

APPENDIX 1

Major Economic Policy Changes and Measures¹

Monetary Policy

- 22 February 2019 - The Statutory Reserve Ratio (SRR) applicable on all rupee deposit liabilities of LCBs was reduced by 1.00 percentage point to 5.00 per cent from 6.00 per cent with effect from the reserve maintenance period commencing on 01 March 2019.
- 31 May 2019 - The Standing Deposit Facility Rate (SDFR) and the Standing Lending Facility Rate (SLFR) were reduced by 50 basis points to 7.50 per cent and 8.50 per cent, respectively.
- 23 August 2019 - SDFR and SLFR were reduced by 50 basis points to 7.00 per cent and 8.00 per cent, respectively.

Financial Sector

Licensed Banks

- 04 January 2019 - A Circular was issued to licensed banks informing Guidelines on the Employment of Expatriate Officers in licensed banks in Sri Lanka, revoking the previous Circular issued in this regard.
- 18 January 2019 - A Circular was issued to licensed banks on Publication of Annual and Quarterly Financial Statements and Other Disclosures by licensed banks specifying a new set of formats of financial statements to replace the existing formats in line with the new Accounting Standard.
- 07 March 2019 - A Circular was issued to withdraw the minimum margin requirements imposed for the importation of motor vehicles and non-essential consumer goods.
- 12 March 2019 - A Circular issued on margin requirements against imports on Documents Against Acceptance (DA) terms was withdrawn.
- 13 March 2019 - A Circular was issued to licensed banks preventing them from conducting lottery schemes/raffle draws and gift schemes which would distort the features of a financial product/ service. Further, conditions to conduct seasonal/ promotional gift schemes were also informed to licensed banks.
- 18 April 2019 - A Circular was issued to licensed banks informing the removal of restrictions on opening of Letters of Credit (LCs) for the importation of motor vehicles under the permits on concessionary terms.
- 26 April 2019 - A Monetary Law Act Order was issued to licensed banks imposing maximum interest rates that can be offered or paid by licensed banks on Sri Lanka Rupee deposits where interest rates of savings and other deposits of a tenure of less than three months or maturity is not specified shall be based on SDFR and interest rates of term deposits of three months or more shall be based on 364 days Treasury bill rates.

¹ Include major economic policy changes and measures implemented during January through October 2019 and policy measures envisaged to be taken during the remaining period of 2019.

	<ul style="list-style-type: none"> - A Circular was issued to licensed banks informing certain measures (in respect of the adoption of Sri Lanka Accounting Standards-SLFRS 9) during the interim period of 01 January 2019 to 30 June 2020 in order to enhance credit to Small and Medium Enterprises (SMEs). - Banking Act Directions were issued to licensed banks informing the regulatory requirements to identify SMEs for the purpose of capital and liquidity requirements under Basel III framework.
08 May 2019	<ul style="list-style-type: none"> - A Circular was issued to licensed banks enabling them to grant a moratorium to individuals and entities, who have registered with the Sri Lanka Tourism Development Authority or any other authority/agency to provide services relating to the tourism sector, on a case-by-case basis for the performing loans (both capital and interest) till 31 March 2020 in respect of outstanding credit facilities as at 18 April 2019.
31 May 2019	<ul style="list-style-type: none"> - Banking Act Directions were issued to licensed banks amending the Banking Act Direction No. 01 of 2018 on Loan to Value ratios (LTV) for credit facilities granted in respect of motor vehicles by increasing the LTV ratio for light trucks to 90 per cent from 70 per cent.
28 June 2019	<ul style="list-style-type: none"> - Banking Act Directions were issued to licensed banks informing that a LTV ratio of 80 per cent is applicable for unregistered non-electric motor cars which are purchased under the 'Mini Taxi' concessionary loan scheme of the 'Enterprise Sri Lanka' programme.
18 July 2019	<ul style="list-style-type: none"> - An Explanatory Note was issued to licensed banks in order to align the Capital Adequacy Ratio (CAR) under Basel III with SLFRS 9 to ensure the consistency of capital and risk-weighted assets computation in terms of the Banking Act Directions No. 1 of 2016 on capital requirements under Basel III. - An Explanatory Note was issued to licensed banks pertaining to Interpretations for Banking Act Directions No. 12 of 2018 on Leverage Ratio under Basel III for LCBs and LSBs.
29 August 2019	<ul style="list-style-type: none"> - Banking Act Directions were issued to licensed banks on market conduct and treasury operations of licensed banks in Sri Lanka on market conduct and ethical practices, confidentiality requirements, procedure for recording of deal conversations, risk management principles, professionalism and knowledge level and sanctions on non-compliance with the Directions.
06 September 2019	<ul style="list-style-type: none"> - A Circular was issued to introduce Liquidity Support Facility (LSF) by way of reverse repurchase transactions for Standalone Primary Dealers (SPDs). - A Circular was issued to announce the acceptance of Treasury bonds for outright auctions (sales/ purchases) by the Central Bank under Open Market Operations (OMOs). - A Circular was issued allowing SPDs to participate in the outright sale/ purchase auctions of Treasury bills/ bonds conducted under OMOs.

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| 24 September 2019 | - Monetary Law Act Order No. 01 of 2019 on maximum interest rates on Sri Lanka Rupee Deposits of licensed banks was rescinded. |
| | - A Monetary Law Act Order was issued to licensed banks on enhancing efficiency of the transmission of recent policy decisions to rupee denominated market lending rates. Accordingly, all licensed banks were required to reduce interest rates of rupee denominated loans and advances by target dates. Further, interest rate caps were introduced for credit card advances, pre-arranged temporary overdrafts and penal interest for amount in excess of an approved limit or in arrears, during the overdue period. |
| Forthcoming | - Drafting of a new Banking Act |
| | - Strengthening fitness and propriety assessment criteria under Corporate Governance |
| | - Implementation of a new Share Ownership Policy for licensed banks |
| | - Implementation of Recovery Plans for licensed banks |
| | - Amending the list of Qualified Auditors |
| | - Developing a framework for identifying Domestic Systemically Important Banks |
| | - Establishing a policy framework for Cyber Security and Digitalising Banking Operations |
| | - Facilitating banking sector initiatives towards Sustainable Finance |

Licensed Finance Companies (LFCs) and Specialised Leasing Companies (SLCs)

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| 01 March 2019 | - Registration of Newest Capital Ltd., a Specialised Leasing Company, under the Finance Leasing Act, No. 56 of 2000 was cancelled. The company was acquired by another LFC. |
| 06 March 2019 | - A Direction was issued on 'Deposits', restricting Licensed Microfinance Companies (LMFCs) in accepting deposits other than collateral deposits. |
| 26 April 2019 | - A Direction was issued to introduce a maximum interest rate on microfinance loans granted by LMFCs to protect the customers from charging exorbitant interest rates. |
| 29 April 2019 | - A Direction was issued to introduce maximum interest rates on deposits and debt instruments of the LFCs and SLCs. |
| 15 May 2019 | - A consultation paper was issued on 'Introducing Ownership Limits to LFCs', with the objective of diversifying the ownership of shares in LFCs. |
| 21 May 2019 | - A Circular was issued to LFCs and SLCs enabling them to grant a moratorium to individuals and entities who have registered with the Sri Lanka Tourism Development Authority or any other authority/agency to provide services relating to the tourism sector. |

31 May 2019	-	Business operations and activities of the NatWealth Securities Ltd., a primary dealer company, were suspended for a period of six months with effect from 31 May 2019.
	-	Under the Extraordinary Gazette No. 2125/58, regulations were issued on priority of claims in a winding up of a LFC.
04 June 2019	-	The existing Loan to Value (LTV) Direction issued to LFCs was revised to incorporate the 2019 Budget proposals by allowing higher LTV ratios for light trucks.
10 July 2019	-	Notice of cancellation of the license was issued to TKS Finance Ltd. and Sinhaputhra Finance PLC.
19 September 2019	-	The Monetary Board decided to provide Sinhaputhra Finance PLC with an opportunity to implement the capital augmentation plan proposed by the company.
	-	The license issued to TKS Finance Ltd. was cancelled under the Finance Business Act, No. 42 of 2011.
26 September 2019	-	The proposed Microfinance and Credit Regulatory Authority Act as approved by the Monetary Board to regulate and supervise moneylending and microfinance businesses was submitted to Ministry of Finance.
Forthcoming	-	Introducing amendments to Finance Business Act, No. 42 of 2011 to strengthening the resolution of LFCs
	-	Revising the existing Direction on Provisioning in view of issuing a prudential direction, aligning with the classification and measurement of credit facilities granted by LFCs in line with the Sri Lanka Accounting Standard, 'SLFRS 9: Financial Instruments'
	-	Revising the existing Direction on Corporate Governance
	-	Issuing a new Direction on 'Repurchase and Reverse Repurchase Transactions of Dealer Direct Participants (Licensed Commercial Banks and Primary Dealers) on Scripless Treasury Bills and Scripless Treasury Bonds', to all Dealer Direct Participants

Insurance

24 February 2019	-	A Direction was issued by the Insurance Regulatory Commission of Sri Lanka (IRCSL) to long-term insurers requiring not to consider any unclaimed benefits as profits of the Life Fund.
25 February 2019	-	A Circular was issued by the IRCSL to long-term insurers to address the matter of issuing stand-alone health insurance policies.
26 February 2019	-	IRCSL amended the direction on "Supply of Policy Documents to life assured/beneficiary" as certain life assured/beneficiary had not been given a copy of the

policy document in the instances, where the life assured is not a policyholder of an insurance policy.

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| 24 July 2019 | - | A Direction was issued by the IRCSL to insurance brokers on compliance with minimum net capital requirement. |
| Forthcoming | - | Amendments to the Regulation of Insurance Industry Act, No. 43 of 2000 |

Capital Market

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| 01 January 2019 | - | A revised qualification framework was introduced by the Securities and Exchange Commission (SEC) to ensure a minimum level of competency for investment advisors in the stock broking industry. |
| January 2019 | - | Finalised the business and operational specification of the Delivery vs. Payment (DvP) and enhanced margining model and instructed the Colombo Stock Exchange (CSE) to commence the implementation process. |
| 25 January 2019 | - | The Corporate Governance Framework was amended by the SEC to implement duality of Chief Executive Officer and Chairman of listed companies. |
| 21 June 2019 | - | Formulating of the BASEL III approval framework for state owned banks' listing of contingent convertibles was concluded. |
| Forthcoming | - | Formulating a policy in relation to the proposed amendments to the regulatory framework governing the initial listing of entities in CSE |
| | - | Taking steps to demutualise the CSE |
| | - | Amending the Securities and Exchange Act |
| | - | Finalising the policy for the implementation of a Central Counter Party mechanism for market intermediaries |

Small and Medium Enterprise (SME) Development

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| 01 July 2019 | - | An Administrative Agreement was signed with the Participating Financial Institutions (PFIs) to implement a new Credit Guarantee Scheme to provide government guarantees through the Central Bank to the PFIs for the loans granted under "Ran Aswenna", "Govi Navoda", "Jaya Isura", "Diri Saviya", "Working Capital" and "Green Loan" loan schemes under the Enterprise Sri Lanka programme. |
| 30 July 2019 | - | An Addendum to the Administrative Agreement was signed with the Government of Sri Lanka to enable the restructuring of the credit component of the Smallholder Agribusiness Partnership Programme (SAPP). |
| 05 August 2019 | - | Operating instructions were issued to PFIs to implement five new loan schemes by renaming and amending the features of the existing loan schemes of the SAPP. |

Payments and Settlements

- 26 February 2019 - Payment and Settlement Systems Circular No. 01 of 2019 was issued instructing Financial Institutions to provide real time notifications for transactions effected through electronic payment instruments/mechanisms.
- 11 March 2019 - Payment and Settlement Systems Circular No. 02 of 2019 was issued for the establishment of a National Quick Response Code standard for local payments, replacing the Payment and Settlement Circular No. 06 of 2018 on the same to streamline the distribution of revenue.

Anti-Money Laundering and Countering the Financing of Terrorism

- 13 May 2019 - Extraordinary Gazette No. 2123/14 was issued to institutions engaged in long term insurance business as Insurers (Customer Due Diligence) Rules, No. 1 of 2019, to conduct ongoing customer due diligence based on the “Risk-Based Approach”.
- 23 May 2019 - Under the Financial Institutions (Customer Due Diligence) Rules, No. 1 of 2016, Circular No. 1 of 2019 was issued on conducting enhanced due diligence with respect to Non-Governmental Organizations, Not-for-Profit Organizations or charities.
- Extraordinary Gazette No. 2124/32 was issued by the Ministry of Defence incorporating amendments to the List of Designated Persons under Regulation 4(7) of the United Nations Regulations No. 1 of 2012.
- 22 August 2019 - Guideline No. 1 of 2019 was issued on suspicious transactions reporting for designated non-finance businesses.
- 02 September 2019 - Guideline No. 2 of 2019 was issued on identification of beneficial ownership for designated non-finance businesses.
- 09 September 2019 - Extraordinary Gazette No. 2140/16 was issued by the Ministry of Defence incorporating amendments to the List of Designated Persons under Regulation 4(7) of the United Nations Regulations No. 1 of 2012.
- 01 October 2019 - Guideline No. 3 of 2019 was issued on identification of politically exposed persons for financial institutions and designated non-finance businesses.

Foreign Exchange Management

- 27 February 2019 - Extraordinary Gazette No. 2112/17 was issued permitting the Government of Sri Lanka (GOSL) to issue International Sovereign Bonds in 2019 and to make any payments to non-resident investors in relation to such issuance.
- 28 February 2019 - Extraordinary Gazette No. 2112/25 was issued permitting the GOSL and State Owned Enterprises (SOEs) of the GOSL with over 50 per cent share capital owned by the government to borrow from outside Sri Lanka in designated foreign currency, subject to the approval of the relevant line ministry and any other relevant

authority, without the loan proceeds being routed through the Inward Investment Account of the lender.

- 26 March 2019 - Directions were issued to Authorised Dealers informing the withdrawal of the restriction on releasing foreign exchange to importers of goods which involves conversion of Sri Lanka rupees for making payments for the importation of certain non-essential consumer goods under the advance payment terms.
- 17 October 2019 - Extraordinary Gazette No. 2145/49 was issued extending the time period required for exporters of goods to repatriate export proceeds thereof to Sri Lanka from 120 days to 180 days from the date of exportation.

Price Revisions

The retail prices of major petroleum products of the Ceylon Petroleum Corporation (CPC) were revised as follows:

Date	Petrol (Rs. per litre)		Auto Diesel (Rs. per litre)	Super Diesel (Rs. per litre)
	92 Octane	95 Octane		
11.01.2019	123	147	99	118
12.02.2019	129	152	103	126
13.03.2019	132	159	104	134
11.04.2019	132	159	104	134
11.05.2019	135	164	104	136
11.06.2019	138	164	104	136
11.07.2019	136	159	104	131
14.08.2019	138	163	104	134
11.09.2019	137	161	104	132
11.10.2019	137	161	104	132

Tax Revisions

Withholding Tax (WHT)²

- Forthcoming - Exempting WHT on Royalty payments not exceeding Rs. 50,000 per month, subject to Rs. 500,000 for each year of assessment, made to any resident individual
- Exempting WHT on Rent payments not exceeding Rs. 50,000 per month, subject to Rs. 500,000 for each year of assessment, made to any resident individual

Economic Service Charge (ESC)²

- Forthcoming - Reducing the applicable ESC rate to 0.25 per cent from 0.50 per cent on the turnover arising from the export of goods or services

² As proposed in Budget 2019

- Imposing ESC at a rate of 0.50 per cent on the importation of any article or good other than any capital goods as prescribed by the Minister of Finance taking into consideration the economic benefit to the country

Income Tax Exemptions³

- Forthcoming
- The earnings of any non-resident person on any sovereign bond denominated in local or foreign currency
 - Interest income earned by any resident person on sovereign bonds denominated in foreign currency, including Sri Lanka Development Bonds (SLDBs)
 - Interest income earned by any person on Non Resident Foreign Currency (NRFC) and Resident Foreign Currency (RFC) accounts (for 5 years)
 - Interest income, up to Rs. 5,000 per month, earned by children of less than 18 years of age, in relation to any deposit account maintained in a financial institution
 - Interest paid to any person outside Sri Lanka on loans granted by such person to any person in Sri Lanka (not applicable to loans granted by a Non-resident company to its Holding company or a Subsidiary Company in Sri Lanka)

Investment Incentives to promote high value domestic investments and Foreign Direct Investments (FDIs)⁴

- Forthcoming
- Granting incentives for large scale projects are as follows:

Tax Measure	Size of the Investment		
	over US dollars 1 billion	over US dollars 100 million	over US dollars 50 million
Capital Allowances of up to 150 per cent of investment value	150 per cent and 25 years	150 per cent and 10 years	100 per cent and 10 years
Removal of up-front taxes	NBT: Exempt		
	PAL: Exempt		
	Cess: Exempt		
	Duty and other taxes on negative list items: the negative list shall not apply		
Dividend tax paid by the company to a non-resident	Zero	Not Available	Not Available
WHT on expatriate employees' employment income	Exempt	Not Available	Not Available

³ Income tax exemptions are applicable for both personal income taxes and corporate income taxes and exemptions as proposed in Budget 2019

⁴ As proposed in Budget 2019

Value Added Tax (VAT)

- 21 May 2019 - VAT rate on supply of services by a hotel, guest house, restaurant or other similar businesses providing similar services and supply of services in respect of inbound tours, by a travel agent, registered with the Sri Lanka Tourism Development Authority, was reduced to 5 per cent from 15 per cent for a period of one year.
- 01 June 2019 - VAT rate on supply of services by a hotel, guest house, restaurant or other similar businesses providing similar services and supply of services in respect of inbound tours, by a travel agent, registered with the Sri Lanka Tourism Development Authority, was increased to 7 per cent from 5 per cent until 31 March 2020.
- 23 October 2019 - The piece based VAT rate applicable on domestic sale of certain garments by the export oriented Board of Investment (BOI) companies increased to Rs. 100 from Rs. 75.
- The locally produced Rice Bran Oil, manufactured out of locally produced rice was exempted from VAT.
- The supply of goods by the construction contractors to their overseas projects was treated as exports.
- VAT on the supply of condominium housing unit was reduced to 6 per cent and input tax relating to such supply was counted at 5 per cent.
- Exempting VAT on the supply of condominium housing units where the:
- Unit price of each condominium housing unit of a condominium housing project does not exceed Rs. 25 million
 - Agreement on the sale of condominium housing unit was executed as per the Notaries Ordinance, prior to the date of commencement of the VAT (Amendment) Act
 - Supply of any condominium housing unit which has been completed and the Certificate of Conformity has been obtained from the relevant local authority prior to the date of commencement of VAT (Amendment) Act

Nation Building Tax (NBT)

- 23 October 2019 - Exemption on cigarettes was removed.
- Exemption applicable on the services provided by the construction sub-contractors was extended to the main construction contractors.
- The importation of unprocessed gem stones for re-export after cutting and polishing was exempted from NBT on the approval of the National Gem and Jewellery Authority, if the payment of such services is in foreign currency and remitted to Sri Lanka.

- Foreign currency receipts by tourist hotels was exempted from NBT.
- Importation of Lucerne (alfalfa) meal and pellets was exempted from NBT.
- Locally value added imported palm oil was exempted from NBT.
- Importation of yachts and other vessels for pleasure or sports was exempted from NBT.
- Importation of goods by projects with an investment of US dollars 50 million or above was exempted from NBT during the project implementation period or the construction period.

Excise Duty

06 March 2019

- The Excise duty on liquor based on the Alcohol volume was revised as follows;

Type	Previous Tax Rate (Rs. per litre of alcohol)	Current Tax Rate (Rs. per litre of alcohol)
Special Arrack	3,300	3,300
Other Arrack	3,300	3,550
Country made Foreign Liquor	3,300	3,550
Beer less than 5%	2,400	2,700
Beer more than 5%	2,400	2,700
Local Wine	Rs. 100 / Bulk Ltr	Rs.600 / Absolute Ltr

Excise duty on imported liquor was increased as follows;

- Excise duty of Malt Liquor (Beer) was increased to Rs. 55 per bulk litre from Rs. 50 per bulk litre.
- Excise duty of wine was increased to Rs. 110 per bulk litre from Rs. 100 per bulk litre.
- Excise duty of any other liquor was increased to Rs. 215 per bulk litre from Rs. 200 per bulk litre.

Excise (Special Provisions)

06 March 2019

- Excise duty on cigarettes was increased by 12 per cent as follows;

Type	Current Tax Rate (Rs. per 1,000 sticks)
60 – 67 mm	19,500
67 – 72 mm	23,000
72 – 84 mm	37,580
> 84 mm	42,200

	<ul style="list-style-type: none"> - Excise duty on sweetened beverages was increased to 40 cents per gram of sugar from 30 cents per gram of sugar in excess of the exempted quantity. - Exempted quantum of sugar content in beverages was reduced as follows; <ul style="list-style-type: none"> - for carbonated beverages to 4 grams per 100 ml from 6 grams per 100 ml - for fruit based beverages to 8 grams per 100 ml from 9 grams per 100 ml - Excise duty on palm oil fatty acids was reduced as follows; <ul style="list-style-type: none"> - for Palm oil fatty acids to 20 per cent from 25 per cent - for Tallow fatty acids to 20 per cent from 25 per cent - Excise duty on refrigerators was increased to 25 per cent from 17 per cent. - Excise duty on vehicles imported as Chassis fitted with engines was reduced to Rs. 500,000 from Rs. 700,000. - Excise tax on motor vehicles with engine capacity less than 2,000 cm³ was increased. - Excise duty on hearses, hybrid and electric vans and single cabs was reduced. - Excise duty on buddy trucks with a cargo carrying capacity of less than 2,000 kg was reduced.
13 May 2019	<ul style="list-style-type: none"> - Excise duty on cigarettes, each exceeding 72 mm but not exceeding 84 mm in length, was increased to Rs. 37,600 per 1,000 cigarettes from Rs. 37,580 per 1,000 cigarettes.
11 July 2019	<ul style="list-style-type: none"> - Excise duty on cigarettes, each exceeding 67 mm but not exceeding 72 mm in length, was increased to Rs. 37,600 per 1,000 cigarettes from Rs. 23,000 per 1,000 cigarettes.
15 October 2019	<ul style="list-style-type: none"> - Excise duty on cigarettes, each exceeding 67 mm but not exceeding 72 mm in length, was decreased to Rs. 33,000 per 1,000 cigarettes from Rs. 37,600 per 1,000 cigarettes.

Customs Duty

12 January 2019	<ul style="list-style-type: none"> - Customs duty waiver on the importation of Petrol (92 Octane) was decreased to Rs. 19 per litre from Rs. 20 per litre. Hence, the applicable duty is Rs. 16 per litre. - Customs duty waiver on the importation of Auto Diesel was decreased to Rs. 3 per litre from Rs. 5 per litre. Hence, the applicable duty is Rs. 2.85 per litre.
06 March 2019	<ul style="list-style-type: none"> - Customs duty on undenatured ethyl alcohol was increased by Rs. 200 to Rs. 1,000 per litre. - Customs duty rate of 30 per cent on the importation of go-kart and go-kart tyres was removed.

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- Unit rate of the Customs duty on the importation of selected 261 items of goods was increased by 10 per cent.
 - 12 June 2019 - Customs duty on the importation of super diesel was increased to Rs. 15 per litre from Rs. 10.55 per litre and a duty waiver of Rs. 1 per litre was imposed. Hence, the applicable duty is Rs. 14 per litre.
 - Customs duty waiver on the importation of Petrol (92 Octane) was decreased to Rs. 18 per litre from Rs. 19 per litre. Hence, the applicable duty is Rs. 17 per litre.
 - 11 July 2019 - Customs duty waiver on the importation of super diesel was withdrawn. Hence, the applicable duty is Rs. 15 per litre.
 - 11 September 2019 - Customs duty waiver on the importation of Petrol (92 Octane) was decreased to Rs. 17 per litre from Rs. 18 per litre. Hence, the applicable duty is Rs. 18 per litre.
 - 28 September 2019 - Customs duty applicable on imported fruit drinks was revised.

Cess

- 06 March 2019 - Fresh and dried fruits, fresh and dried nuts and used or reconditioned refrigerators, freezers were exempted from Cess.
- Cess duty applicable on Tendu Leaves (beedi leaves) was increased to Rs. 3,500 per kg from Rs. 2,500 per kg.
- Cess on motor vehicles parts, biodegradable & compostable plastic was revised.
- 03 October 2019 - Importation of furniture by any tourism enterprise which has entered into an agreement with the Board of Investment of Sri Lanka and registered with the Sri Lanka Tourism Development Authority was exempted from Cess.
- Cess on the importation of goods by any enterprise, which invests US dollars 50 million or above on a project on or after 06 March 2019, during the project implementation or construction period of the said project but prior to the commencement of commercial operations was exempted.
- Cess on the importation of goods by any enterprise, which invests on a project to establish climate controlled warehouse facility/ cold chain logistics infrastructure facility, subject to the approval of list of goods by the Secretary to the Ministry of Finance, during the project implementation or construction period of the said project but prior to the commencement of commercial operations was exempted for three years.

Special Commodity Levy (SCL)

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

Date	Applicable Item	Revision
04.01.2019	Black Gram	Increased to Rs. 200 per kg from Rs. 125 per kg for a period of six months
02.02.2019	Chickpeas (whole and split), Red Lentils (whole and split), Yellow Lentils (whole and split), Beet Sugar, Cane Sugar, White Crystalline Cane Sugar and White Crystalline Beet Sugar	Extended for a period of six months
08.02.2019	Potatoes	Increased to Rs. 50 per kg from Rs. 20 per kg for a period of three months
09.02.2019	Maize	Increased to Rs. 20 per kg from Rs. 10 per kg for a period of six months
25.02.2019	Vegetable Oils	Extended for a period of one year
03.03.2019	B'onions	Extended for a period of three months
08.05.2019	Sprats, Dried Fish, Potatoes, Green Gram, Mangosteens (fresh and dried), Oranges (dried), Pears, Cherries, Plums and Sloes and Kiwifruit	Extended for a period of six months
21.05.2019	Red Onions, Peas (whole and split), Dates (fresh and dried), Grapes (dried), Seeds of Cumin, Seeds of Fennel and Margarine	Extended for a period of one year
22.05.2019	B'onions	Increased to Rs. 40 per kg from Rs. 20 per kg for a period of six months
04.07.2019	Black Gram	Extended for a period of one year
11.07.2019	Dates (fresh and dried)	Increased to Rs. 80 per kg from Rs. 60 per kg for a period of 31 days
	Oranges (fresh)	Increased to Rs. 80 per kg from Rs. 65 per kg for a period of 31 days
	Apples (fresh)	Increased to Rs. 60 per kg from Rs. 45 per kg for a period of 31 days
	Vegetable Oils	Increased by Rs. 25 per kg for a period of 31 days
19.07.2019	Maldivian Fish, Chillies, Seeds of Coriander, Turmeric, Black Gram Flour, Grated of Powdered Cheese and Canned Fish	Extended for a period of one year

02.08.2019	Chickpeas (whole and split), Red Lentils (whole and split), Yellow Lentils (whole and split), Beet and Cane Sugar, White Crystalline Cane Sugar and White Crystalline Beet Sugar	Extended for a period of six months
09.08.2019	Maize	Decreased to Rs. 10 per kg from Rs. 20 per kg for a period of six months
11.08.2019	Dates (fresh and dried), Oranges (fresh), Apples (fresh) and Vegetable Oils	Extended for period of three months
08.09.2019	Mackerel, Cowpeas and Kurakkan	Extended for a period of six months
11.09.2019	Black Gram	Extended for a period of six months
01.10.2019	Fish (fresh, chilled or frozen), Yoghurt, Butter, Dairy Spreads, Garlic, Grapes (fresh), Mathe Seed, Kurakkan Flour, Ground Nuts (shelled), Mustard Seeds and Salt	Extended for a period of one year
03.10.2019	B'onions	Decreased to Rs. 1 per kg from Rs. 40 per kg for a period of 31 days

Ports and Airports Development Levy (PAL)

- 06 March 2019
- PAL on selected items was reduced to 2.5 per cent from 7.5 per cent to promote tourism sector and to reduce the upfront cost of the local manufacturing industry.
 - PAL on sawing machines and grinding or polishing machines was removed.
 - PAL on the importation of Lucerne (alfalfa) meal and pellets was removed.
 - PAL on the sale of pleasure or excursion vessels and yachts, rowing boats and canoes and sailboats manufactured by any BOI company to another BOI company that chartered such vessels and yachts for its business was removed.
- 07 May 2019
- Importation of security equipment was exempted from PAL.
- 01 June 2019
- PAL on selected electrical machinery and equipment was reduced to 2.5 per cent from 7.5 per cent.
- 25 September 2019
- PAL on the importation of goods by any enterprise, which invests US dollars 50 million or above on a project on or after 06 March 2019, during the project implementation or construction period of the said project but prior to the commencement of commercial operations was exempted.
 - PAL on the importation of goods by any enterprise, which invests on a project to establish climate controlled warehouse facility/ cold chain logistics infrastructure

facility, subject to the approval of list of goods by the Secretary to the Ministry of Finance, during the project implementation or construction period of the said project but prior to the commencement of commercial operations was exempted for three years.

- PAL on selected 368 items was reduced to 2.5 per cent from 7.5 per cent and selected six items were exempted from PAL.

Luxury Tax on Motor Vehicles

06 March 2019

- Extraordinary Gazette No. 2113/11 was issued to impose luxury tax on imported motor vehicles on the cost, insurance and freight (CIF) value or the manufacturer's price in the case of locally assembled vehicles based on the engine capacity and the amount exceeding the luxury tax free threshold as follows;

Type of Vehicle	Engine Capacity	Luxury Tax Free Threshold	Rate (a)
Diesel	$x > 2300 \text{ cm}^3$	Rs. 3.5 Mn	120%
Petrol	$x > 1800 \text{ cm}^3$	Rs. 3.5 Mn	100%
Hybrid Diesel	$x > 2300 \text{ cm}^3$	Rs. 4.0 Mn	90%
Hybrid Petrol	$x > 1800 \text{ cm}^3$	Rs. 4.0 Mn	80%
Electric	$x > 200 \text{ kw}$	Rs. 6.0 Mn	60%

(a) Applicable on the amount exceeding the Luxury Tax Free Threshold and the engine capacity

23 October 2019

- The applicability of engine capacity for the luxury tax on motor vehicles was removed, and the luxury tax on motor vehicles will be charged on the CIF value or the manufacturer's price in the case of locally assembled vehicles based on the amount exceeding the luxury tax free threshold.

Carbon Tax

01 January 2019

- Carbon tax was imposed on motor vehicles under the Finance Act, No. 35 of 2018 as follows;

Category of the vehicle	Age of the Vehicle / Rate		
	Less than 05 years	5 to 10 years	Over 10 years
Hybrid (Petrol/Diesel)	25 cents per cm^3	50 cents per cm^3	Rs. 1.00 per cm^3
Fuel (Petrol/Diesel)	50 cents per cm^3	Rs. 1.00 per cm^3	Rs. 1.50 per cm^3
Passenger Bus	Rs. 1,000	Rs. 2,000	Rs. 3,000

23 October 2019

- Carbon tax will be removed with effect from 01 December 2019.

Betting and Gaming Levy

- | | |
|-------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Forthcoming | <ul style="list-style-type: none"> - Increasing the annual levy for carrying on the business of gaming other than playing rudjino to Rs. 400 million from Rs. 200 million - Imposing an annual levy of Rs. 1 million for carrying on the business of playing rudjino - Decreasing the casino entrance levy to US dollars 50 per person from US dollars 100 per person - Increasing the levy on gross collection to 15 per cent from 10 per cent |
|-------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

Other Taxes and Levies

- | | |
|-----------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 01 April 2019 | <ul style="list-style-type: none"> - Embarkation Levy was increased by US dollars 10 to US dollars 60 per passenger for persons leaving Sri Lanka by aircraft or ship. |
| 01 August 2019 | <ul style="list-style-type: none"> - The effective date of the increase in embarkation levy to US dollars 60 per passenger was changed to 01 February 2020. |
| 23 October 2019 | <ul style="list-style-type: none"> - Towers provide the 5G coverage were exempted from Cellular Tower Levy. - A Levy on Foreign Commercial Transactions at the rate of 3.5 per cent was imposed on the foreign payments made using Electronic Fund Transfer Cards (both Debit and Credit cards) to purchase goods or services. The date of implementation of the levy will be declared by the Minister of Finance by order published in the gazette. |

Other Fees and Charges

- | | |
|--------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 01 June 2019 | <ul style="list-style-type: none"> - Passport processing fees were increased as follows; <ul style="list-style-type: none"> - Alteration Fee to Rs. 1,000 per unit from Rs. 500 per unit - Processing fee (Urgent basis) to Rs. 15,000 per unit from Rs. 10,000 per unit <ul style="list-style-type: none"> - to issue a valid passport for children below 16 years for a period of three years increased to Rs. 7,500 per unit from Rs. 5,000 per unit - Processing fee (Normal basis) to Rs. 3,500 per unit from Rs. 3,000 per unit <ul style="list-style-type: none"> - to issue a valid passport for children below 16 years for a period of three years increased to Rs. 2,500 per unit from Rs. 2,000 per unit |
|--------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

Government Expenditure

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| 14 March 2019 | <ul style="list-style-type: none"> - Public Administration Circular No. 04/2018 (I) was issued for the payment of a Chartered Architects' allowance for the architect professionals of the Sri Lanka Architects Service with effect from 01 February 2018. |
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|-------------------|---|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 22 April 2019 | - | Public Administration Circular No. 09/2019 was issued to grant an interim allowance of Rs. 2,500 per month to public sector employees with effect from 01 July 2019. |
| 31 May 2019 | - | Public Administration Circular No. 14/2019 was issued to revise pension payments with effect from 01 July 2019 in order to incorporate the first two phases of the Public Administration Circular No. 03/2016 to the basic salary obtained by the pensioner at the time of retirement. |
| 17 June 2019 | - | National Budget Circular No. 04/2019 was issued instructing all spending agencies to curtail their capital expenditure by 15 per cent and to reduce recurrent expenditure particularly by rationalising expenditure on electricity, telephone, water supply, fuel consumption and stationery. |
| 24 September 2019 | - | National Budget Circular No. 05/2019 was issued instructing all spending agencies to curtail their capital expenditure further by 10 per cent by postponing non-priority projects, new projects and purchase of non-essential goods. |
| Forthcoming | - | Increasing the monthly salary of all public sector employees by a minimum amount of Rs. 3,000 and a maximum of Rs. 24,000 per month with effect from January 2020 to rectify the salary anomalies in the public service |

Debt Management

- | | | |
|-----------------|---|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 27 January 2019 | - | Threshold of foreign investments in Treasury Bills and Treasury Bonds was reduced from 10 per cent to 5 per cent out of the total outstanding stock of Treasury Bills and Treasury Bonds. |
| 11 April 2019 | - | The Medium-Term Debt Management Strategy (MTDS) compiled by the Ministry of Finance and Central Bank for the period 2019-2023 was published. |
| 09 July 2019 | - | Resolution to raise up to Rs. 480 billion as per the Active Liability Management Act (ALMA), No. 8 of 2018 was approved by Parliament. |

Other

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| 14 February 2019 | - | The Money Broking Regulations No. 1 of 2019 was issued amending the Money Broking Regulations No. 1 of 2018 on fit and proper requirements, restriction of control over money broking businesses, internal controls, reporting requirement and examination of books. |
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