

Major Economic Policy Measures

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Monetary Policy

- 19 August 2021 - Standing Deposit Facility Rate (SDFR) and Standing Lending Facility Rate (SLFR) were increased by 50 basis points to 5.00% and 6.00%, respectively. Bank Rate was automatically increased to 9.00% from 8.50%.
- Statutory Reserve Ratio (SRR) applicable on all rupee deposit liabilities of Licensed Commercial Banks (LCBs) was increased by 2 percentage points to 4.00% from 2.00% with effect from the reserve maintenance period commencing from 01 September 2021.

Special Credit Schemes

- 04 March 2021 - The National Financial Inclusion Strategy (NFIS) of Sri Lanka was launched with an aspiring vision of “Better Quality Inclusion for Better Lives.”
- 24 March 2021 - Operating Instructions of the Saubagya COVID-19 Renaissance Facility were amended to extend the grace period up to 30 September 2021 and the repayment period up to 36 months for those who have obtained credit facilities relating to the tourism sector.
- 04 May 2021 - Operating Instructions were issued to introduce and implement the new refinance scheme, namely the Domestic Agriculture Development Pilot Project (DAD-PP) enabling Participating Financial Institutions (PFIs) to accommodate financial requirements of the players in selected Agriculture Value Chains (AVCs).
- 09 June 2021 - Operating Instructions of the Saubagya COVID-19 Renaissance Facility were amended to extend the grace period up to 30 September 2021 and the repayment period up to 36 months for the working capital loans granted to all sectors.
- 16 June 2021 - The approval of the Monetary Board was obtained to:
 - introduce a Credit Guarantee and Interest Subsidy Scheme for Micro, Small and Medium Scale Enterprises (MSMEs) Sector Development.
 - introduce a Credit Guarantee and Interest Subsidy Scheme for Micro, Small and Medium Scale Dairy Farming Sector Development.
 - establish a new regional office in Kurunegala, mainly to cover activities in the Kurunegala and Puttalam districts in the North Western Province.
- 01 September 2021 - Operating Instructions were issued to implement a Credit Guarantee Scheme for the loans to be granted by PFIs to Micro, Small and Medium Scale Rice Mill owners in Sri Lanka.
- 30 September 2021 - The approval of the Monetary Board was obtained to introduce “Saubagya COVID-19 Renaissance Facility Phase-IV” as a Refinance Scheme to re-energise the State Owned Enterprises (SOEs) by fulfilling the working capital requirements and settling the statutory obligations of SOEs.

¹ Include major economic policy measures implemented until 21 October 2021 and the policy measures that are to be implemented in the near future.

Financial Sector

Licensed Banks

- 13 January 2021 - A Circular was issued instructing licensed banks to suspend recovery actions against small and medium scale paddy millers for six months, considering the Government initiatives to support small and medium scale paddy millers amidst the pandemic.
- 19 January 2021 - Banking Act Directions were issued relaxing the restrictions on discretionary payments of licensed banks. Accordingly, licensed banks were permitted to pay cash dividends and repatriate profits after completion of the audit of the financial statements for the year 2020. Further, licensed banks were required to refrain from engaging in share buy-backs and increasing non essential expenditure, while exercising extreme due diligence and prudence when incurring capital expenditure until 30 June 2021.
- 25 January 2021 - A Circular was issued introducing amendments to Guidelines on Adoption of Sri Lanka Accounting Standard – SLFRS 9: Financial Instruments reducing the applicable Loss Given Default (LGD) with respect to exposures denominated in foreign currency (FCY) issued by the Government of Sri Lanka 10% when computing expected losses for the year 2021.
 - Banking Act Directions were issued reducing the risk weight applicable on foreign claims on Central Government for the year 2021 from 20% to 10% and reducing the risk weight applicable for mortgage backed residential housing loans from 50% to 35%.
 - Banking Act Directions were issued informing LCBs to refrain from entering into forward contracts of foreign exchange for a period of three months with immediate effect with a view to avoiding excess volatility in the foreign exchange market and the impact on banks' risk management.
- 10 March 2021 - A Circular was issued instructing licensed banks to provide concessions for leasing facilities obtained by COVID-19 affected businesses and individuals engaged in passenger transportation services for six months, commencing from 01 April 2021.
- 18 March 2021 - Banking Act Directions were issued to LCBs and National Savings Bank (NSB) suspending the purchase of Sri Lanka International Sovereign Bonds (ISBs) with effect from 23 March 2021 until 09 April 2021, considering the possible large outflows of foreign exchange from banks and their impact on banks' risk management and the exchange rate.
- 19 March 2021 - A Circular was issued to licensed banks extending the debt moratorium granted to COVID-19 affected businesses and individuals in the tourism sector for another six months commencing from 01 April 2021. The extension was granted to provide adequate time for borrowers to come up with proposals to restructure their credit facilities over a longer period, prior to the expiry of the extended moratorium period.
- 09 April 2021 - Banking Act Directions were issued to LCBs and NSB suspending the purchase of Sri Lanka ISBs until 23 April 2021, considering the possible/potential outflow of a substantial amount of foreign exchange by banks, its impact on banks' risk management and to ease the pressure on the exchange rate.
- 21 April 2021 - A Monetary Law Act Order was issued introducing a priority sector lending target on credit granted by licensed banks to individuals and businesses in the MSMEs sector.

- Accordingly, licensed banks shall increase their credit to individuals and businesses in MSMEs sector of not less than 20% per annum on y-o-y basis, over the outstanding stock of lending to MSMEs at the end of the previous year.
- 23 April 2021 - Banking Act Directions were issued to LCBs and NSB suspending the purchase of Sri Lanka ISBs until further notice considering the possible/potential outflow of foreign exchange by banks, its impact on banks' risk management and to ease the pressure on the exchange rate.
 - 25 April 2021 - Banking Act Directions were issued requesting LCBs to refrain from entering into forward contracts of foreign exchange with value date beyond spot date subject to conditions, until further notice with a view to avoiding excess volatility in the foreign exchange market and the impact on banks' risk management.
 - 25 May 2021 - An amendment was issued with respect to the Banking Act Directions on foreign currency borrowings by licensed banks revoking the limits on short term borrowings for a period of one year while maintaining the total foreign currency borrowing limit up to 10% in order to stimulate the capital formation within the real economy and supplement the foreign currency needs of the country.
 - A Circular was issued to licensed banks informing the relief measures and extending concessions provided to businesses and individuals who are adversely affected by the third wave of COVID-19 outbreak. The Circular was issued to give effect to the Scheme in a consistent manner across all licensed banks, with a view to easing the burden on the borrowers of banks that are adversely affected by the outbreak.
 - 07 June 2021 - A Circular was issued to licensed banks informing to carry out essential banking services strictly adhering to all relevant safety measures and guidelines issued in providing banking services under the travel restrictions which were imposed to control the spread of COVID-19.
 - 16 June 2021 - Banking Act Directions were issued to licensed banks informing to maintain recovery plans to deal with shocks to capital, liquidity and all other aspects that may arise from institution specific stresses, market wide stresses, or a combination of both.
 - Banking Act Directions were issued permitting LCBs and NSB to purchase ISBs in the secondary market *inter alia* subject to investing funds sourced through fresh borrowings from overseas in Sri Lanka Development Bonds (SLDBs) and ISBs in the proportion of 50% each.
 - 18 June 2021 - A Banking Act Order was issued informing the determination of Thai Baht as a designated foreign currency under the Banking (Off Shore Banking Business Scheme), replacing the schedule in the Banking (Off-Shore Banking Business Scheme) Order No. 01 of 2011.
 - 13 July 2021 - Banking Act Directions were issued restricting discretionary payments of licensed banks. Accordingly, licensed banks were requested to defer payment of cash dividends and repatriate profits until completion of the audit of the financial statements for the year 2021. Further, licensed banks were required to refrain from engaging in share buy-backs and increasing non essential expenditure, while exercising extreme due diligence and prudence when incurring capital expenditure until 31 December 2021.
 - 21 August 2021 - Consequent to the announcement by the Director General of Health Services outlining the functions that are permitted during the quarantine curfew period effective from 20 August 2021 to 30 August 2021, a Circular was issued to licensed banks informing to carry out essential banking services uninterrupted, strictly adhering to all relevant safety measures and guidelines issued.

- 24 August 2021 - Considering the anomalies in the interest rates offered and paid by licensed banks on the rupee and foreign currency deposits, a Monetary Law Act Order was issued to all LCBs and NSB instructing the maximum annual effective interest rate of up to 5.00% that can be offered or paid on all foreign currency deposits of LCBs and NSB. In the case of Special Deposit Accounts (SDAs) in foreign currency, the additional interest rate that can be offered or paid shall be over and above the interest rate specified above.
- 01 September 2021 - A Circular was issued to licensed banks extending the concessions granted previously (until 31 August 2021) to borrowers affected by the COVID-19 pandemic, up to 31 December 2021, considering the surge in the pandemic and the resultant difficulties to the businesses and individuals. The eligible borrowers in both performing and non performing categories may avail the concessions, on a case-by-case basis.
- 08 September 2021 - Requirement of a cash margin deposit of 100% was imposed against the importation of selected non urgent goods made under Letters of Credit and Documents against Acceptance terms with LCBs and NSB, with immediate effect, aiming to preserve the stability of the exchange rate and liquidity in the domestic foreign exchange market.
- An Order was issued on maintaining a 100% non interest-bearing cash margin deposit against Letters of Credit (LCs) on importation of certain non essential and non urgent goods by LCBs.
- A Circular was issued recognising Lanka Rating Agency Limited as an acceptable External Credit Assessment Institution for the purpose of Banking Act Direction No. 01 of 2016 on Capital requirements under Basel III for LCBs and LSBs and other related regulatory requirements pertaining to LCBs and LSBs.
- 13 September 2021 - A Circular was issued to licensed banks extending the debt moratorium granted to COVID-19 affected businesses and individuals in the tourism sector for another nine months commencing from 01 October 2021.
- 14 September 2021 - Banking Act Directions were issued with a view to further strengthening and harmonising the regulatory framework on classification, recognition and measurement of credit facilities and financial assets other than credit facilities in licensed banks with the Sri Lanka Accounting Standard, 'SLFRS 9: Financial Instruments' and establishing consistent and prudent practices in the banking industry.
- 30 September 2021 - A Supplementary Circular was issued to Banking Act Directions No. 13 of 2021 and No. 14 of 2021 on classification, recognition and measurement of credit facilities and financial assets other than credit facilities in licensed banks with a view to establishing consistent and prudent adoption of Sri Lanka Accounting Standard, 'SLFRS 9: Financial Instruments' by licensed banks amidst the COVID-19 pandemic.
- 01 October 2021 - The Order issued on maintaining a 100% non interest-bearing cash margin deposit against the LCs on importation of certain non essential and non urgent goods by LCBs was withdrawn.
- Banking Act Directions were issued revoking the Banking Act Directions No. 12 of 2021 on margin requirements against imports.
- 05 October 2021 - A Circular was issued to licensed banks extending the concessions granted to COVID-19 affected businesses and individuals engaged in passenger transportation services, including the tourism sector. Accordingly, licensed banks were requested to accommodate the requests for lease facilities obtained by COVID-19 affected businesses and individuals providing public and private passenger transportation service under

Circular No. 08 of 2021 and requests of such businesses and individuals in the tourism sector under Circular No. 10 of 2021.

- Forthcoming
- Drafting of a new Banking Act
 - Establishing a Regulatory Framework for Technology Risk Management and Resilience in licensed banks
 - Facilitating banking sector initiatives towards Sustainable Finance
 - Revised regulatory framework on outsourcing of business operations

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

- 01 January 2021 - An amendment was issued to the Directions on Valuation of Immovable Properties of LFCs and SLCs, amending the eligibility criteria for valuers.
- 17 February 2021 - An amendment was issued to the Directions on Loan to Value (LTV) ratios of LFCs and SLCs for credit facilities granted in respect of motor vehicles, with a revised rate of 80% in respect of registered vehicles, used in Sri Lanka for more than one year after first registration.
- 12 March 2021 - A Circular was issued to LFCs and SLCs requesting to provide concessions for COVID-19 affected businesses and individuals engaged in passenger transportation services for a period of six months commencing from 01 April 2021.
- 19 March 2021 - A Circular was issued to LFCs and SLCs requesting to extend the debt moratorium granted to tourism sector under Circular No. 09 of 2020 issued on 30 September 2020 for another period of six months commencing from 01 April 2021.
- 31 March 2021 - LFCs and SLCs were informed of deferment of the implementation of Direction No. 01 of 2020 on Classification and Measurement of Credit facilities, for a period of three months.
- Extended the amendment to the Direction on Liquid Assets dated 30 September 2020 for a period of three months until 30 June 2021, in order to facilitate the LFCs and SLCs to overcome the liquidity pressure considering the challenging operating environment due to the prolonged impact of the COVID-19 pandemic.
- 01 April 2021 - Regulation No. 01 of 2021 was issued to increase the maximum compensation payment under the Sri Lanka Deposit Insurance and Liquidity Support Scheme (SLDILSS) up to Rs. 1,100,000.
- 09 April 2021 - A Direction was issued on Foreign Currency Borrowings with the objective to stabilise any financial volatilities created by the foreign funding exposures of LFCs, provide risk management of foreign currency borrowings and establish a regulatory framework for the foreign currency borrowings of LFCs.
- 04 June 2021 - Further to the Directions on foreign currency borrowings by LFCs issued earlier, LFCs were informed that foreign currency borrowings by financial and non financial institutions would be facilitated for a period of one year.
- 09 June 2021 - A Circular was issued on concessions for COVID-19 affected businesses and individuals. Accordingly, with a view to meeting the challenges faced by businesses and individuals

due to the third wave of the pandemic, LFCs and SLCs were requested to extend further concessions for affected parties.

- 05 July 2021 - LFCs and SLCs were requested to freeze seizure and repossession orders of vehicles on credit facilities of customers affected by the pandemic with arrears for at least next three months (until 30 September 2021), after considering the financial difficulties of borrowers.
- 07 July 2021 - The effective date of the Finance Business Act (Classification and Measurement of Credit Facilities) Direction No. 01 of 2020 was deferred. It was informed that LFCs shall adopt 120 and 90 past due days with effect from 01 April 2022 and 01 April 2023, respectively, when classifying special mention category and stage 3 classification under impairment for credit facilities repayable on a monthly basis or more.
- 09 July 2021 - A Direction was issued to PDCs on Minimum Capital Requirement prescribing every PDC to maintain the core capital at a level not less than Rs. 1.0 bn until 31 December 2021, and thereafter to increase up to Rs. 2.0 bn w.e.f. 01 January 2022 and up to Rs. 2.5 bn w.e.f. 01 January 2023. The Direction also describes the special risk reserve and capital assessment and planning process.
- 06 August 2021 - Regulation No. 01 of 2010 under SLDILSS was amended and new Regulation No. 02 of 2021 was issued.
- 10 September 2021 - An amendment to the Circular dated 09 June 2021 was issued requesting LFCs and SLCs to further extend the concessions for COVID-19 affected businesses and individuals until 30 September 2021.
- 24 September 2021 - A Circular was issued to LFCs and SLCs informing that Lanka Rating Agency Ltd. has been recognised by the Central Bank as an acceptable credit rating agency for specified purposes.
- 06 October 2021 - A Circular was issued to LFCs and SLCs requesting to extend concessions and suspend recovery actions for COVID-19 affected businesses and individuals until 31 March 2022, considering several requests from concerned parties and government authorities.
- Forthcoming - Review of the Finance Business Act
- Review of the regulatory framework of Non Bank Financial Institutions (NBFIs) sector

Insurance

- 10 March 2021 - Direction No. 01 of 2021 on dividend declaration and distribution was issued instructing Board of Directors of Insurance Companies to submit a confirmation to the Insurance Regulatory Commission of Sri Lanka (IRCSL) that terms and conditions stipulated in the direction were considered.
- 23 March 2021 - Circular No. 01 of 2021 was issued to inform Insurance Companies that they could launch products/policy forms only after the IRCSL's confirmation that products are fair and equitable in the opinion of the IRCSL.
- 24 March 2021 - Direction No. 02 of 2021 was issued to Insurance Companies and Insurance Brokering Companies in respect of restrictions on providing codes and restrictions on changing codes.

MAJOR ECONOMIC POLICY MEASURES

Recent Economic Developments - Highlights of 2021 and Prospects for 2022

- 08 April 2021 - Circular No. 02 of 2021 on Prohibition of Promotion/Advertisement of 3rd Party Motor Insurance was issued to all General Insurance Companies.
- 29 July 2021 - Direction No. 03 of 2021 was issued to all insurers, brokers, and loss adjusters directing them to refrain from employing persons whose services have been terminated on the grounds of financial misappropriation or fraud.
- 30 August 2021 - Direction No. 01 of 2021 was amended to address the contingent liabilities and complying with the relevant accounting standards in the event of dividend declaration and distribution of insurers.
- 06 September 2021 - Direction No. 04 of 2021 was issued regarding termination of using telecommunication service providers' platform (Mobile Insurance) and matters connected therein.
- Forthcoming
 - Finalisation of the report on Component 11 of the Financial Sector Modernisation Project (FSMP) of the World Bank
 - The IRCSL, with a view to adopting international best practices to the local insurance industry, is in the process of finalising a guideline on Insurance Advertisements
 - Revamping of the existing Regulation of Insurance Industry Act with the assistance of the World Bank

Capital Market

- January 2021 - Developed a comprehensive set of guidelines for stockbroking firms in consultation with the Colombo Stock Exchange (CSE).
- March 2021
 - Facilitated digital platforms to broad-base and widen the investor base of the stock market.
 - Approval in principle was granted for the introduction of Paper Gold (PG) through Over the Counter (OTC) platform at the CSE.
- April 2021 - Approval in principle was granted for the proposal to facilitate listing of Special Purpose Acquisition Companies (SPACs).
- June 2021
 - Amended the Central Depository System (CDS) rules to facilitate repurchase agreement (REPO) transactions on Corporate Debt securities on the OTC Platform of the CSE.
 - Facilitated the implementation of the enhanced margining system and Delivery vs Payment (DvP) mechanism at the CSE by issuing rules and revising marginal model.
 - Approval in principle was granted for the introduction of Islamic Capital Market Products.
 - Approval in principle was granted for the introduction of Structured Warrants.
 - Approval in principle was granted for the introduction of Green Bonds.
 - Approval in principle was granted to facilitate fund raising through online platforms, such as crowdfunding.

- Gazette notification on the enactment of new bill of the Securities and Exchange Commission (SEC) was published.
- July 2021 - Launched Phase 2 of the digitisation of stock market operations.
- Forthcoming - Issue Directives on revamping of the Intermediary Rules
- Facilitate the introduction of covered short selling through securities borrowing and lending

Payments and Settlements

- 09 June 2021 - Considering the need of encouraging more merchants to join the LANKAQR initiative, the period of maintaining the maximum Merchant Discount Rate (MDR) of 0.5% for LANKAQR transactions was extended for a further six months period ending 31 December 2021.
- Forthcoming - Issuing a Regulation under the Payment and Settlement Systems Act, No. 28 of 2005 to regulate and supervise the activities of Money or Value Transfer Service Providers in Sri Lanka

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

- 27 April 2021 - Circular No. 01 of 2021 was issued on the implementation of AML/CFT measures on parties involved with online payment platforms.
- 28 April 2021 - Considering the increasing trend of suspicious transactions related to foreign currency outflows via Automated Teller Machines (ATMs) in cash withdrawals overseas, Circular No. 02 of 2021 was issued, advising to perform Customer Due Diligence measures as required by the Financial Institutions (Customer Due Diligence) Rules, No. 1 of 2016 at the time of onboarding the customer and when conducting transactions.
- 04 May 2021 - Circular No. 03 of 2021 was issued on additional measures to mitigate the emerging Money Laundering/Terrorist Financing risks during the third wave of the COVID-19 pandemic.
- 08 June 2021 - Guideline No. 01 of 2021 was issued for Financial Institutions on enhancing the Suspicious Transaction Reports (STRs) reporting quality.
- 20 July 2021 - Guideline No. 2 of 2021 was issued for Financial Institutions on CCTV operations for AML/CFT purposes.
- 12 August 2021 - Guideline No. 03 of 2021 was issued for Financial Institutions on Suspension of Transactions under Section 15(2) of the Financial Transactions Reporting Act, No. 6 of 2006.
- 04 October 2021 - Circular No. 04 of 2021 was issued to Licensed Banks on deposits made under the Finance Act, No. 18 of 2021.

Foreign Exchange Management and International Operations

- 01 January 2021 - Operating instructions issued to licensed banks on “Incentive Scheme on Inward Worker Remittances” were amended. Accordingly, licensed banks were instructed to expand the scope of the eligibility under the Incentive Scheme to the foreign currency income earned through employment by a Sri Lankan national who resides in Sri Lanka and earns foreign currency income rendering service in nature of employment abroad, and to apply the Incentive Scheme to all foreign currency income conversions made on or after 28 December 2020.
- 15 January 2021 - Directions No. 01 of 2021 were issued to Authorised Dealers (ADs) permitting to open and maintain Temporary Special Foreign Currency Accounts for LFCs to hedge the foreign exchange risk pertaining to the repayment of foreign currency loans subject to conditions.
- 27 January 2021 - Operating instructions were issued with regard to the introduction of a scheme for licensed banks to sell 10% of converted inward workers’ remittances to the Central Bank on mandatory basis, in order to build up foreign exchange reserves.
- 03 February 2021 - Following Regulations and Orders were issued with effect from 22 March 2021 by rescinding existing relevant Regulations and Orders addressing the practical issues and concerns of the ADs and other stakeholders in order to achieve greater efficiency in the domestic foreign exchange market:
- Foreign Exchange Regulations No. 01 of 2021 (Extraordinary Gazette Notification No. 2213/34) were issued on regulations applicable for classes of capital transactions undertaken outside Sri Lanka by persons resident in Sri Lanka.
 - Foreign Exchange Regulations No. 02 of 2021 (Extraordinary Gazette Notification No. 2213/35) were issued on regulations applicable for classes of capital transactions undertaken in Sri Lanka by persons resident outside Sri Lanka.
 - Foreign Exchange Regulations No. 03 of 2021 (Extraordinary Gazette Notification No. 2213/36) were issued on regulations applicable for remittance of funds by emigrants.
 - Foreign Exchange Regulations No. 04 of 2021 (Extraordinary Gazette Notification No. 2213/37) were issued on regulations applicable for classes of miscellaneous capital transactions.
 - Foreign Exchange Regulations No. 05 of 2021 (Extraordinary Gazette Notification No. 2213/38) were issued on regulations applicable for opening and maintenance of accounts for the purpose of engaging in foreign exchange transactions.
 - Order under Section 8 (Extraordinary Gazette Notification No. 2213/39) of the Foreign Exchange Act (FEA), No. 12 of 2020 was issued on export or import of foreign currency or Sri Lanka currency by a person in, or resident in Sri Lanka.

- Order under Section 31 (Extraordinary Gazette Notification No. 2213/40) of the FEA was issued on determination of 'persons resident in Sri Lanka.'
- 18 February 2021
- Amendment of rules in respect of the receipt of export proceeds into Sri Lanka and the conversion of such export proceeds into Sri Lanka rupees was issued. Accordingly, every exporter of goods shall convert 25% from and out of the total export proceeds received in Sri Lanka to Sri Lankan rupees, through a licensed bank (Extraordinary Gazette Notification No. 2215/39).
 - Operating instructions were issued with regard to the introduction of a scheme for licensed banks to sell 50% of the 25% of converted export proceeds, where the conversion is mandatory under the Gazette and Rules issued on 18 February 2021 under the Monetary Law Act (MLA), No. 58 of 1949, to the Central Bank in order to build up foreign exchange reserves.
- 09 March 2021
- Extraordinary Gazette Notification No. 2218/38 was issued under the MLA, as Repatriation of Export Proceeds into Sri Lanka Rules No. 2 of 2021, extending the time period applicable for conversion up to 14 days.
- 17 March 2021
- Operating instructions issued to licensed banks on "Incentive Scheme on Inward Remittances" were amended to temporarily suspend the requirement to sell 10% of the converted workers' remittances to the Central Bank, considering the market conditions prevailed during that period.
 - Operating instructions issued to licensed banks on "Repatriation of Export Proceeds into Sri Lanka" were amended to temporarily suspend the requirement to sell 50% of the 25% of mandatory converted export proceeds to the Central Bank, considering the market conditions prevailed during that period.
- 18 March 2021
- Following Directions were issued to ADs (effective from 22 March 2021) in line with the Regulations and Orders issued on 03 February 2021:
 - Directions No. 02 of 2021 were issued regarding Current Transactions, to carry out current transactions by ADs on behalf of persons in or resident in Sri Lanka under Section 6 of the FEA.
 - Directions No. 03 of 2021 were issued on Electronic Fund Transfer Cards (EFTCs) for the use of EFTCs by persons in, or resident in Sri Lanka for making payments in foreign exchange to persons resident outside Sri Lanka.
 - Directions No. 04 of 2021 were issued on Personal Foreign Currency Accounts (PFCAs) for opening and maintaining foreign currency accounts by eligible resident/non resident individuals.
 - Directions No. 05 of 2021 were issued on Business Foreign Currency Accounts (BFCAs) for opening and maintaining foreign currency accounts by resident foreign exchange earners.

- Directions No. 06 of 2021 were issued on Diplomatic Foreign Currency Accounts (DFCAs) and Diplomatic Rupee Accounts (DRAs) for opening and maintaining foreign currency and Sri Lankan rupee accounts by diplomatic missions/personnel.
- Directions No. 07 of 2021 were issued on Senior Foreign Nationals' (Special Accounts) for opening and maintaining accounts by senior foreign nationals, who are over 55 years of age and intend to a prolonged stay in Sri Lanka on resident visas under the "Sri Lanka – My Dream Home programme."
- Directions No. 08 of 2021 were issued on Resident Guest Scheme (Special Accounts) regarding opening and maintaining accounts by prospective investors and professionals, who come to Sri Lanka under the 'Resident Guest Scheme' implemented by the Department of Immigration and Emigration.
- Directions No. 09 of 2021 were issued on Accommodations to BFCAs holders, to grant accommodations in foreign currency by ADs to foreign exchange earners, who hold BFCAs.
- Directions No. 10 of 2021 were issued on Loans and Advances to Sri Lankans Employed Abroad (other than emigrants), to grant loans/advances denominated in foreign currency and Sri Lankan rupees by ADs to Sri Lankan citizens working abroad.
- Directions No. 11 of 2021 were issued on Loans to Sri Lankans, Resident Outside Sri Lanka on Permanent Resident Visa (PR) in another country and Dual Citizens, to grant loans denominated in foreign currency and Sri Lankan rupees by ADs to PR holders and dual citizens.
- Directions No. 12 of 2021 were issued on SLDBs, to grant permission for ADs and PDs, who have been appointed by the Superintendent of Public Debt of the Central Bank as Designated Agents, for purchasing and marketing SLDBs issued by the Government of Sri Lanka.
- Directions No. 13 of 2021 were issued on Sale of Foreign Exchange (Form 1) and Purchase of Foreign Exchange (Form 2) on reporting requirements by ADs.
- Directions No. 14 of 2021 were issued on Outward Investment Accounts for opening and maintaining accounts by resident persons for making remittances in respect of capital transactions outside Sri Lanka.
- Directions No. 15 of 2021 were issued on Inward Investment Accounts for opening and maintaining accounts by non resident investors for routing inward remittances in respect of capital transactions in Sri Lanka.
- Directions No. 16 of 2021 were issued on Capital Transactions Rupee Accounts for opening and maintaining accounts by emigrants for channeling the migration allowance.

- Directions No. 17 of 2021 were issued on Emigrants' Remittable Income Accounts for opening and maintaining accounts by emigrants for repatriating current income derived in Sri Lanka subject to regulatory requirements.
 - Directions No. 18 of 2021 were issued on Non Resident Rupee Accounts for opening and maintaining of Sri Lankan rupee accounts by emigrant's resident in or outside Sri Lanka and firms/companies established/incorporated outside Sri Lanka.
 - Directions No. 19 of 2021 were issued on External Commercial Borrowing Accounts for opening and maintaining accounts by companies incorporated in Sri Lanka for crediting loan proceeds obtained from foreign lenders.
 - Directions No. 20 of 2021 were issued on Guarantees, specifically directions applicable for issuance and renewal of Guarantees in respect of Current and Capital Transactions.
- 26 March 2021 - Extraordinary Gazette Notification No. 2220/69 was issued as an Order under Section 4 of the FEA, permitting hotels registered with the Sri Lanka Tourism Development Authority (SLTDA) to accept foreign currency from persons resident in Sri Lanka who have foreign currency in their possession, as a measure to attract foreign currency at the hands of residents into the formal channels giving an opportunity to pay their local hotel bills in foreign currency.
- 07 April 2021 - Extraordinary Gazette Notification No. 2222/37 was issued as regulations, further extending the period of opening of SDAs by eligible persons by 24 months from 08 April 2020.
- Directions No. 21 of 2021 were issued to ADs specifying criteria of opening and maintaining SDAs, permitted debits, credits and other requirements.
- 09 April 2021 - Extraordinary Gazette Notification No. 2222/60 was issued as Repatriation of Export Proceeds into Sri Lanka Rules No. 3 of 2021, by further amending the Repatriation of Export Proceeds into Sri Lanka Rules issued under the MLA, extending the time period applicable for conversion up to 30 days and reducing the conversion requirement up to 10%.
- 04 May 2021 - Directions No. 22 of 2021 were issued to hotels registered with SLTDA, permitting to accept foreign currency from persons resident in Sri Lanka in respect of services rendered.
- 25 May 2021 - Extraordinary Gazette Notification No. 2229/5 was issued as an Order under Section 4 of the FEA, permitting companies incorporated in Sri Lanka under the Companies Act, No. 7 of 2007, to lend in any designated foreign currency to their subsidiaries incorporated in Sri Lanka, who are foreign exchange earners, with prior permission of the Monetary Board of the Central Bank of Sri Lanka.
- 28 May 2021 - Extraordinary Gazette Notification No. 2229/9 was issued as Repatriation of Export Proceeds into Sri Lanka Rules No. 4 of 2021, enhancing the conversion requirement up to 25% with a provision for partial exemptions to be granted by the Monetary Board of the Central Bank of Sri Lanka at its discretion up to a percentage not less than 10%.

- Operating Instructions issued to licensed banks regarding “Incentive Scheme on Inward Remittances” on 27 January 2021 were reinstated.
 - Operating Instructions issued to licensed banks regarding “Repatriation of Export Proceeds into Sri Lanka” on 18 February 2021 were reinstated.
- 11 June 2021
- Directions No. 23 of 2021 were issued on DFCA and DRAs, including withdrawals in foreign currency for local expenses of the account holder as a permitted debits.
- 17 June 2021
- Directions No. 24 of 2021 were issued on BFCAs, amending Annex I of the Directions No. 05 of 2021.
- 30 June 2021
- Extraordinary Gazette Notification No. 2234/19 was issued as regulations, permitting to rollover the SDAs opened under the Regulations, with six month and twelve month tenures, provided that the accumulated period of said SDAs would not exceed the maximum of 24 months from the initial date of placing such deposits.
 - Extraordinary Gazette Notification No. 2234/20 was issued as regulations, permitting companies incorporated in Sri Lanka under the Companies Act, No. 7 of 2007 in Sri Lanka who have borrowed foreign currency from a person resident outside Sri Lanka in terms of the FEA, to purchase ISBs issued by the Government of Sri Lanka, from secondary market, utilising 50% of the said borrowing subject to terms and conditions.
- 02 July 2021
- Extraordinary Gazette Notification No. 2234/49 was issued as an Order under Section 22 of the FEA imposing the following measures on outward remittances for a period of six months:
 - Suspend the repatriation of funds under the migration allowance out of funds received as monetary gifts by an emigrant from an immediate family member (i.e., parents, grandparents, siblings, and spouse of the emigrant).
 - Limit the repatriation of funds under the migration allowance through Capital Transactions Rupee Accounts by the emigrants who have already claimed migration allowance under the general permission, up to a maximum of USD 10,000 or equivalent in any other designated foreign currency.
 - Limit the eligible migration allowance for the emigrants who are claiming the migration allowance for the first time under the general permission, up to a maximum of USD 30,000 or equivalent in any other designated foreign currency.
 - Limit the repatriation of any current income or accumulated current income (including Employees Provident Fund (EPF), Employees Trust Fund (ETF), gratuity and pensions or any other retirement benefits) by the emigrants through the Capital Transaction Rupee Accounts or Emigrants’ Remittable Income Accounts, under the general permission, up to a maximum of USD 30,000 or equivalent in any other designated foreign currency.
 - Limit the outward remittances by or issuance of foreign exchange for any Sri Lankan individual who resides in or outside Sri Lanka and has obtained Temporary Residence Visa of another country which falls into a category of visa that entitles the individual to obtain permanent residency status or

citizenship in that country at a future date, up to a maximum of USD 20,000 or equivalent in any other designated foreign currency.

- Limit the issuance of foreign exchange for any person resident in Sri Lanka who intends to leave Sri Lanka under the Temporary Residence Visa of another country up to a maximum of USD 10,000 or equivalent in any other designated foreign currency.
- Suspend the general permission granted to make outward remittances through the Outward Investment Accounts for the purpose of investing overseas by persons resident in Sri Lanka excluding the following:
 - investments to be financed out of a foreign currency loan obtained by the investor from a person resident outside Sri Lanka under the provisions of the FEA, or
 - an additional investment to be made to fulfil the regulatory requirements in the investee's country applicable on the investment already made in compliance with the provisions of the Act or repealed Exchange Control Act, in a company or a branch office in that country, or,
 - an additional investment/infusion of funds (as applicable) to be made by eligible resident companies in already established subsidiaries or branch offices in overseas incorporated/established subject to the provisions of the Act or repealed Exchange Control Act, up to a maximum of USD 15,000 or equivalent in any other designated foreign currency, for the purpose of working capital requirements of the investee, or,
 - the remittances for the purpose of maintenance of liaison, marketing, agency, project, representative or any other similar offices already established in overseas subject to the provisions of the Act or repealed Exchange Control Act, by eligible resident companies, up to a maximum of USD 30,000 or equivalent in any other designated foreign currency.
- Limit the outward remittances on capital transactions through BFCAs or/and PFCAs held by a person resident in Sri Lanka, up to a maximum of USD 20,000 or equivalent in any other designated foreign currency, during the effective period of this Order.
- The Monetary Board shall have the authority to grant permission in terms of Section 7(10) of the FEA for investments, on case-by-case basis, which exceed the limits specified in the general permission granted in the Regulations No. 1 of 2021 provided that:
 - the proposed investment is to be financed out of a foreign currency loan obtained by the investor from a person resident outside Sri Lanka under the provisions of the FEA, or,
 - the proposed investment is to be made to fulfil the regulatory requirement in the investee's country applicable on the investment

already made in a company or branch office in that country in compliance with the provisions of the Act or repealed Exchange Control Act.

- 06 July 2021 - Extraordinary Gazette Notification No. 2235/22 was issued as an Order under Section 29 read with Section 7 of the FEA, amending the Foreign Exchange (Classes of Capital Transactions Undertaken in Sri Lanka by persons Resident Outside Sri Lanka) Regulations No. 02 of 2021 (Extraordinary Gazette Notification No. 2213/35), inserting and replacing the provisions in respect of the investments in debt securities in Sri Lanka Rupees and in any designated foreign currency listed in the CSE.
- 08 July 2021 - Directions No. 25 of 2021 were issued to ADs specifying criteria of opening and maintaining SDAs, permitted debits, credits and other requirements and rescinding Directions No. 21 of 2021.
- 30 July 2021 - Directions No. 26 of 2021 were issued to ADs specifying criteria of opening and maintaining Special Foreign Currency Accounts to facilitate foreign currency denominated investments in the CSE, permitted debits, credits and other requirements.
 - Directions No. 27 of 2021 were issued to ADs including transfer of earnings in foreign exchange to the Special Foreign Currency Accounts opened under the Directions No. 26 of 2021 by the account holder, for making payments of any income or maturity proceeds attributed to investments made in respect of listed shares or debt securities denominated in designated foreign currency in the CSE as a permitted debit to the BFCAs, in addition to the debits specified in the Directions No. 05 of 2021 dated 18 March 2021 on BFCAs.
- 06 Aug 2021 - Operating Instructions were issued to licensed banks on “Crediting Exports Proceeds to the relevant Foreign Currency Accounts of Exporters.” Accordingly, all licensed banks were instructed to credit the exports proceeds to the respective exporter’s foreign currency account(s) maintained at the bank immediately, subject to conditions on withdrawal and/or conversion until documentation is completed.

Regulations of Import and Export Control Department

- 05 January 2021 - Imports and Exports (Control) Regulations No. 01 of 2021 (published in the Gazette Extraordinary No. 2209/18) were issued amending the lists of goods related to tyre imports that are under import restrictions as specified by Imports and Exports (Control) Regulations No. 04 of 2020.
- 11 February 2021 - Imports and Exports (Control) Regulations No. 03 of 2021 (published in the Gazette Extraordinary No. 2214/56) were issued amending the lists of goods related to ceramic products and sarees that are under restrictions as specified by Imports and Exports (Control) Regulations No. 04 of 2020.
- 06 April 2021 - Imports and Exports (Control) Regulations No. 04 of 2021 (published in the Gazette Extraordinary No. 2222/31) were issued amending the lists of goods related to palm oil that are under restrictions as specified by Imports and Exports (Control) Regulations No. 04 of 2020.
- 23 April 2021 - Imports and Exports (Control) Regulations No. 05 of 2021 (published in the Gazette Extraordinary No. 2224/43) were issued amending the lists of goods related to mobile

- workshops that are under restrictions as specified by Imports and Exports (Control) Regulations No. 05 of 2020.
- Imports and Exports (Control) Regulations No. 06 of 2021 (published in the Gazette Extraordinary No. 2224/44) were issued amending the lists of goods related to mobile workshops that are under restrictions as specified by Imports and Exports (Control) Regulations No. 04 of 2020.
- 06 May 2021
- Imports and Exports (Control) Regulations No. 07 of 2021 (published in the Gazette Extraordinary No. 2226/48) were issued on mineral or chemical fertiliser banning the importation of some items and imposing import control license for other.
- 11 June 2021
- Imports and Exports (Control) Regulations No. 08 of 2021 (published in the Gazette Extraordinary No. 2231/16) were issued imposing import control license on gold and face masks.
 - Imports and Exports (Control) Regulations No. 09 of 2021 (published in the Gazette Extraordinary No. 2231/17) were issued imposing restrictions on exportation of oxygen and respiration apparatus.
 - Imports and Exports (Control) Regulations No. 10 of 2021 (published in the Gazette Extraordinary No. 2231/18) were issued amending the lists of goods that are under restrictions as specified in Imports and Exports (Control) Regulations No. 04 of 2020.
- 31 July 2021
- Imports and Exports (Control) Regulations No. 11 of 2021 (published in the Gazette Extraordinary No. 2238/45) were issued bringing related mineral or chemical fertilisers under the “import control license” category from the “banned” category.

Price Revisions

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

Date	Item	Revision
08.02.2021	White Sugar, Dried Chilies (Neither crushed nor ground), Potatoes (Imported), Keeri Samba	MRPs were removed.
18.06.2021	Coconut (Circumference over 13 inches, Circumference between 12 - 13 inches, Circumference below 12 inches)	MRPs were removed.
25.07.2021	Liquefied Petroleum (LP) Gas Cylinder of 18 litres (9.6 kg)	Imposed district based MRPs.
12.08.2021	Polymerase Chain Reaction (PCR)	Imposed a MRP of Rs. 6,500 per test and report.
	Rapid Antigen Test (RAT)	Imposed a MRP of Rs. 2,000 per test and report.

Date	Item	Revision
02.09.2021	White Sugar	Imposed an Importer's Maximum Wholesale Price of Rs. 116 per kg.
	White Sugar (Unpacketed)	Imposed a MRP of Rs. 122 per kg.
	White Sugar (Packeted)	Imposed a MRP of Rs. 125 per kg.
	Brown or Red Sugar (Unpacketed)	Imposed a MRP of Rs. 125 per kg.
	Brown or Red Sugar (Packeted)	Imposed a MRP of Rs. 128 per kg.
	Keeri Samba	MRP increased to Rs. 125 per kg from Rs. 120 per kg.
	White/Red Samba - Steamed/Boiled (excluding Suduru Samba)	MRP increased to Rs. 103 per kg from Rs. 98 per kg.
	White/Red Nadu - Steamed/Boiled (excluding Mottaikarupan and Attakari)	MRP increased to Rs. 98 per kg from Rs. 96 per kg.
	White/Red Raw Rice	MRP increased to Rs. 95 per kg from Rs. 93 per kg.
04.09.2021	Fingertip Pulse Oximeter	Imposed a MRP of Rs. 3,000 per unit.
29.09.2021	Keeri Samba, White/Red Samba - Steamed/Boiled (excluding Suduru Samba), White / Red Nadu - Steamed/Boiled (excluding Mottaikarupan and Attakari), White/Red Raw Rice and White/Red Raw Samba	MRPs were removed.
08.10.2021	Milk Powder (Full Cream Milk Powder, Non Fat Milk Powder and Infant Milk Powder), Cement, Liquefied Petroleum (LP) Gas and Wheat Flour	MRPs were removed.

Tax Revisions

Income Taxes

- 13 May 2021 - Inland Revenue Act No. 24 of 2017 was amended by the Inland Revenue (Amendment) Act, No. 10 of 2021, mainly bringing into law the budget proposals, which were announced in November 2020 and other announcements made in January 2020 and April 2021.

Value Added Tax (VAT)

- 01 February 2021 - Piece based VAT rate applicable on local supply of certain garments (classified under the HS Chapters 61, 62 and 63) by export oriented Board of Investment (BOI) enterprises, was reduced to Rs.25 from Rs.100 with effect from 01 January 2021 (Inland Revenue Department (IRD) public notice – PN/VAT/2021-01).
- 13 May 2021 - Value Added Tax Act, No. 14 of 2002 was amended by the Value Added Tax (Amendment) Act, No. 9 of 2021 mainly bringing into law the reduction of VAT rate effective from December 2019 and the increase in VAT registration threshold effective from January 2020.

Excise Duty

- 01 January 2021 - Annual liquor license fees were waived off for hotel license (FL/7) Tourist Board approved and hotels non-tourist board approved rooms 5 or over, hotel bar license (FL/8), restaurant license (for restaurants, which are approved/not approved by the Tourist Board) (FL/11), rest house license (FL/12) and consume at the premises (FL/22B) (for premises, which are approved/not approved by the Tourist Board) (Extraordinary Gazette Notification No. 2208/35).
- 07 January 2021 - Excise duty on bottled toddy manufactured in and issued from any licensed manufactory established in Sri Lanka was reduced to Rs. 25 per litre from Rs. 50 per litre (Extraordinary Gazette Notification No. 2209/42).
- 11 January 2021 - Some hotels were exempted from the payment of the triennial authorisation fee applicable for the usage of liquor for the year 2021 (Extraordinary Gazette Notification No. 2210/2).
- 23 March 2021 - Excise duty on ethyl alcohol was revised as follows (Extraordinary Gazette Notification No. 2220/40):

Item	Locally Supplied/ imported litres per month	Prevailed Tax w.e.f. 09.06.2020 (Rs. per bulk litre)		Tax Revision w.e.f. 23.03.2021 (Rs. per bulk litre)	
		Locally Supplied	Imported	Locally Supplied	Imported
Ethyl alcohol used in the production of:					
(a) Sanitiser for local sales	Upto 500 litres	Free	200	Free	200
	From 501 litres upto to 10,000 litres		700		700
	From 10,001 litres up to 20,000 litres		800		800
	Above 20,000 litres		1,200	-	-
	Above 20,001 litres to 100,000 litres	-	-	Free	1,200
	Above 100,000 litres	-	-	100	1,200
(b) Sanitiser for exports	For each litres	Free	25	25	25

Excise Duty (Special Provisions)

- 05 April 2021 - Purchase of 2,000 three-wheelers for the Sri Lanka Police, on the recommendation of the Secretary of the line Ministry in charge of Sri Lanka Police subject to the approval of the Secretary to the Treasury, was exempted from excise duty (Extraordinary Gazette Notification No. 2222/2).
- New duty structure was introduced on locally assembled/ manufactured motor vehicles and motor bicycles in line with the implementation of standard operating procedures (SOP) for Automobile manufacturing /assembling industry and Automobile component manufacturing industry (Extraordinary Gazette Notification No. 2222/3).

MAJOR ECONOMIC POLICY MEASURES

Recent Economic Developments - Highlights of 2021 and Prospects for 2022

- 22 April 2021 - Excise duty rates were revised on mobile workshop vehicles (Extraordinary Gazette Notification No. 2224/24).
- 03 August 2021 - Importation of 52 water bowsers and 62 double cabs for essential field activities, on the recommendation of the Director General of Department of National Budget subject to the approval of the Secretary to the Treasury, was exempted from excise duty (Extraordinary Gazette Notification No. 2239/16).

Customs Duty

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

Item	Date	Customs Import Duty (Rs. per litre)	Customs Duty Waiver (Rs. per litre)	Applicable Duty (Rs. per litre)
Petrol (92 Octane)	31.12.2020	50.00	18.00	32.00
	02.02.2021	50.00	29.00	21.00
	25.03.2021	50.00	45.00	5.00
Petrol (95 Octane)	31.12.2020	50.00	16.00	34.00
	02.02.2021	50.00	8.00	42.00
	25.03.2021	50.00	24.00	26.00
Auto Diesel	31.12.2020	25.00	20.00	5.00
	02.02.2021	25.00	14.00	11.00
	25.03.2021	25.00	25.00	0.00
Super Diesel	31.12.2020	25.00	15.00	10.00
	02.02.2021	25.00	-	25.00
	25.03.2021	25.00	10.00	15.00

Note: The surcharge imposed for a period of three months effective from 24 November 2020 was rescinded on 02 February 2021.

Commodity Export Subsidy Scheme (CESS)

- 12 January 2021 - CESS was exempted from the export of scrap/waste by an enterprise, generated through the process of manufacture of goods to be exported, out of raw material imported and generated through the process of repair/maintenance works done by that enterprise, which has entered into an agreement with the BOI and registered under the Customs Manufacture-in-Bond Scheme or under the Temporary Importation for Export Processing (TIEP) Scheme (Extraordinary Gazette Notification No. 2210/09).
- 15 March 2021 - CESS on the importation of tiles and sanitary ware was revised (Extraordinary Gazette Notification No. 2219/15).
- 17 March 2021 - CESS was exempted for any goods imported by any enterprise and for a Strategic Development Project, which invests USD 50 mn or above in each stage on a project on or after 06 March 2019, during the project implementation or construction period of the said project but prior to commencement of commercial operations (Extraordinary Gazette Notification No. 2219/36).

Special Commodity Levy (SCL)

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

Date	Item	Revision
13.01.2021	B'onions, Red and Yellow Lentils (whole and split), Beet and Cane Sugar, Sugar (containing added flavouring or colouring matter) and White Crystalline Cane and Beet Sugar	Imposition of SCL was extended for a period of three months (Extraordinary Gazette Notification No. 2210/16).
18.01.2021	Grated or powdered cheese, Seeds of coriander, Turmeric (neither crushed nor ground and other), Black Gram Flour	Imposition of SCL was extended for a period of six months (Extraordinary Gazette Notification No. 2211/8).
11.02.2021	Sprats	SCL was increased to Rs. 100 per kg from Rs. 1 per kg for a period of six months (Extraordinary Gazette Notification No. 2214/58).
	Dried Fish, Potatoes	SCL was decreased for a period of six months (Extraordinary Gazette Notification No. 2214/58).
03.03.2021	Mackerel, Jack and Horse mackerel, Black Gram, Cowpeas, Millet and Kurakkan	Imposition of SCL was extended for a period of one year (Extraordinary Gazette Notification No. 2217/23).
13.04.2021	B'onions, Red and Yellow Lentils (whole and split), Beet and Cane Sugar, Sugar (containing added flavouring or colouring matter) and White Crystalline Cane and Beet Sugar	Imposition of SCL was extended for a period of six months (Extraordinary Gazette Notification No. 2223/2).
26.04.2021	Fish (fresh, chilled or frozen), Maldive Fish, Green Gram (Moong), Mangoosteens (fresh and dried) and kiwifruit	Imposition of SCL was extended for a period of one year (Extraordinary Gazette Notification No. 2225/1).
27.04.2021	Desiccated Coconuts	SCL of Rs. 300 per kg was imposed for a period of three months (Extraordinary Gazette Notification No. 2225/8).
	Potatoes	SCL was increased to Rs. 50 per kg from Rs. 15 per kg for a period of six months (Extraordinary Gazette Notification No. 2225/13).
17.05.2021	Yoghurt, Red Onions, Garlic, Peas (whole and split), Chickpeas (whole and split), Dates (fresh and dried), Oranges (fresh and dried), Lemons (fresh and dried), Grapes (fresh and dried), Apples, Quinces, Chillies (Dried, neither crushed), Chillies (Crushed or ground), Seeds of Cumin, Seeds of Fennel, Maize, Ground Nuts (shelled), Margarine, Canned Fish and Face Masks	Imposition of SCL was extended for a period of one year (Extraordinary Gazette Notification No. 2228/3).
14.06.2021	Clementines (fresh and dried), Grapefruit, including pomelos (fresh and dried), Pears, Apricots, Sour cherries (Prunus cerasus), Cherries (other), Peaches (including nectarines), Plums and Sloes, Vegetable fats and oils and their fractions and Margarine (other)	Imposition of SCL was extended for a period of one year (Extraordinary Gazette Notification No. 2232/3).

Date	Item	Revision
18.07.2021	Grated or powdered cheese, Seeds of coriander, Turmeric (neither crushed nor ground and other), Black Gram Flour	Imposition of SCL was extended for a period of one year (Extraordinary Gazette Notification No. 2236/66).
10.08.2021	Sprats, Dried Fish. Butter, Dairy Spreads, Mathe Seed, Kurakkan Flour, Mustard Seeds and Salt	Imposition of SCL was extended for a period of one year (Extraordinary Gazette Notification No. 2240/20).
07.09.2021	B'onions	SCL was increased to Rs. 40 per kg from 25 Cents per kg for a period of six months (Extraordinary Gazette Notification No. 2244/8).
11.10.2021	Raw Rice (kakulu), Nadu Rice (red or white) and Samba Rice (red or white)	SCL of Rs. 65 per kg was imposed for a period of four months (Extraordinary Gazette Notification No. 2249/3).
13.10.2021	Potatoes, Red and Yellow Lentils (whole and split), Beet and Cane Sugar, Sugar (containing added flavouring or colouring matter) and White Crystalline Cane and Beet Sugar	Imposition of SCL was extended for a period of six months (Extraordinary Gazette Notification No. 2249/16).

Ports and Airports Development Levy (PAL)

- 22 February 2021 - PAL on milk and cream, concentrated or containing added sugar or other sweetening matter (the products under HS codes 0402.10.00, 0402.21.00 & 0402.29.00) was reduced to 2.5% from 10% (Extraordinary Gazette Notification No. 2216/3).
- 09 March 2021 - Importation of project related capital goods by any enterprise, which has entered into an agreement with the Board of Investment of Sri Lanka, for the use in any project of such enterprise having a stage wise capital investment of not less than USD 50 mn during the project implementation or construction period and prior to the commencement of commercial operations except any project approved under the Commercial Hub Regulations and Strategic Development Project (SDP) Act, No. 14 of 2008, was exempted from PAL (Extraordinary Gazette Notification No. 2218/51).
- 19 March 2021 - Importation of furnace oil by the Ceylon Petroleum Corporation, specifically for the production of bitumen, on the recommendation of the Secretary to the Ministry in charge of the subject of Petroleum, subject to the approval of the Director General of Customs, was exempted from PAL (Extraordinary Gazette Notification No. 2219/68).
- 19 April 2021 - PAL rate of 7.5% on LP gas was revised as 7.5% on LP gas or Rs. 2,000 per Metric Tonne (MT) whichever is lower, until international LP gas prices reach USD 325 per MT (Extraordinary Gazette Notification No. 2224/8).
- 11 June 2021 - PAL on cocoa beans, whole or broken, raw or roasted was reduced to 5% from 10% (Extraordinary Gazette Notification No. 2231/19).
- 11 August 2021 - Milk and cream, concentrated or containing added sugar or other sweetening matter (the products under HS codes 0402.10.00, 0402.21.00 & 0402.29.00) were exempted from PAL (Extraordinary Gazette Notification No. 2240/21).

Other Taxes and Levies

- 05 January 2021 - A motor vehicle imported by a Member of Parliament of the 8th Parliament under a permit issued by the Secretary of line Ministry of the subject of Parliament Affairs was exempted from Luxury Tax (Extraordinary Gazette Notification No. 2209/23).
- 09 February 2021 - Levy on teledramas, films and commercials on the telecast of foreign teledramas and films was re-imposed (Extraordinary Gazette Notification No. 2214/25).
- 10 May 2021 - Levy payable in respect of commercials under Teledrama, Film and Commercial Levy was revised as follows (Extraordinary Gazette Notification No. 2227/2):

Duration	Prevailed Tax w.e.f. 08.11.2017 (Rs.)	Revised Tax w.e.f. 11.05.2021 (Rs.)
For any number of telecasts by any licensed institution made during,		
• a period of 30 days from the date of Certificate of Clearance	-	100,000
• a period of 183 days from the date of Certificate of Clearance	500,000	500,000
• a period of 365 days from the date of Certificate of Clearance	1,000,000	1,000,000

- 15 September 2021 - The Finance Act, No. 18 of 2021 was enacted allowing for persons to voluntarily disclose their undisclosed taxable supplies, income and assets which are required to be disclosed under certain laws and to impose a tax on voluntary disclosure of such taxable supplies, income and assets.

Other

- 05 January 2021 - Set up a dedicated pharmaceutical manufacturing zone in Arabokka, Hambantota (Extraordinary Gazette Notification No. 2209/22).
- 05 March 2021 - Published relevant information of the establishment of “Ceylon Tyre Manufacturing Company (Pvt) Ltd” (Extraordinary Gazette Notification No. 2217/40).
- 23 March 2021 - Published relevant information of the Colombo International Financial Centre (CIFC) Mixed Development Project (Extraordinary Gazette Notification No. 2220/30).
- 19 April 2021 - Declared the infrastructure requirement and granting incentives for each enterprise of the dedicated pharmaceutical manufacturing zone (Extraordinary Gazette Notification No. 2224/2).
- 20 April 2021 - Declared the infrastructure requirement and granting incentives for each enterprise of the dedicated textile manufacturing zone (Extraordinary Gazette Notification No. 2224/9).
- 21 May 2021 - Circular No. 01 of 2021 on “Consolidated Operating Instructions (COI) on Market Operations” was issued to Participatory Institutions on matters relating to Open Market Operations (OMO) and Standing Facilities.
- 24 May 2021 - Extended the time granted to implement the “Welcomhotels Lanka (Pvt) Ltd” project for a further period of 18 months from 01 January 2022 (Extraordinary Gazette Notification No. 2229/2).

- Extended the time granted to implement the “AVIC International Hotels Lanka Ltd” project for a further period of 19 months from 25 March 2020 (Extraordinary Gazette Notification No. 2229/3).
- 27 May 2021 - Colombo Port City Economic Commission Act, No. 11 of 2021 was approved by the Parliament to establish the Colombo Port City Special Economic Zone and the Colombo Port City Economic Commission.
- 06 September 2021 - Extended the time granted to implement the “Waterfront Properties (Pvt) Ltd” project for a further period of 14 months and 20 days from 12 October 2021 (Extraordinary Gazette Notification No. 2244/3).

Government Expenditure

- 23 June 2021 - A supplementary allocation of Rs. 200 bn was approved by the Parliament (No. 80 Order Paper of the Parliament).
- 05 August 2021 - A supplementary allocation of Rs. 11.8 bn was approved by the Parliament (No. 89 Order Paper of the Parliament).
- 13 August 2021 - A special law warrant of Rs. 19 bn was approved by the Minister of Finance.
- 16 August 2021 - National Minimum Wage of Workers Act, No. 3 of 2016 was amended by the National Minimum Wage of Workers (Amendment) Act, No. 16 of 2021, to increase the national minimum monthly wage for all workers in any industry or service to Rs. 12,500 from Rs. 10,000 and to increase the national minimum daily wage of a worker to Rs. 500 from Rs. 400.
- 07 October 2021 - The Appropriation Bill for 2022 was presented to the Parliament.
 - An appropriation (amendment) bill was submitted to the Parliament to revise the borrowing limit of Rs. 2,997 bn approved by the Appropriation Act No. 7 of 2020, to Rs. 3,397 bn by Rs. 400 bn.

Debt Management

- 26 January 2021 - Measures were taken to facilitate direct placements of SLDBs for banks through collateralised funding arrangements and/or sourcing of foreign currency positions to facilitate the foreign currency funding requirements of the General Treasury until the market conditions return to normalcy and it is conducive for the Government to raise funds in the international capital markets.
- 03 February 2021 - Measures were taken to publish the maximum yield rate for acceptance only for 364-day maturity and accommodating acceptance for 91-day and 182-day maturities within the announced yield rate for 364-day maturity at the Treasury bill auctions, while continuing to publish the maximum yield rate for acceptance for all Treasury bond maturities.
- 26 March 2021 - Measures were taken to record all secondary market trades of Government Securities on the trade date with a view to enhancing and strengthening the secondary market trading practices, improving the reliability of trading, and increasing investor safety and confidence. Accordingly, all participants to the Lanka Settle System were required to report all trades to the Central Bank effective from 01 April 2021.

- 24 May 2021 - Measures were taken to withhold and rollover Rs. 5.0 bn or 50%, whichever is higher, of the weekly maturing Central bank holdings or Treasury bills, and to offer the adjusted requirement to the market.
- 07 June 2021 - Measures were taken to encourage the private sector to pursue avenues to raise offshore funding leveraging on its strengths and facilitate such funds in SLDBs, to hedge the foreign exchange risk of offshore borrowing.
- 09 June 2021 - Measures were taken to facilitate LCBs and NSB to invest funds sourced externally in USD denominated ISBs and SLDBs, equally splitting such investments into both ISBs and SLDBs, to encourage investment opportunities in the country and to further enhance foreign currency inflows.
- 14 June 2021 - Fiscal Management (Responsibility) Act, No. 3 of 2003 was amended by the Fiscal Management (Responsibility) (Amendment) Act, No. 12 of 2021 to shift the debt to GDP target to 2030 from 2020, and to increase the limit on guarantees issued by the Government to 15% from 10%.
- 23 June 2021 - A resolution to increase the limit on Treasury bills to Rs. 3,000 bn from the previous limit of Rs. 2,000 bn was approved by the Parliament. (No. 80 Order Paper of the Parliament).
- 08 July 2021 - Measures were taken to permit companies incorporated in Sri Lanka to invest in ISBs utilising 50% of the foreign currency borrowed from a person resident outside Sri Lanka while the balance 50% of such borrowed funds to be invested in SLDBs.
- 22 September 2021 - Measures were taken to halt the publication of maximum acceptance yield rate for 364-day maturity at Treasury bill auctions with effect from the Treasury bill auction held on 22 September 2021.
- 23 September 2021 - Minimum acceptance at Phase I to execute Phase III of the web based Treasury bond issuance system was increased up to 80% from the offered amount at Phase I. Further, execution of Phase III of Treasury bond issuance process was limited to Treasury bond maturities, of which the remaining maturity is 5 years or below.

