct and install of communication towers and related appliances using local labour and local raw materials in Sri Lanka or to provide required technical services for such construction or installation commenced on or after 01 January 2021.
  - An undertaking for letting bonded warehouses or warehouses related to offshore business in the Colombo and Hambantota ports commenced on or after 01 April 2021.
- Exemption for gains and profits earned or derived by any individual from any business commenced on or after 01 April 2021 upon successful completion of vocational education.



**Value Added Tax (VAT)**

- 31 March 2022 - Value Added Tax Act, No. 14 of 2002 was amended by the Value Added Tax (Amendment) Act, No. 13 of 2022 to increase the VAT rate from 15 per cent to 18 per cent on the supply of financial services on financial institutions with effect from 01 January 2022 and to exempt certain goods and services from VAT.
- 31 May 2022 - VAT rate on the supply of goods and services was increased to 12 per cent from 8 per cent with effect from 01 June 2022 (Extraordinary Gazette Notification No. 2282/26).
- 31 August 2022 - VAT rate on the supply of goods and services was increased to 15 per cent from 12 per cent with effect from 01 September 2022 (Extraordinary Gazette Notification No. 2295/08).
- 06 October 2022 - VAT rate on the importation and/or supply of sanitary towels and tampons was reduced to 0 per cent with effect from 07 October 2022 (Extraordinary Gazette Notification No. 2300/25).
- 14 December 2022 - Value Added Tax (Amendment) Act, No. 44 of 2022 was enacted to amend the Value Added Tax Act, No. 14 of 2002 to accommodate following:
- To bring the legal effect for the increase in VAT rate on the value of goods or services supplied, or goods imported:
    - to 12 per cent from 8 per cent with effect from 01 June 2022 to 31 August 2022,
    - to 15 per cent from 12 per cent with effect from 01 September 2022.
  - To decrease the threshold turnover for the registration for VAT to Rs. 80 million per annum from Rs. 300 million per annum with effect from 01 October 2022.
  - To remove the VAT exemption on condominium residential apartments with effect from 01 January 2022.
- 31 December 2022 - Exemptions granted in item (xxi) of paragraph (a) of part II of the First Schedule, on supply or import of machinery and equipment including medical, surgical and dental instruments, apparatus, accessories and parts thereof, hospital or medical furniture and drugs, chemical and similar items, as recommended by the Secretary to the Ministry of the Minister assigned with the subject of Health, as required for the provision of health services to address the COVID-19 pandemic with effect from 20 May 2020, were terminated, with effect from 31 December 2021.

However, an amendment is made to provide such exemption only if such machinery, equipment, drugs, and chemicals are donated to a government hospital or the Ministry of Health for the provision of health services to address any pandemic or public health emergency, approved by the Minister of Finance on the recommendation of the Secretary to the Ministry of Health.

**Excise Duty**

- 01 January 2022 - Some hotels, such as 3 Star and 4 Star classes hotels, 5 Star hotels and above Star classes/ boutique hotels were exempted from payment of the authorisation fee applicable for the usage of liquor until 31 March 2022 (Extraordinary Gazette Notification No. 2260/78).
- Annual liquor licence fees were exempted until 31 March 2022 for hotel licence (FL/7) Tourist Board approved hotels and non-Tourist Board approved rooms 5 or over, hotel bar licence (FL/8), restaurant licence (for restaurants, which are approved/not approved by the Tourist Board) (FL/11), rest house licence (FL/12) and consume at the premises (FL/22B) (for premises, which are approved/not approved by the Tourist Board) (Extraordinary Gazette Notification No. 2260/79).
- 29 April 2022 - Excise duty on bottled toddy manufactured in and issued from any licensed manufactory established in Sri Lanka was increased to Rs. 50 per litre from Rs. 25 per litre, provided that the duty shall not be recovered on any quantity of bottled toddy that are exported (Extraordinary Gazette Notification No. 2277/62).
- 31 December 2022 - Tobacco tax was levied at the rate of Rs. 2.00 on every single beedi (tendu) produced in Sri Lanka with effect from 01 January 2023 (Extraordinary Gazette Notification No. 2312/71).
- 01 January 2023 - Excise duty on petrol and diesel was revised with effect from 03 January 2023 (Extraordinary Gazette Notification No. 2312/68).

Description	Prevailing Tax	Tax Revision
Petrol having Octane number of 92	Rs. 27 per litre	Rs. 52 per litre
Petrol having Octane number of 95	Rs. 27 per litre	Rs. 52 per litre
Other	Rs. 27 per litre	Rs. 52 per litre
Super Diesel that contains Sulphur not exceeding 10 mg/kg (ppm)	Rs. 13 per litre	Rs. 38 per litre
Other Diesel that contains Sulphur exceeding 10 mg/kg (ppm) but not exceeding 500 mg/kg (ppm)	Rs. 6 per litre	Rs. 31 per litre
Other	Rs. 13 per litre	Rs. 38 per litre

- 01 January 2023 - Excise duty on cigarettes was revised with effect from 01 January 2023 (Extraordinary Gazette Notification No. 2312/68).

Description	Prevailing Tax	Tax Revision
Cigarettes, each not exceeding 60 mm in length	Rs. 6,750 per 1,000 cigarettes	Rs. 13,360 per 1,000 cigarettes
Cigarettes, each exceeding 60 mm but not exceeding 67 mm in length	Rs. 28,850 per 1,000 cigarettes	Rs. 34,620 per 1,000 cigarettes
Cigarettes, each exceeding 67 mm but not exceeding 72 mm in length	Rs. 41,100 per 1,000 cigarettes	Rs. 49,320 per 1,000 cigarettes
Cigarettes, each exceeding 72 mm but not exceeding 84 mm in length	Rs. 46,600 per 1,000 cigarettes	Rs. 55,920 per 1,000 cigarettes
Cigarettes, each exceeding 84 mm in length	Rs. 51,800 per 1,000 cigarettes	Rs. 62,160 per 1,000 cigarettes

- 03 January 2023 - Excise duty on liquor was revised with effect from 03 January 2023. (Extraordinary Gazette Notification No. 2312/70).

Description	Prevailing Tax	Tax Revision
Special Arrack	Rs. 4,180 per litre	Rs. 5,000 per litre
Molasses, palmyrah, coconut, and processed arrack	Rs. 4,460 per litre	Rs. 5,350 per litre
Country made "Foreign" spirits	Rs. 4,570 per litre	Rs. 5,500 per litre
Malt liquor of below 5 per cent absolute strength as indicated in the label	Rs. 3,300 per litre	Rs. 3,960 per litre
Malt liquor of 5 per cent or more of absolute strength as indicated in the label	Rs. 3,450 per litre	Rs. 4,150 per litre
Wine	Rs. 3,300 per litre	Rs. 3,960 per litre
Sake	Rs. 900 per litre	Rs. 1,080 per litre
Country made milk punch manufactured	-	Rs. 2,750 per litre
Country made cider of not more than 4 per cent of absolute strength as indicated in the label	-	Rs. 3,000 per litre

### Customs Duty

- 09 March 2022 - Customs duty on selected food items were increased (Extraordinary Gazette Notification No. 2270/20).
- 31 May 2022 - A surcharge was imposed on the importation of selected items for a period of six months with effect from 01 June 2022 at the rates of 25 per cent, 50 per cent, 75 per cent, 100 per cent, and 200 per cent (Extraordinary Gazette Notification No. 2282/25).
- 09 August 2022 - Exemption from the Customs duty on importation of donated goods to distribute as relief goods (Extraordinary Gazette Notification No. 2292/31).
- 06 October 2022 - Customs duty was exempted on importation of selected raw materials by local manufactures of sanitary napkins on the recommendation of the Ministry of Industries (Extraordinary Gazette Notification No. 2300/27).
- 15 November 2022 - Fixed Rate of the Customs duty was revised on par with the Ad Valorem Rate in order to arrest leakage of benefits of LKR depreciation (Extraordinary Gazette Notification No. 2306/14).

### CESS

- 11 January 2022 - Existing CESS duty rates were extended according to the new HS Codes created for rice, fisheries products, and accessories related to transferring liquefied petroleum gas (Extraordinary Gazette Notification No. 2262/20).
- 10 March 2022 - CESS duty rates for textiles and garments were increased (Extraordinary Gazette Notification No. 2270/59).
- 09 August 2022 - Importation of essential goods, to be received from any foreign states (governments), organisations including business entities, volunteer associations, and well wishers by any government entity, government approved entities, and entities working on relief activities in direct collaboration with any government entities as aid/donations to provide relief measures or facilitate continuation of essential public services, were exempted from the CESS levy, based on the recommendation of the

Secretary (Chief Accounting Officer), Ministry in charge of donation recipient government entity or government approved entity or the directly collaborating government entity with the donation and relief measures, on case-by-case basis (Extraordinary Gazette Notification No. 2292/32).

05 October 2022 - CESS duty on importation of selected raw materials by local sanitary manufactures was exempted on the recommendation of the Secretary, Ministry of Industries (Extraordinary Gazette Notification No. 2300/15).

14 November 2022 - As per the Budget Proposal 2023, the mixed rates (specific and ad-valorem) of the CESS levy was changed considering the impact of the rupee depreciation and global market price/CIF value of selected goods classified under a total of 677 HS Codes (Extraordinary Gazette Notification No. 2306/14).

### Special Commodity Levy (SCL)

The following revisions to SCL on imports were carried out:

Date	Item	Revision
11.01.2022	Rice and sugar	The SCL imposed was extended for a period of six months (Extraordinary Gazette Notification No. 2262/15).
03.03.2022	Maize	SCL was decreased to Rs. 10 per kg from Rs. 25 per kg for a period of six months (Extraordinary Gazette Notification No. 2269/48). The balance amount after collecting Rs. 1 per kg from the applicable SCL of Rs. 10 per kg on the importation of maize for production of 'Thriposha', by Sri Lanka Thriposha Limited was waived off for a period of six months (Extraordinary Gazette Notification No. 2269/48).
	Grain sorghum (other)	SCL of Rs. 10 per kg was imposed for a period of six months (Extraordinary Gazette Notification No. 2269/48).
	Mackerel, black gram, cowpeas, kurakkan, and millet	Imposition of SCL was extended for a period of one year (Extraordinary Gazette Notification No. 2269/56).
09.03.2022	Yoghurt, butter, dairy spreads, grated or powdered cheese, dates (fresh and dried), oranges (fresh), grapes (fresh and dried), and apples	SCL was increased for a period of six months (Extraordinary Gazette Notification No. 2270/19).
28.03.2022	Dates (fresh and dried)	The balance amount after collecting Rs. 1 per kg from the applicable SCL of Rs. 200 per kg on the importation of dates was waived off for a period of five months (Extraordinary Gazette Notification No. 2273/01).
13.04.2022	Fish (fresh, chilled or frozen), maldive fish, green gram (moong), red and yellow lentils (whole and split), mangosteens, and kiwifruit	The SCL imposed was extended for a period of six months, effective from 14 April 2022 (Extraordinary Gazette Notification No. 2275/02).

Date	Item	Revision
18.05.2022	Red onions, garlic, peas (whole and split), chickpeas (whole and split), oranges (dried), lemons (fresh and dried), quinces, chillies (dried, neither crushed nor ground), chillies (crushed or ground), seeds of cumin (neither crushed nor ground), seeds of cumin (crushed and ground), seeds of fennel, ground nuts (shelled), margarine, canned fish, and face masks	Imposition of SCL was extended for a period of one year (Extraordinary Gazette Notification No. 2280/31).
31.05.2022	Yogurt, butter, dairy spreads, grated or powdered cheese of all kinds, dates (fresh and dried), oranges (fresh), grapes (fresh and dried) and apples	SCL was increased for a period of six months with effect from 01 June 2022 (Extraordinary Gazette Notification No. 2282/23).
15.06.2022	Potatoes, b'onions, 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, seeds of coriander (neither crushed nor ground and crushed and ground), turmeric (neither crushed nor ground and other), rice, black gram flour, vegetable oil, and sugar	The SCL imposed was extended for a period of one year (Extraordinary Gazette Notification No. 2284/03).
09.08.2022	Importation of essential goods to be received from any foreign state (governments), organisations including business entities, volunteer associations, and well wishers by any government entity, government approved entities, and entities working on relief activities in direct collaboration with any government entity as aid/donations to provide relief measures or facilitate continuation of essential public services	The applicable SCL is to be waived off based on the recommendation of the Secretary (Chief Accounting Officer), Ministry in charge of donation recipient government entity or government approved entity or the directly collaborating government entity with the donation and relief measures, on a case-by-case basis, for a period of one year from 10 August 2022 (Extraordinary Gazette Notification No. 2292/29).
10.08.2022	Sprats, dried fish, mathe seed, kurakkan flour, mustard seeds, and salt	Imposition of SCL was extended for a period of one year from 12 August 2022 (Extraordinary Gazette Notification No. 2292/41).
	Salt	The balance amount after collecting Rs. 10 per kg from the applicable SCL of Rs. 40 per kg on importation of salt by any pharmaceuticals manufacturing enterprise, registered with the National Medicines Regulatory Authority for the purpose of manufacturing pharmaceuticals, not for commercial purpose, on the recommendation of the Secretary, State Ministry in charge of subject of Production, supply and Regulation of Pharmaceuticals, was waived off for a period of one year commencing from 12 August 2022 (Extraordinary Gazette Notification No. 2292/41).

Date	Item	Revision
03.09.2022	Maize (other) and grain sorghum (other)	Imposition of SCL was extended until 31 December 2022 (Extraordinary Gazette Notification No. 2295/44).
	Maize	The balance amount after collecting Rs. 1 per kg from the applicable SCL of Rs. 10 per kg on the importation of maize for the production of 'Thriposha' by Sri Lanka Thriposha Limited was waived off for a period of six months (Extraordinary Gazette Notification No. 2295/44).
22.09.2022	B'Onions	SCL was increased to Rs. 50 per kg from Rs. 10 per kg for a period of three months with effect from 23 September 2022 (Extraordinary Gazette Notification No. 2298/51).
	Salt	The balance amount after collecting Rs. 10 per kg from the applicable SCL of Rs. 40 per kg on importation of salt by any pharmaceuticals manufacturing enterprise, registered with the National Medicines Regulatory Authority for the purpose of manufacturing pharmaceuticals, not for commercial purpose, on the recommendation of the Secretary, Ministry in charge of subject of Health, was waived off until 11 August 2023 commencing from 23 September 2022 (Extraordinary Gazette Notification No. 2298/51).
13.10.2022	Fish (fresh, chilled or frozen)	SCL was increased to 10 per cent or Rs. 400 per kg from 10 per cent or Rs. 200 per kg, the amount of levy whichever is higher, for a period of one year (Extraordinary Gazette Notification No. 2301/40).
	Maldive fish, green gram (moong), red and yellow lentils (whole and split), mangosteens, and kiwifruit	Imposition of SCL was extended for a period of one year, commencing from 14 October 2022 (Extraordinary Gazette Notification No. 2301/40).
	Mackerel, Jack and Horse Mackerel	The balance amount after collecting Rs. 6 per kg from the applicable SCL of 10 per cent of Rs. 400 per kg on the importation of Mackerel classified under the HS Code of 0303.54 and Jack and Horse Mackerel classified under the HS Code of 0303.55, which are classified under the HS Heading of 03.03 for the production of canned fish by local canned fish manufacturers, on the recommendation of the Secretary, Ministry in charge of subject of Fisheries, was waived off (Extraordinary Gazette Notification No. 2301/40).

Date	Item	Revision
30.11.2022	Yogurt, butter, dairy spreads, grated or powdered cheese of all kinds, dates (fresh and dried), oranges (fresh), grapes (fresh and dried), apples (fresh)	Imposition of SCL was extended for a period of one year, commencing from 01 December 2022 (Extraordinary Gazette Notification No.2308/17).
	B' Onion	SCL was decreased to Rs. 10 per kg from Rs. 50 per kg for a period of one year with effect from 01 December 2022 (Extraordinary Gazette Notification No. 2308/17).
	Salmon, Herrings, Sardines, Sardinella and brisling or sprats, Tunas, Skipjack and Bonito ( <i>Sarda</i> spp.), Mackerel, Anchovies, Eals, and other prepared or preserved fish	SCL was increased to Rs. 200 per kg from Rs. 100 per kg for a period of one year with effect from 01 December 2022 (Extraordinary Gazette Notification No. 2308/17).
04.01.2023	Yogurt, canned fish (Tunas, Skipjack, and Bonito) and sugar	Imposition of SCL was extended for a period of one year, commencing from 05 January 2023 (Extraordinary Gazette Notification No. 2313/34).
25.01.2023	Maize (other)	SCL of Rs. 10 per kg was imposed for a period of one month commencing 26 January 2023 (Extraordinary Gazette Notification No. 2316/28).
20.02.2023	Other fresh eggs: of fowls of the species <i>Gallus domesticus</i>	SCL of Rs. 50 per egg was imposed for a period of three months, commencing from 21 February 2023 (Extraordinary Gazette Notification No. 2320/04).

### Ports and Airports Development Levy (PAL)

- 06 January 2022 - Medical equipment, machinery, apparatus, accessories and parts thereof, hospital furniture, drugs, or chemicals donated to a government hospital or the Ministry of Health for the provision of health services to address any pandemic or public health emergency, approved by the Minister assigned the subject of Finance, on the recommendation of the Secretary to the Ministry of the Minister assigned the subject of Health, were exempted from PAL (Extraordinary Gazette Notification No. 2261/58).
- 11 January 2022 - Exemptions and concessionary rates were granted for several items under the newly created national HS subdivisions (Extraordinary Gazette Notification No. 2262/19).
- 22 August 2022 - Importation of essential goods, to be received from any foreign state (governments), organisations including business entities, volunteer associations, and well wishers by any government entity, government approved entities, and entities working on relief activities in direct collaboration with any government entity as aid/donations to provide relief measures or facilitate continuation of essential public services, were exempted from PAL, based on the recommendation of the Secretary (Chief Accounting Officer), of Ministry in charge of donation recipient Government entities or government approved entity or the directly collaborating government entity with the donation and relief measures, on case by case basis (Extraordinary Gazette Notification No. 2294/26).



- 05 October 2022 - Importation of raw materials or intermediate goods, classified under the HS Codes of 3920.10.20, 3920.10.90, 3926.90.99, 4811.59.10 and 5603.11.00 by domestic manufacturers of sanitary napkins, on the recommendation of the Secretary to the Ministry of the Minister in charge of the subject of Industries, subject to the approval of the Director General of Customs, was exempted from PAL with effect from 06 October 2022 (Extraordinary Gazette Notification No. 2300/13).

### Other Taxes and Levies

- 27 March 2022 - The Embarkation Levy was reduced by 50 per cent to USD 30 per passenger for persons leaving Sri Lanka by aircraft from Colombo International Airport Ratmalana (CIAR) for the period from 27 March 2022 to 26 March 2023 (Extraordinary Gazette Notification No. 2272/53).
- 08 April 2022 - The Surcharge Tax Act, No. 14 of 2022 was enacted to impose a retrospective one-time surcharge tax of 25 per cent on individuals, partnerships, and companies, whose taxable income is calculated in accordance with the provisions of the Inland Revenue Act, No. 24 of 2017, and their taxable income exceeding Rs. 2 billion for the tax assessment year, commencing from 01 April 2020.
- 29 April 2022 - The Embarkation Levy charged for two years from the date of commencement of operations by new international airlines from Mattala Mahinda Rajapaksa International Airport (MRIA) was extended (Extraordinary Gazette Notification No.2277/63).
- 04 June 2022 - The Telecommunication Levy was increased to 15 per cent from 11.25 per cent.
- 20 September 2022 - The Social Security Contribution Levy Act, No. 25 of 2022 was enacted with effect from 01 October 2022 to impose a Social Security Contribution Levy at the rate of 2.5 per cent on turnover, for the importers, manufacturers, service providers, wholesalers, and retailers, who have an annual turnover exceeding Rs. 120 million.
- 02 November 2022 - Charges for the use of Aerodromes were imposed for every aircraft landing and parking at Jaffna International Airport (JIA) (Extraordinary Gazette Notification No. 2304/46).
- 09 December 2022 - The Embarkation Levy is not to be charged from persons leaving Sri Lanka from Mattala Mahinda Rajapaksa International Airport (MRIA) for two years from the date of commencement of operations by an international airline (Extraordinary Gazette Notification No.2309/37).
- 31 December 2022 - Parking fees charged by the Colombo Municipal Council from vehicles being parked in the city of Colombo were revised upward with effect from 31 December 2022 (Extraordinary Gazette Notification No. 2312/72).
- 07 February 2023 - Charges for the use of Aerodromes were imposed for every aircraft landing and parking at Batticaloa International Airport (BTIA) (Extraordinary Gazette Notification No. 2318/14).

- Forthcoming - Amendments to the Telecommunication Levy Act, No. 21 of 2011, and Betting and Gaming Levy Act, No. 40 of 1988 (Press briefing of Cabinet decision taken on 30 May 2022).

### Government Expenditure

- 05 January 2022 - Salary anomalies of teachers and principals of the Sri Lanka Principals' Service, Sri Lanka Teacher Advisors' Service, and Sri Lanka Teachers' Service were removed with effect from 01 January 2022 (Public Administration Circular No. 03/2016 (IV)).
- 06 January 2022 - The age of compulsory retirement of public officers was extended up to 65 years (Public Administration Circular No. 02/2022).
- 13 January 2022 - A monthly allowance of Rs. 5,000, which is not taken into account for the calculation of pension, was granted to public officers and pensioners with effect from 01 January 2022 (Public Administration Circular No. 03/2022).
- 08 March 2022 - Guidelines were issued to the public sector to minimise the usage of electricity and fuel (Public Administration Circular No. 04/2022).
- 26 April 2022 - Guidelines were issued to the public sector to restrict non-urgent/non-essential expenses (National Budget Circular No. 03/2022).
- 08 August 2022 - Guidelines were issued to Commercial Corporations, Statutory Boards, and Government Owned Companies to restrict non-urgent/non-essential expenses (Public Enterprises Circular No. 04/2022).
- Approval was granted by the Cabinet of Ministers to amend the Shop and Office Employees (Regulation of Employment and Remuneration) Act, No. 19 of 1954 to amend the existing restrictive legal provisions regarding the employment of women at night.
- 02 September 2022 - Guidelines were issued for the preparation of Budget 2023 while instructing all the spending agencies to strictly adhere to the expenditure rationalisation measures (National Budget Circular No. 05/2022).
- 09 September 2022 - The Appropriation (Amendment) Act, No. 21 of 2022 was approved by the Parliament primarily on the following:
- Total expenditure was increased to Rs. 6,237 billion from Rs. 5,426 billion.
  - Gross borrowing limit was increased to Rs. 3,844 billion from Rs. 3,200 billion.
- 14 September 2022 - The retirement age of public officers was reduced to 60 years with effect from 01 January 2023 (Public Administration Circular No. 19/2022).
- 06 October 2022 - The retirement age of the employees of SOEs was reduced to 60 years (Public Enterprises Circular No. 06/2022).
- 30 November 2022 - The gross borrowing limit was increased to Rs. 4,507 billion from Rs. 3,844 billion.
- 08 December 2022 - The Appropriation Act, No. 43 of 2022 was approved by the Parliament and published on 09 December 2022.
- 12 January 2023 - Instructions were issued to income tax payable on employment income by the employees of SOEs with effect from 01 January 2023. It was informed that Advance

Personal Income Tax (APIT) should be deducted from tax liable employees' earnings while tax should not be an expenditure to the entity (SOEs) although the personal emoluments are paid under the collective agreements (Public Enterprises Circular No. 01/2023).

- 27 January 2023 - A Circular was issued for the curtailment of recurrent provisions appropriated for 2023 by 6 per cent and public expenditure management (National Budget Circular No. 01/2023).

### **Other**

- 13 September 2022 - The Cabinet approval was granted for the establishment of the SOEs Restructuring Unit.
- 19 October 2022 - A Investor Facilitation Centre, which is dedicated to offer one stop shop experience for investors, was established under the Board of Investment.