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**PARLIAMENT OF THE DEMOCRATIC
SOCIALIST REPUBLIC OF
SRI LANKA**

**SHOP AND OFFICE EMPLOYEES (REGULATION OF
EMPLOYMENT AND REMUNERATION)
(AMENDMENT) ACT, No. 1 OF 2021**

[Certified on 18th of January, 2021]

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*Shop and Office Employees (Regulation of
Employment and Remuneration) (Amendment)
Act, No. 1 of 2021*

[Certified on 18th of January, 2021]

L.D.—O. 32/2018

AN ACT TO AMEND THE SHOP AND OFFICE EMPLOYEES (REGULATION
OF EMPLOYMENT AND REMUNERATION) ACT (CHAPTER 129)

BE it enacted by the Parliament of the Democratic Socialist
Republic of Sri Lanka as follows:—

- 1.** This Act may be cited as the Shop and Office Employees (Regulation of Employment and Remuneration) (Amendment) Act, No. 1 of 2021.

Short title
- 2.** Section 10 of the Shop and Office Employees (Regulation of Employment and Remuneration) Act (Chapter 129) is hereby amended by the substitution for the words “fourteen years” wherever such words appear in that Section of the words “sixteen years”.

Amendment of
Section 10 of
Chapter 129
- 3.** In the event of any inconsistency between the Sinhala and Tamil texts of this Act, the Sinhala text shall prevail.

Sinhala text to
prevail in case of
inconsistency

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**PARLIAMENT OF THE DEMOCRATIC
SOCIALIST REPUBLIC OF
SRI LANKA**

**EMPLOYMENT OF WOMEN, YOUNG PERSONS
AND CHILDREN (AMENDMENT) ACT, No. 2 OF 2021**

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*Employment of Women, Young Persons and
Children (Amendment) Act, No. 2 of 2021*

[Certified on 18th of January, 2021]

L.D.—O. 33/2018

AN ACT TO AMEND THE EMPLOYMENT OF WOMEN, YOUNG PERSONS
AND CHILDREN ACT, No. 47 OF 1956

BE it enacted by the Parliament of the Democratic Socialist
Republic of Sri Lanka as follows:—

1. This Act may be cited as the Employment of Women,
Young Persons and Children (Amendment) Act, No. 2 of
2021.

Short title

2. Section 3 of the Employment of Women, Young
Persons and Children Act, No. 47 of 1956 (hereinafter referred
to as the “principal enactment”) is hereby amended as
follows:-

Amendment of
section 3 of Act,
No. 47 of 1956

- (1) in subsection (3) thereof, by the substitution for the words “male young persons who have attained the age of sixteen years but are under the age of eighteen years ” of the words “male young persons”;
- (2) in subsection (4) thereof, by the substitution for the words “persons between the ages of sixteen and eighteen years” of the words “young persons”; and
- (3) in subsection (5) thereof, by the substitution for the words “persons between the ages of sixteen and eighteen years” of the words “young persons.”.

3. Section 4 of the principal enactment is hereby
amended in subsection (1) thereof, by the substitution for the
words “ a person who has attained the age of sixteen years
but is under the age of eighteen years ” of the words “a young
person”.

Amendment of
section 4 of the
principal
enactment

2 *Employment of Women, Young Persons and
Children (Amendment) Act, No. 2 of 2021*

Amendment of
section 9 of the
principal
enactment

4. Section 9 of the principal enactment is hereby amended as follows:-

(1) in subsection (1) of that section-

(a) in paragraph (a) thereof, by the substitution for the words “fifteen years” of the words “sixteen years”; and

(b) in paragraph (b) thereof, by the substitution for the words “fifteen years” of the words “sixteen years”;

(2) in paragraph (b) of subsection (2) thereof, by the substitution for the words “fifteen years” of the words “sixteen years”; and

(3) by the repeal of subsection (3) of that section.

Repeal of
section 10 of the
principal
enactment

5. Section 10 of the principal enactment is hereby repealed.

Amendment of
section 20 of the
principal
enactment

6. Section 20 of the principal enactment is amended as follows:-

(1) in subsection (1) thereof, by the substitution for the words “No child or young person who has not attained the age of 16 years” of the words “No child”;

(2) in subsection (2) thereof, by the substitution for the words “No person who has attained the age of fourteen years but is under the age of eighteen years” of the words “No young person”; and

(3) in subsection (4) thereof, by the substitution for the words “a person who has attained the age of sixteen years but is under the age of eighteen years” of the words “a young person”.

Employment of Women, Young Persons and Children (Amendment) Act, No. 2 of 2021 3

7. Section 34 of the principal enactment is hereby amended as follows:-
(1) in subsection (1) thereof-

Amendment of section 34 of the principal enactment

(a) by the substitution for the definition of the expression “child” of the following definition:-

“child” means a person who is under the age of sixteen years;”;

(b) in paragraph (c) of the definition of the expression “industrial undertaking” by the substitution for the words “fourteen years” of the words “sixteen years”;

(c) by the substitution for the definition of the expression “night” of the following definition:-

“night”—

(a) with reference to the employment of women, means at least eleven consecutive hours including the period between 10 p.m. and 5 a.m.; and

(b) with reference to the employment of persons under the age of eighteen years, means at least twelve consecutive hours which shall end not later than 6 a.m. and which-

(i) in the case of such of those persons as have attained the age of sixteen years, shall, subject to the provisions of subparagraph (ii), include at least seven consecutive hours falling between 10 p.m. and 6 a.m.; and

4 *Employment of Women, Young Persons and Children (Amendment) Act, No. 2 of 2021*

(ii) in the case of such of those persons as have attained the age of sixteen years and are undergoing vocational training in the baking industry or are apprentices in that industry, shall, if work during the night in that industry prohibited for all workers, include the seven consecutive hours falling between 9 p.m. and 4 a.m., instead of the period of atleast seven consecutive hours referred to in sub-paragraph (i) if the Minister by Order published in the *Gazette* so directs;”;

(d) by the substitution for the definition of the expression “young person” of the following definition:-

“young person” means a person who has attained the age of sixteen years but is under the age of eighteen years.”; and

(2) in paragraph (a) of subsection (2) thereof, by the substitution for the words “fourteen years” of the words “sixteen years”.

Sinhala text to prevail in case of inconsistency

8. In the event of any inconsistency between the Sinhala and Tamil texts of this Act, the Sinhala text shall prevail.

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**PARLIAMENT OF THE DEMOCRATIC
SOCIALIST REPUBLIC OF
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**MINIMUM WAGES (INDIAN LABOUR)
(AMENDMENT) ACT, No. 3 OF 2021**

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*Minimum Wages (Indian Labour) (Amendment)
Act, No. 3 of 2021*

[Certified on 18th of January, 2021]

L.D.—O. 34/2018

AN ACT TO AMEND THE MINIMUM WAGES (INDIAN LABOUR)
ORDINANCE (CHAPTER 135)

BE it enacted by the Parliament of the Democratic Socialist
Republic of Sri Lanka as follows:—

- | | |
|--|---|
| <p>1. This Act may be cited as the Minimum Wages (Indian Labour) (Amendment) Act, No. 3 of 2021.</p> | <p>Short title</p> |
| <p>2. Section 4 of the Minimum Wages (Indian Labour) Ordinance (Chapter 135) (hereinafter referred to as the “principal enactment”) is hereby amended by the substitution for the words “fourteen years,” of the words “sixteen years,”.</p> | <p>Amendment of section 4 of Chapter 135</p> |
| <p>3. Section 11 of the principal enactment is hereby amended as follows:—</p> <p>(1) by the substitution in paragraph (b) of subsection (1) thereof, for the words “fourteen years” of the words “sixteen years”;</p> <p>(2) by the substitution in subsection (2) thereof, for the words “fourteen years” of the words “sixteen years”.</p> | <p>Amendment of section 11 of the principal enactment</p> |
| <p>4. Section 18 of the principal enactment is hereby amended in the definition of the expression “minimum rates of wages” by the substitution for the words “fifteen years” of the words “sixteen years”.</p> | <p>Amendment of section 18 of the principal enactment</p> |
| <p>5. In the event of any inconsistency between the Sinhala and Tamil texts of this Act, the Sinhala text shall prevail.</p> | <p>Sinhala text to prevail in case of inconsistency</p> |

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**PARLIAMENT OF THE DEMOCRATIC
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**FACTORIES (AMENDMENT)
ACT, No. 4 OF 2021**

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Factories (Amendment) Act, No. 4 of 2021

[Certified on 18th of January, 2021]

L.D.—O. 35/2018

AN ACT TO AMEND THE FACTORIES ORDINANCE (CHAPTER 128)

BE it enacted by the Parliament of the Democratic Socialist Republic of Sri Lanka as follows:—

- 1.** This Act may be cited as the Factories (Amendment) Act, No. 4 of 2021. Short title
- 2.** Section 67 of the Factories Ordinance (Chapter 128) (hereinafter referred to as the “principal enactment”) is hereby amended by the repeal of paragraph (b) and the substitution therefor of the following paragraph:-

“(b) in the case of young persons the period of employment shall not exceed twelve hours in any day and shall neither begin earlier than 6 a.m. nor end later than 8 p.m., and on one day in the week, the period of employment shall end by 1 p.m.;”.

Amendment of section 67 of Chapter 128
- 3.** Section 68(1) of the principal enactment is hereby amended as follows:—

Amendment of section 68 of the principal enactment

 - (1) by the repeal of the words “who have attained sixteen years of age but have not attained eighteen years of age”;
 - (2) in the *proviso* to that subsection by the repeal of the words “who has attained the age of sixteen years but not attained the age of eighteen years,”.
- 4.** Section 71(1) of the principal enactment is hereby amended in the *proviso* to that section by the repeal of the words “who has attained the age of sixteen”.

Amendment of section 71 of the principal enactment

Repeal of section 77 of the principal enactment

5. Section 77 of the principal enactment is hereby repealed.

Amendment of section 86 of the principal enactment

6. Section 86 of the principal enactment is hereby amended in paragraph (c) thereof by the repeal of the words “and as if the references to young persons included references to all persons who had not attained the age of eighteen”.

Amendment of section 127 of the principal enactment

7. Section 127 (1) of the principal enactment is hereby amended by the repeal of the definition of the expression “young person”, and the substitution therefor, of the following definition:-

““young person” means, a person who has attained the age of sixteen years but is under the age of eighteen years.”.

Sinhala text to prevail in case of inconsistency

8. In the event of any inconsistency between the Sinhala and Tamil texts of this Act, the Sinhala text shall prevail.

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**PARLIAMENT OF THE DEMOCRATIC
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**PENAL CODE (AMENDMENT)
ACT, No. 5 OF 2021**

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Penal Code (Amendment) Act, No. 5 of 2021

[Certified on 18th of January, 2021]

L.D.—O. 43/2016

AN ACT TO AMEND THE PENAL CODE (CHAPTER 19)

BE it enacted by the Parliament of the Democratic Socialist Republic of Sri Lanka as follows:-

- | | |
|--|---|
| <p>1. This Act may be cited as the Penal Code (Amendment) Act, No. 5 of 2021.</p> | <p>Short title</p> |
| <p>2. The word “Ceylon”, wherever it appears in the Penal Code (Chapter 19) (hereinafter referred to as the “principal enactment”) other than in sections 3, 18A, 120, 138, 158, 159, 160, 225 and 256A thereof, shall be substituted with the word “Sri Lanka”.</p> | <p>Replacement of the word “Sri Lanka” for the word “Ceylon” in Chapter 19</p> |
| <p>3. The word “Queen”, wherever it appears in the principal enactment, other than in sections 19, 115 and 120 thereof, shall be substituted with the word “Republic”.</p> | <p>Replacement of the word “Republic” for the word “Queen” in the principal enactment</p> |
| <p>4. Section 12 of the principal enactment is hereby repealed and the following section is substituted therefor:- “Republic 12. The word “Republic” denotes the Democratic Socialist Republic of Sri Lanka.”.</p> | <p>Replacement of section 12 of the principal enactment</p> |
| <p>5. Section 13 of the principal enactment is hereby repealed.</p> | <p>Repeal of section 13 of the principal enactment</p> |
| <p>6. Section 14 of the principal enactment is hereby repealed and the following section is substituted therefor:- “Government 14. The word “Government”, where no other meaning is indicated by any descriptive or qualifying words or by the context, and the</p> | <p>Replacement of section 14 of the principal enactment</p> |

2 Penal Code (Amendment) Act, No. 5 of 2021

expression “the Sri Lanka Government” or “the Government of Sri Lanka” shall mean the Government constituted by the Constitution of the Democratic Socialist Republic of Sri Lanka, 1978.”.

Replacement of section 15 of the principal enactment

7. Section 15 of the principal enactment is hereby repealed and the following section is substituted therefor:—

““This Island” and “Sri Lanka” denote respectively, the Island of Sri Lanka.”.

Replacement of section 16 of the principal enactment

8. Section 16 of the principal enactment is hereby repealed and the following section is substituted therefor:—

“President 16. The word “President” shall mean the President of the Democratic Socialist Republic of Sri Lanka and shall include any person duly appointed or designated to exercise, perform and discharge the powers, duties and functions of his office.”.

Amendment of section 17 of the principal enactment

9. Section 17 of the principal enactment is hereby amended by the omission of illustration (b) thereof.

Amendment of section 18A of the principal enactment

10. Section 18A of the principal enactment is hereby amended by the substitution for all the words from “any enactment or any statute” to the end of that section, of the words, “any enactment of the legislature of Sri Lanka or under the Ceylon (Parliamentary Elections) Order in Council, 1946 or any rules or regulations made thereunder.”.

Amendment of section 19 of the principal enactment

11. Section 19 of the principal enactment is hereby amended by—

(1) the substitution for all the words from “*Firstly*” to “air forces of the Queen.”, of the words:—

“*Firstly* - Every person holding any office in Sri Lanka by virtue of any

commission or warrant or other act of appointment, granted or made by the President or under the President's authority.

Secondly - Every member of the Sri Lanka Administrative Service.

Thirdly - Every commissioned officer in the naval, military or air forces of the Republic of Sri Lanka.”; and

(2) the substitution in the illustration thereof, for the words “A police Vidahn”, of the words “A Gramaseva Niladari”.

12. Section 25 of the principal enactment is hereby amended by the substitution for the word “wife”, wherever it appears in that section, of the word “spouse”.
Amendment of section 25 of the principal enactment

13. Section 53 of the principal enactment is hereby amended by the substitution for the word “Governor-General’s”, of the word “President’s”.
Amendment of section 53 of the principal enactment

14. Section 56 of the principal enactment is hereby amended in the illustration thereof, by the substitution for the words “waging war against the Government,” of the words “waging war against the Republic,”.
Amendment of section 56 of the principal enactment

15. Section 115 of the principal enactment is hereby amended by the substitution for the words “to deprive the Queen of the sovereignty of Ceylon or of any part thereof, or of any of her Majesty’s Realms and Territories,” of the words “to deprive the People of the Republic of Sri Lanka of their sovereignty in Sri Lanka or any part thereof,”.
Amendment of section 115 of the principal enactment

Amendment
of section
119 of the
principal
enactment

16. Section 119 of the principal enactment is hereby amended by the substitution—

- (1) for the words “Governor-General or a Senator or Member of Parliament”, wherever those words appear in that section, of the words “President or a Member of Parliament”; and
- (2) in the marginal note, for the word “Governor-General”, of the word “President”.

Amendment
of section
120 of the
principal
enactment

17. Section 120 of the principal enactment is hereby amended—

- (1) by the substitution for the words “the Queen or to Her Government in Ceylon,”, of the words “the President or to the Government of the Republic”;
- (2) by the substitution for the words “the Queen’s subjects” and “subjects”, respectively, of the words, “the People of Sri Lanka” and “people”; and
- (3) in the explanation thereof,—
 - (a) by the substitution for the words “the Queen or Her Government in Ceylon” of the words “the President or the Government of the Republic”; and
 - (b) by the substitution for the words “the Queen’s subjects” wherever those words appear in the explanation, of the words “the People of Sri Lanka”.

Amendment
of section
138 of the
principal
enactment

18. Section 138 of the principal enactment is hereby amended—

- (1) by the substitution for the words “Her majesty’s Government in Ceylon or the Senate or the House of Representatives”, of the words “the Government of the Republic or the Parliament”; and

- (2) by the substitution for the words “Governor-General of Ceylon.”, of the words “President of the Republic”.

19. Section 158 of the principal enactment is hereby amended by the substitution for the words “Government of Ceylon”, of the words “Government of the Republic”.

Amendment of section 158 of the principal enactment

20. Section 159 of the principal enactment is hereby amended by the substitution for the words “the Senate or House of Representatives or the Executive Government of Ceylon”, of the words “the Parliament or the Executive Government of the Republic”.

Amendment of section 159 of the principal enactment

21. Section 160 of the principal enactment is hereby amended—

Amendment of section 160 of the principal enactment

- (1) by the substitution for the words “the Senate or House of Representatives or the Executive Government of Ceylon”, of the words “the Parliament or the Executive Government of the Republic”; and
- (2) in the illustration thereof, by the substitution for the words “An advocate”, of the words “An attorney-at-law”.

22. Section 162 of the principal enactment is hereby amended—

Amendment of section 162 of the principal enactment

- (1) by the substitution for the words “the Government”, of the words “the Republic”; and
- (2) in the marginal note thereof, by the substitution for the words “the Government”, of the word “the Republic”.

23. Sections 191 and 192 of the principal enactment are hereby amended by the substitution for the words “this code or the law of England”, of the words “this code or any other enactment for the time being in force”.

Amendment of sections 191 and 192 of the principal enactment

Amendment of section 225 of the principal enactment

24. Section 225 of the principal enactment is hereby amended—

- (1) by the substitution for the words “issued by the authority of the Government of Ceylon or under the Currency Ordinance, No. 21 of 1941, or any enactment in operation for the time being relating to the issue of coins in Ceylon or by the authority of the Government of any part of Her Majesty’s Realms and Territories”, of the words “issued by the authority of the Government of Ceylon or under the Currency Ordinance, No. 21 of 1941 or under the Monetary Law Act (Chapter 422) or under any enactment in operation for the time being relating to the issue of coins in Sri Lanka”; and
- (2) by the substitution for the words “in Ceylon or in any part of Her Majesty’s Realms and Territories”, of the words “in Sri Lanka”.

Amendment of section 256A of the principal enactment

25. Section 256A of the principal enactment is hereby amended by the substitution for the words “Her Majesty’s Government in Ceylon and also the Government in any part of Her Majesty’s Realms and Territories or in any foreign country.”, of the words “the Government of any foreign country.”.

Amendment of section 398 of the principal enactment

26. Section 398 of the principal enactment is hereby amended in the illustration (a) thereof, the substitution for the words “Civil Service,”, of the words “Sri Lanka Administrative Service.”.

Amendment of section 449 of the principal enactment

27. Section 449 of the principal enactment is hereby amended by the substitution for the word “Crown.”, of the word “State.”.

Amendment of section 468 of the principal enactment

28. Section 468 of the principal enactment is hereby amended by the substitution for the words “in any part of Her Majesty’s Realms and Territories or in any foreign country”, wherever those words appear in that section, of the words “in Sri Lanka or in any foreign country”.

29. Section 478A of the principal enactment is hereby amended by the repeal of paragraph (b) of subsection (2) thereof and the substitution therefor of the following paragraph:—

Amendment of section 478A of the principal enactment

“(b) “currency note” means a currency note issued under the Currency Ordinance, No. 21 of 1941, or under the Monetary Law Act (Chapter 422), or any enactment in operation for the time being relating to the issue of paper currency in Sri Lanka and includes any note of a similar character, by whatever name called, issued by or on behalf of the Government of any foreign State.”.

30. Section 485 of the principal enactment is hereby amended by the substitution for the words “of Her Majesty”, of the words “of the Republic”.

Amendment of section 485 of the principal enactment

31. In the event of any inconsistency between the Sinhala and Tamil texts of this Act, the Sinhala text shall prevail.

Sinhala text to prevail in case of inconsistency

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**PARLIAMENT OF THE DEMOCRATIC
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SRI LANKA**

**EVIDENCE (AMENDMENT)
ACT, No. 6 OF 2021**

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Evidence (Amendment) Act, No. 6 of 2021

[Certified on 18th of January, 2021]

L.D.—O. 45/2016

AN ACT TO AMEND THE EVIDENCE ORDINANCE (CHAPTER 14)

BE it enacted by the Parliament of the Democratic Socialist Republic of Sri Lanka as follows:—

- | | |
|--|---|
| <p>1. This Act may be cited as the Evidence (Amendment) Act, No. 6 of 2021.</p> | <p>Short title</p> |
| <p>2. Section 6 of the Evidence Ordinance (Chapter 14) (hereinafter referred to as the “principal enactment”) is hereby amended in the illustration (b) to that section, by the substitution for the words, “waging war against the Queen.” of the words, “waging war against the Republic”.</p> | <p>Amendment of section 6 of Chapter 14</p> |
| <p>3. Section 10 of the principal enactment is hereby amended in the illustration to that section, by the substitution for the words, “ ‘A’ has joined in a conspiracy to wage war against the Queen” of the words, “ ‘A’ has joined in a conspiracy to wage war against the Republic”.</p> | <p>Amendment of section 10 of the principal enactment</p> |
| <p>4. Section 37 of the principal enactment is hereby amended as follows:-</p> <p>(1) by the substitution for all the words starting from, “contained in any Act of the Parliament of the United Kingdom” to the words, “any part of such Realm or Territory, is a relevant fact.” of the words, “contained in any enactment of Sri Lanka or in the legislation of any foreign country or in any proclamation or notification of the Government of Sri Lanka, appearing in the Government <i>Gezette</i> of Sri Lanka, or in any proclamation or notification of the Government of any foreign country, appearing in any official publication of the Government of such foreign country, is a relevant fact.”; and</p> <p>(2) in the marginal note to that section, by the substitution for the words, “contained in any United Kingdom Act, enactment or notification,” of the words. “contained in any enactment or notification,”.</p> | <p>Amendment of section 37 of the principal enactment</p> |

Amendment of
section 57 of the
principal
enactment

5. Section 57 of the principal enactment is hereby amended as follows:-

- (1) by the substitution in paragraph (1) of that section, for the words, “to be in force in any part of Ceylon;” of the words, “to be in force in any part of Sri Lanka;”;
- (2) by the substitution in paragraph (3) of that section, for the words, “war for Her Majesty’s Navy, Army or Air force;” of the words, “war for the Sri Lanka Army, Navy or Air force;”;
- (3) in paragraph (4) of that section-
 - (i) by the substitution for the words, “Parliament and of the Legislature of Ceylon;” of the words, “the Legislature of Sri Lanka;” and
 - (ii) by the omission of the words starting from “*explanation*” to the words, “(e) the Parliament of Northern Ireland.”;
- (4) by the substitution in paragraph (5) of that section, for the words, “the accession and the Sign Manual of the Sovereigns for the time being of Ceylon and of the United Kingdom;” of the words, “the Public Seal of the Republic of Sri Lanka;”;
- (5) by the substitution in paragraph (6) of that section, for the words, “all seals of which English courts take Judicial Notice; the seals of all the courts of Ceylon; the seals of Courts of Admiralty and maritime jurisdiction and of notaries public; and all seals which any person is authorized to use by any Act of the Parliament of the United Kingdom or other Law in force for the time being in Ceylon;” of the words, “the seals of all the courts of Sri Lanka and of notaries public; and all seals which any

person is authorized to use by any enactment for the time being in force of the Legislature of Sri Lanka or of the Legislature of any foreign Country”;

- (6) by the substitution in paragraph (7) of that section, for the words, “any public office in any part of Ceylon,” of the words, “any public office in any part of Sri Lanka,”;
- (7) by the substitution in paragraph (8) of that section, for the words, “Sovereign recognized by Her Majesty;” of the words, “Sovereign recognized by the Republic of Sri Lanka;”;
- (8) by the substitution in paragraph (10) of that section, for the words, “Her Majesty’s Realms and Territories;” of the words, “the territorial limits of the Democratic Socialist Republic of Sri Lanka and of its divisions;”;
- (9) by the substitution in paragraph (11) of that section, for the words, “between Her Majesty and any State or body of persons;” of the words, “between the Republic of Sri Lanka and any foreign State or body of persons;”;
- (10) by the substitution in paragraph (12) of that section, for the words, “advocates, proctors,” of the words, “attorneys-at-law,”.

6. Section 65 of the principal enactment is hereby amended in paragraph (6) of that section, by the substitution for the word, “Ceylon” of the words, “Sri Lanka”.

Amendment of section 65 of the principal enactment

7. Section 69 of the principal enactment is hereby amended by the substitution for the words, “executed in the United Kingdom,” of the words, “executed in any foreign Country,”.

Amendment of section 69 of the principal enactment

Amendment of section 74 of the principal enactment

8. Section 74 of the principal enactment is hereby amended as follows:-

- (1) by the substitution in subparagraph (iii) of paragraph (a) of that section, for the words, “Ceylon or of any other part of Her Majesty’s Realms and Territories, or of a foreign country;” of the words, “Sri Lanka or of a foreign country;” and
- (2) by the substitution in paragraph (b) of that section, for the word, “Ceylon,” of the word, “Sri Lanka,”.

Amendment of section 78 of the principal enactment

9. Section 78 of the principal enactment is hereby amended as follows:-

- (1) by the substitution in paragraph (1) of that section, for the words, “Government of Ceylon” of the words, “Government of Sri Lanka”;
- (2) by the substitution in paragraph (3) of that section, for the words, “issued by Her Majesty or by the Privy Council, or by any department of Her Majesty’s Government - by copies or extracts contained in the *London Gazette* or in the *Gazette* of Ceylon or purporting to be printed by the Queen’s printer;” of the words “issued by the President or any Minister or any department of Government-by copies or extracts contained in the *Gazette* of Sri Lanka;”;
- (3) by the substitution in sub-paragraph (iii) of paragraph (4) of that section for the words, “public enactment of Ceylon;” of the words, “public enactment of Sri Lanka;”.
- (4) by the substitution in paragraph (5) of that section for the words, “Municipal body in Ceylon-” of the words, “Municipal body in Sri Lanka-”; and
- (5) by the substitution in subparagraph (ii) of paragraph (6) of that section for the words, “of a British Consul or Diplomatic Agent,” of the words, “of any Ambassador, High Commissioner, or other diplomatic agent of Sri Lanka,”.

- 10.** Section 79 of the principal enactment is hereby amended by the substitution for the words, “duly certified by any officer in Ceylon,” of the words, “duly certified by any officer in Sri Lanka”.
- Amendment of section 79 of the principal enactment
- 11.** Section 81 of the principal enactment is hereby amended by the substitution for all the words starting from “every document purporting to be the London *Gazette*” to the words, “by the Queen’s printer,” of the words, “every document purporting to be the *Gazette* of Ceylon or Sri Lanka”.
- Amendment of section 81 of the principal enactment
- 12.** Section 82 of the principal enactment is hereby repealed.
- Repeal of section 82 of the principal enactment
- 13.** Section 85 of the principal enactment is hereby amended by the substitution for the words, “British Consul or Vice - Consul, or representative of her Majesty, or of the Governor - General of Ceylon, or of the Government of India,” of the words, “an Ambassador or High Commissioner or other diplomatic representative of Sri Lanka,”.
- Amendment of section 85 of the principal enactment
- 14.** Section 86 of the principal enactment is hereby amended by the substitution for all the words starting from “any country not forming part of Her Majesty’s Realms and Territories” to the words, “Government of India,” of the words, “any country other than the Republic of Sri Lanka is genuine and accurate, if the document purports to be certified in any manner which is certified by any representative of the Republic of Sri Lanka,”.
- Amendment of section 86 of the principal enactment
- 15.** Section 90A of the principal enactment is hereby amended by the repeal of the definition of the expression “company” and the substitution therefor of the following definition:-
- Amendment of section 90A of the principal enactment
- ““company” shall have the same meaning assigned to it under the Companies Act, No. 7 of 2007.”.

Amendment of section 90B of the principal enactment

16. Section 90B of the principal enactment is hereby amended by the substitution for the words, “within Ceylon,” of the words “within Sri Lanka,”.

Amendment of section 91 of the principal enactment

17. Section 91 of the principal enactment is hereby amended in exception 2, to that section, by the substitution for the word, “Ceylon” of the word, “Sri Lanka”.

Amendment of section 100 of the principal enactment

18. Section 100 of the principal enactment is hereby amended by the substitution for the word, “Ceylon,” of the word “Sri Lanka,”.

Amendment of section 111 of the principal enactment

19. Section 111 of the principal enactment is hereby amended in the illustration (a) to that section, by the substitution for the words, “a proctor” and “the proctor” wherever those words appear in that illustration of the words respectively, “an attorney-at-law” and “the attorney-at-law”.

Amendment of section 126 of the principal enactment

20. Section 126 of the principal enactment is hereby amended by the substitution for the words, “Advocate, Proctor,” wherever those words appear in that section, of the words, “attorney-at-law”.

Amendment of section 127 of the principal enactment

21. Section 127 of the principal enactment is hereby amended by the substitution for the words, “advocates, proctors,” wherever those words appear in that section of the words, “attorneys-at-law”.

Amendment of section 128 of the principal enactment

22. Section 128 of the principal enactment is hereby amended by the substitution for the words, “advocate, proctor,” wherever those words appear in that section of the words, “attorney-at-law”.

Amendment of section 132 of the principal enactment

23. Section 132 of the principal enactment is hereby amended in subsection (1) of that section, by the substitution for the words, “her Majesty” of the words, “the State”.

- 24.** Section 149 of the principal enactment is hereby amended as follows:-
- Amendment of section 149 of the principal enactment
- (1) in the illustration (a) to that section, by the substitution for the words, “An Advocate is instructed by a proctor” of the words, “An attorney-at-law is instructed”; and
 - (2) in the illustration (b) to that section, by the substitution for the words, “A Proctor” and “the proctor” wherever those words appear in that illustration, of the words respectively as, “An Attorney-at-law” and “the Attorney-at-Law”.
- 25.** Section 150 of the principal enactment is hereby amended by the substitution for the words, “advocate or proctor”, wherever those words appear in that section of the words, “attorney-at-law”.
- Amendment of section 150 of the principal enactment
- 26.** In the event of any inconsistency between the Sinhala and Tamil texts of this Act, the Sinhala text shall prevail.
- Sinhala text to prevail in case of any inconsistency

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**PARLIAMENT OF THE DEMOCRATIC
SOCIALIST REPUBLIC OF
SRI LANKA**

BAIL (AMENDMENT) ACT, No. 7 OF 2021

[Certified on 18th of January, 2021]

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Bail (Amendment) Act, No. 7 of 2021

[Certified on 18th of January, 2021]

L.D.—O. 49/2019

AN ACT TO AMEND THE BAIL ACT, NO. 30 OF 1997

BE it enacted by the Parliament of the Democratic Socialist Republic of Sri Lanka as follows:—

1. This Act may be cited as the Bail (Amendment) Act, No. 7 of 2021. Short title.

2. The sections of the Bail Act, No. 30 of 1997 specified in Column I of the Schedule hereto, are hereby amended by the substitution for the words specified in the corresponding entry in Column II, of the words specified in the corresponding entry in Column III of that Schedule for the purpose of increase of fines imposed in respect of the offences specified in such sections. Amendment of certain sections of the Act, No. 30 of 1997 specified in the Schedule.

3. In the event of any inconsistency between the Sinhala and Tamil texts of this Act, the Sinhala text shall prevail. Sinhala text to prevail in case of inconsistency.

SCHEDULE

(Section 2)

| <i>Column I</i> | <i>Column II</i> | <i>Column III</i> |
|-------------------------|----------------------------------|-----------------------------|
| <i>Sections Amended</i> | <i>Repeal</i> | <i>Insert</i> |
| 6(2) | one thousand rupees | fifteen thousand rupees |
| 12(2) | one thousand rupees | ten thousand rupees |
| 18(5) | one thousand five hundred rupees | twenty five thousand rupees |

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**PARLIAMENT OF THE DEMOCRATIC
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SRI LANKA**

**INTELLECTUAL PROPERTY (AMENDMENT)
ACT, No. 8 OF 2021**

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*Intellectual Property (Amendment)
Act, No. 8 of 2021*

[Certified on 18th of January, 2021]

L.D.—O. 11/2016

AN ACT TO AMEND THE INTELLECTUAL PROPERTY
ACT, No.36 OF 2003

BE it enacted by the Parliament of the Democratic Socialist
Republic of Sri Lanka as follows:—

- 1.** This Act may be cited as the Intellectual Property (Amendment) Act, No. 8 of 2021. Short title
- 2.** Section 5 of the Intellectual Property Act, No. 36 of 2003 (hereinafter referred to as the “principal enactment”) is hereby amended as follows:— Amendment of section 5 of Act, No. 36 of 2003

 - (1) by the insertion immediately before the definition of the expression “audiovisual work”, of the following definition:—

““accessible format” means a copy of a work in an alternative form or manner which gives a beneficiary person access to such work, including to permit such person to have access as feasibly and comfortably as a person without any disability which a beneficiary person has. The accessible format copy shall be used exclusively by beneficiary persons and shall respect the integrity of the original work, taking into consideration of the changes needed to make the work accessible in the alternative format and of the accessibility needs of the beneficiary person;”.

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Act, No. 8 of 2021

- (2) by the insertion immediately after the definition of the expression “author” of the following definition:–

“ “beneficiary person” means any person who–

(a) is blind;

(b) has a visual impairment or a perceptual or reading disability which cannot be improved to give visual function substantially equivalent to a person who has no such impairment or disability and is unable to read printed works to substantially the same degree as a person without any such impairment or disability; or

(c) is otherwise unable, through physical disability to hold or manipulate a book or to focus or move eyes to the extent that is acceptable for reading,

regardless of any other disability;”.

Insertion of new section 12A in the principal enactment

3. The following new section is hereby inserted immediately after section 12 of the principal enactment and shall have effect as section 12A of that enactment:–

“Fair use of a work by any authorized entity to facilitate a beneficiary person

12A. (1) (a) Notwithstanding anything contained in this Part, any authorized entity may adapt, reproduce and issue of copies of any work in an accessible format for the benefit of a beneficiary person in order to facilitate such beneficiary person to access such work including the sharing with any other beneficiary person of such work where the

reproduction is made exclusively for the own use of the beneficiary person, his educational purpose or research and where the original format of such work prevents the enjoyment thereof by such person. Such adaptation, reproduction and issue of copies of any work by the authorized entity shall not be an infringement of copyright.

(b) The provisions of paragraph (a) shall apply for any work only where such work is not commercially available in such accessible format under reasonable terms. In such event, the Minister shall deposit a notification with the Director-General of the World Intellectual Property Organization declaring the limitations or exceptions, as the case may be, to such work.

(2) An authorized entity shall—

- (a) be such persons or organizations as shall be prescribed by the Minister in consultation with the Director-General of Intellectual Property;
- (b) make available to any beneficiary person copies of any work in accessible format on non-profit basis recovering only the cost of the production of such work in an accessible format;
- (c) ensure that copies of any work in accessible format are used only by a beneficiary person and take reasonable steps to prevent its entry into ordinary channels of business;

*Intellectual Property (Amendment)
Act, No. 8 of 2021*

- (d) limit the supply of copies of any work in accessible format only to adapt, reproduce and issue of copies of such work to the beneficiary persons or any other persons acting on behalf of the beneficiary person;
- (e) discourage the reproduction, distribution and making available of unauthorized copies of any work in accessible format; and
- (f) maintain due care in, and records of its handling of copies of any work in accessible format while respecting the privacy of a beneficiary person.”.

Sinhala text to prevail in case of inconsistency

4. In the event of any inconsistency between the Sinhala and Tamil texts of this Act, the Sinhala text shall prevail.

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**PARLIAMENT OF THE DEMOCRATIC
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**VALUE ADDED TAX (AMENDMENT)
ACT, No. 9 OF 2021**

[Certified on 13th of May, 2021]

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Value Added Tax (Amendment)
Act, No. 9 of 2021

[Certified on 13th of May, 2021]

L. D.— O. 9/2020

AN ACT TO AMEND THE VALUE ADDED TAX ACT, NO. 14 OF 2002

BE it enacted by the Parliament of the Democratic Socialist Republic of Sri Lanka as follows:-

- 1.** This Act may be cited as the Value Added Tax (Amendment) Act, No. 9 of 2021. Short title
- 2.** Section 2 of the Value Added Tax Act, No.14 of 2002 (hereinafter referred to as the “principal enactment”) is hereby amended as follows:- Amendment of section 2 of Act, No.14 of 2002

 - (1) in item (v) of sub-paragraph (v) of subsection (1) of that section by the substitution for the words “any taxable period thereafter” of the words and figures “any taxable period thereafter but for the period ending on or before November 30, 2019; and”;
 - (2) by the insertion immediately after the item (v) of sub-paragraph (v) of subsection (1) of that section of the following:-

“(vi) for the period commencing on December 1, 2019 and ending on December 31, 2019 and for any taxable period commencing on or after January 1, 2020 at the rate of eight *per centum* (of which the tax fraction is 2/27),”.
- 3.** Section 3 of the principal enactment is hereby amended in subsection (1) of that section by the substitution for the words “Notwithstanding the provisions of section 2, the tax shall not be” of the words and figures “Notwithstanding the provisions of section 2, for any period prior to January 1, 2020, the tax shall not be”. Amendment of section 3 of the principal enactment

Amendment of
section 7 of the
principal
enactment

4. Section 7 of the principal enactment is hereby amended in subsection (1) of that section as follows:-

- (1) by the substitution in paragraph (a), for the words “where the supplier of such goods has exported such goods;” of the words “where the supplier of such goods has exported such goods for which payment is received in foreign currency through a bank in Sri Lanka licenced under the Banking Act, No. 30 of 1988 within a period of six months from the end of the taxable period of which such exportation has taken place;”;
- (2) in paragraph (b) of that subsection—
 - (a) by the substitution in sub-paragraph (i) for the words “immovable property outside Sri Lanka” of the words “immovable property outside Sri Lanka, for which payment is received in foreign currency through a bank in Sri Lanka licenced under the Banking Act, No. 30 of 1988 within a period of six months from the end of the taxable period of which supply of such service is provided;”
 - (b) by the substitution in sub-paragraph (iia) for the words “re-export under entre-port trade:” of the words and figures “re-export under entre-port trade, for which payment is received in foreign currency through a bank in Sri Lanka licenced under the Banking Act, No. 30 of 1988 within a period of six months from the end of the taxable period of which supply of such service is provided;”
 - (c) by the substitution in sub-paragraph (iii) for the words “such right if for use outside Sri Lanka” of the words “such right is for use outside Sri Lanka, for which payment is

received in foreign currency through a bank in Sri Lanka licenced under the Banking Act, No. 30 of 1988 within a period of six months from the end of the taxable period of which supply of such service is provided;

- (d) by the substitution in sub-paragraph (v) for the words “payment is received in foreign currency through a bank, if ” of the words and figures “payment is received in foreign currency through a bank in Sri Lanka licenced under the Banking Act, No. 30 of 1988 within a period of six months from the end of the taxable period of which supply of such service is provided, if;
- (e) by the substitution in sub-paragraph (vi) for the words “payment is received in foreign currency, through a bank” of the words and figures “payment is received in foreign currency through a bank in Sri Lanka licenced under the Banking Act, No. 30 of 1988 within a period of six months from the end of the taxable period of which supply of such service is provided;
- (f) by the substitution in sub-paragraph (vii) for the words “payment for such service is received in foreign currency, through a bank in Sri Lanka in so far” of the words and figures “payment for such service is recieved in foreign currency through a bank in Sri Lanka licenced under the Banking Act, No. 30 of 1988 within a period of six months from the end of the taxable period of which supply of such service is provided, in so far;”;

*Value Added Tax (Amendment)
Act, No. 9 of 2021*

- (3) by the substitution in paragraph (c), for the words “foreign currency from outside Sri Lanka through a bank in Sri Lanka” of the words and figures “foreign currency from outside Sri Lanka through a bank in Sri Lanka licenced under the Banking Act, No. 30 of 1988 within a period of six months from the end of the taxable period of which supply of such service is provided”;
- (4) by the insertion immediately after subsection (2), of the following:–

“(3) Notwithstanding the payment in respect of supply of goods or services referred to in subsection (1) of section 7 is not received in foreign currency through a bank in Sri Lanka licenced under the Banking Act, No. 30 of 1988 within a period of six months from the end of the taxable period of which such exportation has taken place or supply of such service is provided, as the case may be, where it is proved to the satisfaction of the Commissioner-General that such goods are exported or the services are performed, the rate specified in section 2 shall not apply on such supply of goods or services.”.

Amendment of
section 10 of
the principal
enactment

5. Section 10 of the principal enactment is hereby amended as follows:–

(1) in subsection (1) of that section–

- (a) by the substitution in paragraph (v), for the words and figures “on or after April 1, 2016,

carries on” of the words and figures “on or after April 1, 2016, but prior to January 1, 2020, carries on”;

- (b) by the insertion immediately after paragraph (v), of the following:-

“(vi) on or after January 1, 2020, carries on or carries out any taxable activity in Sri Lanka shall be required to be registered under this Act, if—

- (a) at the end of any taxable period of one month or three months, as the case may be, the total value of the taxable supplies of goods or services or goods and services of such person, made in Sri Lanka in that taxable period of one month or three months, as the case may be, is seventy five million rupees or more; or
- (b) in the twelve months period then ending, the total value of the taxable supplies of goods or services or goods and services of such person, made in Sri Lanka has exceeded three hundred million rupees; or
- (c) at any time, there are reasonable grounds to believe that the total value of the taxable supplies of goods or services or goods and services of such person in Sri Lanka, in the succeeding one month or three months taxable period, as the case may be, is likely to exceed

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Act, No. 9 of 2021*

seventy five million rupees or in the succeeding twelve months period is likely to exceed three hundred million rupees.”;

- (2) in subsection (2) of that section by the substitution for the words “exempted under PART II of the First Schedule to the Act, is not less than” of the words and figures “exempted under PART II of the First Schedule to this Act, for any period prior to January 1, 2020, is not less than”.

Replacement of section 12 of the principal enactment

6. Section 12 of the principal enactment is hereby repealed and the following section is substituted therefor:-

“Voluntary registration

12. (1) Notwithstanding anything to the contrary in sections 3 and 10, any person who supplies goods or services and carries on a taxable activity or who imports any taxable goods may make an application to the Commissioner-General, in the form specified by the Commissioner-General, for registration under this Act,-

(a) for any taxable period prior to January 1, 2013:

Provided however, the Commissioner-General may after affording the applicant an opportunity of being heard, and having regard to the nature of the business carried on by such applicant, the value of the taxable supplies made by such applicant in the two preceding taxable periods and

the probability that the value of his taxable supplies will not exceed the value referred to in section 10, refuse to register such applicant; and

- (b) for any taxable period commencing on or after January 1, 2020, in the case of a person who supplies goods or services and carries on a taxable activity.

(2) Any person registered under this section shall not be eligible for registration with the Simplified Value Added Tax Scheme administered by the Commissioner-General unless-

- (a) his taxable supply exceeds the total value of the taxable supplies referred to in subsection (1) of section 10; or
- (b) he is an exporter who proves to the satisfaction of the Commissioner-General that his total supplies have been exported; or
- (c) such person is willing to register for the purpose of the Simplified Value Added Tax Scheme as a Registered Identified Supplier as approved by the Commissioner-General.”.

7. Section 22 of the principal enactment is hereby amended as follows:-

Amendment
of section 22
of the
principal
enactment

- (1) in paragraph (a) of the first proviso to subsection (1) thereof, by the repeal of sub-paragraphs (iii) and (iv) and the substitution therefor of the following:-

“(iii) (a) rupees seventy five for any period commencing on or after August 16, 2018 but prior to November 1, 2019;

*Value Added Tax (Amendment)
Act, No. 9 of 2021*

(b) rupees one hundred for any period commencing on or after November 1, 2019, but prior to January 1, 2021;

(c) rupees twenty five for any period commencing on or after January 1, 2021,

for each such garment other than panties, socks, briefs and boxer shorts identified under the Harmonized Commodity Description and Coding System Numbers for Custom Purposes;

(iv) (a) rupees seventy five for any period commencing on or after August 16, 2018, but prior to November 1, 2019;

(b) rupees one hundred for any period commencing on or after November 1, 2019, but prior to January 1, 2021;

(c) rupees twenty five for any period commencing on or after January 1, 2021,

for six pieces of panties, socks, briefs and boxer shorts, identified under the Harmonized Commodity Description and Coding System Numbers for Custom Purposes.”;

(2) in subsection (6) of that section, by the insertion immediately after paragraph (v), of the following new paragraph:—

“(vi) if the payment in respect of supply of goods or services referred to in subsection (1) of section 7 is not received in foreign currency through a bank in Sri Lanka licenced under the Banking Act, No. 30 of 1988 within a period of six months from the end of the taxable period of which such exportation has taken place or supply of such service is provided, as the case may be.”;

- (3) in subsection (14) of that section, by the substitution for the words and figures “ (14) Where any person” of the words and figures “(14) For any period prior to the date of commencement of this (Amendment) Act where any person”.

8. The First Schedule to the principal enactment is hereby amended in PART II as follows: -

Amendment of
the First
Schedule to the
principal
enactment

- (1) in paragraph (a) of that PART, by the insertion immediately after item (xxx) of the following new item-

“(xxxi) machinery and equipment including medical, surgical and dental instruments, apparatus, accessories and parts thereof, hospital or medical furniture and drugs, chemical and similar items, as recommended by the Secretary to the Ministry of the Minister assigned the subject of Health, as required for the provision of health services to address the COVID 19 pandemic, with effect from May 20, 2020.”;

- (2) by the substitution in sub-item (c) of item (xi) of paragraph (b) for the words and figures “on or after April 1, 2019, other than any lease” of the words and figures “on or after April 1, 2019 but on or before November 30, 2019, other than any lease”;

- (3) by the insertion immediately after sub-item (c) of item (xi) of paragraph (b), of the following: -

“(d) if such supply has taken place on or after December 1, 2019, by any person, other than any lease or rent of residential accommodation.”;

- (4) by the renumbering of item (Li) and (Lii) (as inserted by Value Added Tax (Amendment) Act, No.25 of 2018) of paragraph (b) as (Lii) and (Liii) respectively;

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Act, No. 9 of 2021

(5) by the insertion immediately after the renumbered item (Liii) of the followings:-

“(Liv) commencing on or after January 1, 2020 information technology and enabled services as shall be prescribed;

(Lv) health protective equipment and similar products by any exporter, registered with the Board of Investment of Sri Lanka established by the Board of Investment of Sri Lanka Law, No.4 of 1978, to the Ministry of Health and Indigenous Medical Services, Department of Health Services, Sri Lanka Army, Sri Lanka Navy, Sri Lanka Air force and Sri Lanka Police on or after April 29, 2020;

(Lvi) services in respect of inbound tours, by a travel agent registered with the Sri Lanka Tourism Development Authority for any period commencing from April 1, 2020;”;

(6) by the addition immediately after paragraph (l) of that PART the following:-

“(m) with effect from the date of commencement of this (Amendment) Act, local supply of any goods [other than goods referred to in paragraph (c)], which would have been exempted on importation, if imported.”;

Validation

9. Any person who is authorized to collect the Value Added Tax as provided for in this Act during the period commencing from December 1, 2019 and ending on the date on which the Certificate of the Speaker is endorsed in respect of this Act, shall be deemed to have acted with due authority and such collection shall be deemed to have been, and to be, validly made and such person is hereby indemnified against all actions, civil or criminal, in respect of such collection:

Provided that, the aforesaid provisions shall not affect any decision or Order made by any Court or any proceedings pending in any Court in respect of any tax collected as provided for in this Act during the said period.

10. In the event of any inconsistency between the Sinhala and Tamil texts of this Act, the Sinhala text shall prevail.

Sinhala text to prevail in case of inconsistency

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**PARLIAMENT OF THE DEMOCRATIC
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**INLAND REVENUE (AMENDMENT)
ACT, No. 10 OF 2021**

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*Inland Revenue (Amendment)
Act, No. 10 of 2021*

[Certified on 13th of May, 2021]

L.D.-O. 10/2020

AN ACT TO AMEND THE INLAND REVENUE ACT, NO. 24 OF 2017

BE it enacted by the Parliament of the Democratic Socialist Republic of Sri Lanka as follows: -

1. (1) This Act may be cited as the Inland Revenue (Amendment) Act, No. 10 of 2021.

Short title and
the date of
operation

(2) The provisions of this Act (other than the provisions of sections referred to in *Table 'A'* and *Table 'B'* set out in this Amendment Act) shall commence on the date on which the certificate of the Speaker is endorsed thereon.

(3) The provisions of sections referred to in *Table 'A'* set out in this Amendment Act shall be deemed to have come into operation on April 1, 2021.

(4) The provisions of sections referred to in *Table 'B'* set out in this Amendment Act shall be deemed to have come into operation on the respective dates specified in that Table.

2. Section 5 of the Inland Revenue Act, No. 24 of 2017 (hereinafter referred to as the “principal enactment”) is hereby amended in subsection (3) of that section as follows: -

Amendment of
section 5 of Act,
No. 24 of 2017

- (1) in paragraph (c) of that subsection, by the substitution for the words “on equal terms;” of the words “in the same grade of the service, on equal terms;”;
- (2) in paragraph (f) of that subsection, by the substitution for the words “provident or savings fund or savings society” of the words “provident, gratuity or savings fund or savings society”.

Amendment of section 6 of the principal enactment

3. Section 6 of the principal enactment is hereby amended in paragraph (d) of subsection (2) of that section, by the substitution for the words “the Second or Fourth Schedule to this Act”, of the words “the Fourth Schedule to this Act”.

Amendment of section 9 of the principal enactment

4. Section 9 of the principal enactment is hereby amended in subsection (3) of that section, by the substitution for the words “commencement of this Act.” of the words and figures, “commencement of this Act or for any projects approved under the Strategic Development Projects Act, No. 14 of 2008.”.

Amendment of section 10 of the principal enactment

5. Section 10 of the principal enactment is hereby amended in subparagraph (v) of paragraph (b) of subsection (1) of that section, by the substitution for the words “provident or savings fund” of the words “provident, gratuity or savings fund”.

Amendment of section 11 of the principal enactment

6. Section 11 of the principal enactment is hereby amended by the addition immediately after subsection (3) of that section, of the following new subsection: -

“(4) For the purpose of this section, cost of funds of the financial institution incurred on the loans provided for new businesses commenced on or after April 1, 2021 by any individual after successful completion of vocational education from any Vocational Education Institution which is standardized under Technical and Vocational Education and Training concept (TVET concept) and regulated by the Tertiary and Vocational Education Commission, shall be deemed to be incurred in the production of income of such financial institution.”.

Amendment of section 14 of the principal enactment

7. Section 14 of the principal enactment is hereby amended as follows: -

(1) in subsection (2) of that section-

- (a) by the substitution for the words and the figure “The deductions referred to in subsection (1) granted for a year of assessment”, of the words and figures “The deductions of improvements referred to in subsection (1) granted for any year of assessment commencing from April 1, 2021”; and
 - (b) in subparagraph (i) of paragraph (a) of that subsection, by the substitution for the words “in the case of repair or improvement to”, of the words “in the case of improvement to”;
- (2) in subsection (3) of that section, by the substitution for the words and figure “(paragraph (3) of the Fourth Schedule)”, of the words and figure “(paragraph 3 of the Fourth Schedule)”;
 - (3) by the addition immediately after subsection (3) of that section, of the following new subsection: -

“(4) In this section, “improvement” means the expenditure incurred by a person to make additions or alterations to a depreciable asset which enhances the value of such asset, but excludes the expenditure incurred to maintain or repair a depreciable asset which temporarily enhances the value of such asset.”.

8. The following new section is hereby inserted immediately after section 15 of the principal enactment, and shall have effect as section 15A of that enactment: -

Insertion of new section 15A in the principal enactment

“Marketing and communication expenses”
15A. (1) For any year of assessment commencing on or after April 1, 2021, in calculating a person’s income from a business, marketing and communication expenses incurred by such person in the production of

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income during the year of assessment shall be deducted irrespective of whether they are of a capital nature or not.

(2) In this section, “marketing and communication expenses” means, any expenses incurred by any person in-

- (a) carrying out a market research by such person or any institution in Sri Lanka on his behalf;
- (b) the development or production of marketing, advertising and communication campaign to the extent that such development or production is carried out in Sri Lanka;
- (c) advertising on mainstream media or social media including television, radio, print or as outdoor advertising;
- (d) product launches or campaign activation carried out by such person or by any local institution on his behalf;
- (e) development and printing of point-of-sale material by such person or by any local institution on his behalf.”.

Amendment of
section 16 of the
principal
enactment

9. Section 16 of the principal enactment is hereby amended as follows: -

- (1) in paragraph (b) of subsection (2) of that section, by the substitution for the words “the Second or

Fourth Schedule to this Act.” of the words “the Second, Fourth or Sixth Schedule to this Act.”;

- (2) in paragraph (b) of subsection (4) of that section, by the substitution for the words “the Second or Fourth Schedule to this Act.” of the words “the Fourth Schedule to this Act.”.

10. Section 18 of the principal enactment is hereby amended by the repeal of subsection (1) and subsection (2) of that section, and the substitution therefor of the following subsections: -

Amendment of section 18 of the principal enactment

“(1) The amount of financial costs deducted in calculating the income of a company (other than a financial institution) which is incorporated in or outside Sri Lanka and having an issued share capital as at the date on which the year of assessment ends, from conducting a business or investment for a year of assessment commencing from April 1, 2021, shall not exceed the limit referred to in subsection (2).

(2) The limit shall be computed according to the following formula: -

$$\frac{A}{B} \times C$$

Where:

‘A’ = financial cost of the year;

‘B’ = value of financial instruments on which the financial cost incurred during the year; and

‘C’ = 4 x total of the issued share capital and reserves of the company as at the end of the year.”.

Amendment of
section 19 of the
principal
enactment

11. Section 19 of the principal enactment is hereby amended in subsection (3) of that section, by the substitution for the words “in calculating exempt amounts.”, of the following: -

“in calculating exempt amounts.

For the purpose of this subsection, where any company has an unrelieved loss from business to deduct in the current year of assessment from a period during which that company had operated as a small and medium enterprise and, if-

- (a) the unrelieved loss was a profit in the year of assessment in which that unrelieved loss was incurred and which would have been taxed at a reduced rate; and
- (b) the current year business income is not taxable at the same reduced rate as in the year referred to in the paragraph (a),

that unrelieved loss shall, (subject to paragraph (b) of subsection (1)), be deemed to be a loss (if it would have been a taxable profit) taxed at the same rate of the current year.”.

Amendment of
section 20 of the
principal
enactment

12. Section 20 of the principal enactment is hereby amended as follows: -

- (1) by the repeal of subsection (2) of that section, and the substitution therefor, of the following subsection: -

“(2) Where a trust or company is unable to submit the accounts for the period of twelve months of the year of assessment as provided in subsection (1), such trust or company may apply to the Commissioner-General requesting that the accounts based on an alternative period of twelve months be used to compute the income tax payable for a given

year of assessment. The Commissioner-General may approve such request on such terms and conditions as he thinks fit. The Commissioner-General may revoke such approval if the trust or company fails to comply with terms and conditions attached to the approval.”.

- (2) in subsection (3) of that section, by the substitution for the words “A change in a trust or company’s year of assessment shall”, of the words and the figure “A change approved under subsection (2) shall not”;
- (3) by the substitution for the marginal note of that section, of the following marginal note: -

“Year of assessment”.

13. Section 36 of the principal enactment is hereby amended by the addition immediately after subsection (4) of that section, of the following new subsection: -

Amendment of section 36 of the principal enactment

“(5) Where, in any year of assessment commencing from April 1, 2021, an asset owned by a person is used in the production of different gains and profits from business (including losses) taxable at different tax rates, the cost of, and consideration received for the asset shall be apportioned among such gains and profits, according to the market value of the parts of the assets used to produce respective gains and profits.”.

14. Section 38 of the principal enactment is hereby amended by the insertion immediately after subsection (1) of that section, of the following new subsection: -

Amendment of section 38 of the principal enactment

“(1A) Notwithstanding anything to the contrary in subsection (1), the consideration received for the realisation of an investment asset of a person shall be the amount received or receivable by the person in

respect of such asset or the assessed value at the time of realisation, whichever is higher:

Provided, however, a tax official may determine the consideration received for an asset in terms of subsection (1), if such tax official is of the opinion that the assessed value is not indicative of the market value of such asset.

For the purpose of this subsection, “assessed value” means the value at the time of the realisation, certified by a professionally qualified valuer in a valuation report.”.

Amendment of
section 53 of the
principal
enactment

15. Section 53 of the principal enactment is hereby amended as follows: -

- (1) in subsection (1) of that section, by the substitution for the words “a partnership”, of the words and figures “prior to January 1, 2020, a partnership”;
- (2) by the insertion immediately after subsection (1) of that section, of the following new subsection: -

“(1A) Every partnership shall be liable to pay income tax with effect from January 1, 2020 at the rate provided for in paragraph 2 of the First Schedule to this Act, separately from its partners.”;

- (3) in subsection (9) of that section, by the substitution for the words “The precedent partner”, of the words and figures “Prior to January 1, 2020, the precedent partner”;
- (4) by the addition immediately after subsection (9) of that section, of the following new subsection: -

“(10) Each partner in a partnership shall be responsible for performing any duty or obligation

imposed by this Act on the partnership in relation to its income tax payable.”.

16. Section 55 of the principal enactment is hereby amended in subsection (4) of that section, by the substitution for the words “as paid by them.” of the words “as paid by them without any right to a refund (but with a right to carry forward to the next succeeding year to deduct as a tax credit in that year) of any excess of such share of tax attributable to such partner.”.

Amendment of section 55 of the principal enactment

17. Section 60 of the principal enactment is hereby amended in subsection (2) of that section, by the substitution for the words “a single company business.”, of the words “a single company business, unless different tax rates are applicable to the different activities and sources of income, in which case each such different activity and source shall be treated as distinct businesses and sources.”.

Amendment of section 60 of the principal enactment

18. Section 62 of the principal enactment is hereby amended in subsection (2) of that section, by the substitution for the words “making such remittances.” of the following: -

Amendment of section 62 of the principal enactment

“making such remittances:

Provided however, if a non-resident person retained the total income earned in any year of assessment commencing on or after April 1, 2021 in Sri Lanka for a minimum period of three years commencing from the first day of the immediately succeeding year of assessment in which the income is earned and invested the same in Sri Lanka to expand its business or to acquire shares or securities from the Colombo Stock Exchange licensed by the Securities and Exchange Commission of Sri Lanka or to acquire any treasury bill, treasury bond or Sri Lanka International Sovereign Bond issued on behalf of the Government of Sri Lanka, the tax rate on remittances of such retained income invested shall be zero percent.”.

Amendment of
section 66 of the
principal
enactment

19. Section 66 of the principal enactment is hereby amended as follows: -

- (1) in subsection (2) of that section, by the substitution for the words “are complied with.”, of the following:-

“are complied with:

Provided that, where the previously allowed specific provision for a debt claim as a deduction has been reversed, reduced or paid during the year in full or part, the amount so reversed, reduced or paid shall be included in calculating such person’s income.”;

- (2) by the repeal of subsection (3) of that section and the substitution therefor, of the following subsection: -

“(3) A person conducting a banking business shall, in addition to the records, accounts or any other document required to be prepared as referred to in any other provision of this Act, prepare and retain the records in respect of specific provision for a debt claim, in such form as may be specified by the Commissioner-General.”;

- (3) by the addition immediately after subsection (3) of that section, of the following new subsection: -

“(4) In this section-

- (a) “banking business” means the banking business of a financial institution;
- (b) “debt claim” does not include the right to receive a payment on deposits, debentures, stocks, treasury bills,

promissory notes, bills of exchange and bonds;

- (c) “directives made by the Central Bank of Sri Lanka” means any directives issued to make specific provisions relating to bad and doubtful debts under subsection (1) of section 76J of the Banking Act, No. 30 of 1988 or under subsection (1) of section 12 of the Finance Business Act, No. 42 of 2011 or under subsection (1) of section 9 of the Finance Companies Act, No. 78 of 1988 by the Central Bank of Sri Lanka and applicable to the relevant year of assessment, but excludes any directives issued in relation to the adaptation of Sri Lanka Accounting Standards.”.

20. Section 68 of the principal enactment is hereby amended in subsection (1) of that section, by the substitution for the words “additional tax of three percent on amounts” of the words “additional tax on three percent of amounts”.

Amendment of section 68 of the principal enactment

21. Section 70 of the principal enactment is hereby amended in subsection (1) of that section, by the substitution for the words and figures “paragraph (c) of subsection (1) of section 69,” of the words and figures “paragraph (b) of subsection (1) of section 69,”.

Amendment of section 70 of the principal enactment

22. Section 75 of the principal enactment is hereby amended as follows: -

Amendment of section 75 of the principal enactment

- (1) by the repeal of subsection (1) of that section and the substitution therefor of the following subsection:-

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“(1) (a) Where Parliament by resolution approves any double taxation agreement or mutual administrative assistance agreement entered into between the Government of Sri Lanka and the Government of any other territory, or such agreement entered into by the Government of Sri Lanka with the Governments of any other territories, such agreement shall, notwithstanding anything in any other written law, have the force of law in Sri Lanka. Every such resolution which is so approved by Parliament, shall be published in the *Gazette*.

(b) Every agreement entered into between the Government of Sri Lanka and the Government of any other territory and having the force of law in Sri Lanka by virtue of the provisions of section 70 of the Inland Revenue Act, No. 4 of 1963, or section 82 of the Inland Revenue Act, No. 28 of 1979, or section 92 of the Inland Revenue Act, No. 38 of 2000, or section 97 of the Inland Revenue Act, No. 10 of 2006 shall be deemed for all purposes to be an agreement approved by Parliament under paragraph (a) of this subsection.”;

- (2) in subsection (5) of that section, in the definition of the expression “double taxation agreement”, by the substitution for the words “international agreement relating to the avoidance of double taxation and the prevention” of the words “international agreement for the purpose of affording relief from double taxation in relation to income tax under Sri Lanka law and any taxes of a similar character imposed by the laws of the other territory, and the prevention”.

Amendment of
section 76 of the
principal
enactment

23. Section 76 of the principal enactment is hereby amended as follows: -

- (1) in subsection (2) of that section-

- (a) by the repeal of paragraph (b) of that subsection, and the substitution therefor of the following paragraph: -

“(b) “permanent establishment”, in relation to a country with which an agreement has been entered into on avoidance of double taxation means, a permanent establishment defined in an agreement for the relief of double taxation where an agreement is in force between the Government of Sri Lanka and the Government of any territory in which any person and their agencies, branches or establishments in Sri Lanka is resident;”;

- (b) in paragraph (c) of that subsection, by the substitution for the words “in Sri Lanka, in which case” of the words “in Sri Lanka or elsewhere, in which case”;

- (2) in subsection (3) of that section-

- (a) in paragraph (f) of that subsection, by the substitution for the words and figures “paragraph (a) or (b) of subsection (2)”, of the words and the figure “paragraph (a) or (b) of subsection (3)”;

- (b) in paragraph (g) of that subsection-

(i) by the substitution for the words “reduce or enhance the arm’s length price” of the words “reduce, enhance or annul the arm’s length price”;

- (ii) by the repeal of items (i) and (ii) of that paragraph, and the substitution therefor, of the following items: -

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“(i) a final order, where all the members of the Committee are in agreement; or

(ii) an interim order, where the majority of the members of the Committee are in agreement.”;

(c) in paragraph (j) of that subsection, by the substitution for the words “Where person or partner of a partnership has not”, of the words “Where a person has not”;

(d) in paragraph (l) of that subsection, by the substitution for the words “Such person or partner of a partnership who is” of the words “Such person who is”;

(3) in subsection (4) of that section, by the substitution for the words and figure “under subsection (2) has”, of the words and the figure “under subsection (3) has”.

Amendment of
section 77 of the
principal
enactment

24. Section 77 of the principal enactment is hereby amended as follows: -

(1) in subsection (2) of that section-

(a) by the repeal of item (ii) of paragraph (f) of that subsection, and the substitution therefor of the following item: -

“(i) an interim order in any other circumstances where the majority of the members of the Committee are in agreement.”;

(b) in paragraph (g) of that subsection, by the substitution for the words “may be to such

person or partner of such partnership.” of the words “may be to such person.”;

- (2) in paragraph (e) of subsection (5) of that section, by the substitution for the words “where a connected transaction” of the words “where a controlled transaction”.

25. Section 78 of the principal enactment is hereby amended in subsection (3) of that section, by the substitution for the words “made by the Transfer Pricing Officer or Assistant Commissioner may”, of the words “made by the Technical Review Committee may”.

Amendment of section 78 of the principal enactment

26. Section 83 of the principal enactment is hereby amended in subsection (1) of that section, by the substitution for the words “shall withhold tax”, of the words and figures “shall withhold tax prior to January 1, 2020”.

Amendment of section 83 of the principal enactment

27. The following new section is hereby inserted immediately after section 83 of the principal enactment, and shall have effect as section 83A of that enactment: -

Insertion of new section 83A in the principal enactment

“Advance Personal Income Tax 83A. (1) An employer shall deduct an Advance Personal Income Tax with effect from April 1, 2020 on any payment which falls under section 5 made to his employee, if such employee -

- (a) is a non-resident or non-citizen of Sri Lanka; or
- (b) is a resident and citizen of Sri Lanka who gives his consent,

as specified by the Commissioner-General.

- (2) The obligation of an employer to withhold tax under subsection (1) shall not be reduced or extinguished when –

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- (a) the employer has a right or is under an obligation to deduct and withhold any other amount from the payment; or
- (b) any other law provides that an employee's income from employment shall not be reduced or subject to attachment.

(3) The provisions applicable to the withholding tax under this Act shall, *mutatis mutandis*, be applicable to the Advance Personal Income Tax and every reference to the term "withholding", "withholding tax" or "tax payable by withholding" in any such provisions of this Act shall, subject to such modification, be deemed to be a reference to the "Advance Personal Income Tax."

Amendment of section 84 of the principal enactment

28. Section 84 of the principal enactment is hereby amended in paragraph (a) of subsection (1) of that section as follows: -

- (1) in subparagraph (i) of that paragraph, by the substitution for the words "retirement payment or pays amounts as winnings from a lottery, reward, betting or gambling; or" of the following: -

"retirement payment, prior to January 1, 2020; or";

- (2) by the insertion immediately after subparagraph (i) of that paragraph, of the following new subparagraph: -

"(ii) pays amounts as winnings from a lottery, reward, betting or gambling; or";

- (3) by the re-numbering of subparagraph (ii) of that paragraph, as subparagraph (iii) of that paragraph; and

- (4) in the re-numbered subparagraph (iii) of that paragraph, by the substitution for the words “has been allocated; and”, of the words and figures “has been allocated prior to January 1, 2020; and”.

29. The following new section is hereby inserted immediately after section 84 of the principal enactment, and shall have effect as section 84A of that enactment: -

Insertion of new
section 84A in
the principal
enactment

“Advance
Income Tax 84A. (1) Subject to section 83A and subsection (3) of section 84, with effect from April 1, 2020, the taxpayer who is resident in Sri Lanka may make a request to the withholding agent to deduct Advance Income Tax from the payment of dividend, interest, discount, charge, natural resource payment, rent, royalty, premium or similar periodic payment that the payment or allocation has a source in Sri Lanka. On the receipt of such request, a withholding agent shall deduct advance income tax as specified by the Commissioner-General.

(2) The provisions applicable to the withholding tax under this Act shall, *mutatis mutandis*, be applicable to the Advance Income Tax, and every reference to the term “withholding”, “withholding tax” or “tax payable by withholding” in any such provisions of this Act shall, subject to such modification, be deemed to be a reference to the “Advance Income Tax.”.

30. Section 85 of the principal enactment is hereby amended as follows: -

Amendment of
section 85 of the
principal
enactment

- (1) in subsection (1) of that section, by the substitution for the words “shall withhold tax”, of the words and figures “shall, prior to January 1, 2020, withhold tax”;

- (2) by the insertion immediately after subsection (1) of that section, of the following new subsection: -

“(1A) Subject to subsections (2) and (3), a person shall withhold tax at the rate provided for in paragraph 10 of the First Schedule to this Act, where such person pays a dividend, interest, discount, charge, natural resource payment, rent, royalty, premium, service fee or an insurance premium with a source in Sri Lanka to a non-resident person.”; and

- (3) in the marginal note of that section, by the substitution for the words “fees and contract payments.”, of the words “fees, contract payments and payments to non-residents.”.

Amendment of section 87 of the principal enactment

31. Section 87 of the principal enactment is hereby amended in paragraph (b) of subsection (4) of that section, by the substitution for the words “of that year”, of the words “of the subsequent year”.

Amendment of section 88 of the principal enactment

32. Section 88 of the principal enactment is hereby amended as follows: -

- (1) in subsection (1) of that section-

(a) by the substitution for the words “the following shall be the final”, of the words and figures “the following shall, prior to January 1, 2020, be the final”;

(b) in paragraph (d) of that subsection, by the substitution for the words and figures “paragraph (b) of subsection (2) of section 84”, of the words and figures “paragraph (b) of subsection (3) of section 84”;

- (2) by the insertion immediately after subsection (1) of that section, of the following new subsection: -

“(1A) For the purposes of this Act, the following shall, on or after January 1, 2020, be the final withholding payments: -

- (a) amounts paid as winnings from a lottery, reward, betting or gambling, other than amounts received in conducting a business consisting of betting and gaming;
- (b) payments made to a non-resident person who is not a citizen of Sri Lanka or to a non-resident entity that is subject to withholding under this Division, other than payments derived through a Sri Lankan Permanent Establishment; and
- (c) interest paid to or treated as being derived by a non-resident individual who is a citizen of Sri Lanka:

Provided however, the following interest amounts shall not be deemed as final withholding payments to such non-resident individual who is a citizen of Sri Lanka: -

- (i) such amount of interest paid and falling within the relief threshold in paragraph 2(a) of the Fifth Schedule to this Act; or
- (ii) such amount calculated by deducting the total of other sources of assessable income (total assessable income other than interest) from the relief threshold if the total of assessable income from other sources does not exceed the relief threshold.”;

- (3) in subsection (3) of that section, by the substitution for the words and figures “paragraph (b) of subsection (2) of section 84”, of the words and figures “paragraph (b) or (d) of subsection (3) of section 84”.

Amendment of
section 90 of the
principal
enactment

33. Section 90 of the principal enactment is hereby amended as follows: -

- (1) in paragraph (a) of subsection (1) of that section, by the substitution for the words “a business or investment; or”, of the words “a business, investment or other income; or”;
- (2) by the repeal of subsection (2) of that section and the substitution therefor, of the following subsection: -

“(2) An instalment payer shall pay instalments of tax for the year of assessment on or before the fifteenth day respectively of August, November and February in that year of assessment and the fifteenth day of May of the next succeeding year of assessment.”;

- (3) in subsection (3) of that section, by the substitution for the words “payment of the instalment.”, of the following: -

“payment of the instalment:

Provided however, in calculating the estimated tax payable by an instalment payer, the Advance Personal Income Tax deducted by an employer or to be deducted by an employer for the year of assessment may be deducted prior to applying the formula given in this subsection.”;

- (4) in subsection (5) of that section, by the substitution for the words “instalment for the year.” of the following: -

“instalment for the year. Notwithstanding anything to the contrary in section 55 (but without any right to a refund), a partner in a partnership shall be entitled to a tax credit in calculating the amount of current instalment of tax payable for such share of tax credit amount treated as being paid by the partner, but subject to the payment of the same instalment due by the partnership.”.

34. Section 93 of the principal enactment is hereby amended as follows: -

Amendment of section 93 of the principal enactment

- (1) in subparagraph (i) of paragraph (a) of subsection (2) of that section, by the substitution for the words “business and investment”, of the words “business, investment and other income”;
- (2) by the repeal of subsection (3) of that section, and the substitution therefor of the following subsection: -

“(3) Every person with taxable income consisting of a gain from the realisation of an investment asset shall file with the Commissioner-General a capital gains tax return within thirty days after the end of the relevant calendar month in which the realisation occurred.”.

35. Section 94 of the principal enactment is hereby amended in subparagraph (ii) of paragraph (a) of subsection (1) of that section, by the substitution for the words and figures “subject to withholding under section 83; or”, of the words and figures “subject to withholding under section 83 prior to April 1, 2019; or”.

Amendment of section 94 of the principal enactment

36. Section 95 of the principal enactment is hereby amended by the substitution for the words “self-assessment.”, of the following: -

Amendment of section 95 of the principal enactment

“self-assessment:

Provided however, capital gains tax returns filed in relation to any gains from the realisation of an investment asset received or derived during a year of assessment by a self-assessment taxpayer who is required to file a return of income under subsection (1) of section 93 for the same year of assessment, shall not result in a self-assessment.”.

Amendment of section 103 of the principal enactment

37. Section 103 of the principal enactment is hereby amended in subsection (1) of that section, by the substitution for the words “this Act.”, of the words “this Act and in all tax related source documents or underlying documents of the taxpayer.”.

Amendment of section 113 of the principal enactment

38. Section 113 of the principal enactment is hereby amended as follows: -

- (1) in paragraph (b) of subsection (1) of that section, by the substitution for the words “the filing”, of the words and figure “subject to subsection (1A), the filing”;
- (2) by the insertion immediately after subsection (1) of that section, of the following new subsection: -

“(1A) A company which is incorporated in or outside Sri Lanka or a public corporation shall only file its tax returns electronically through the use of a computer system or mobile electronic device.”.

Amendment of section 120 of the principal enactment

39. Section 120 of the principal enactment is hereby amended by the insertion immediately after subsection (1) of that section, of the following new subsection: -

“(1A) With effect from the year of assessment commencing from April 1, 2021, where any person is engaged in business or investment activity and the income tax payable shall be calculated by applying different tax rates for such part of taxable

income from any gains and profits from business or investment activity or may have exempted amounts as the case may be, such person shall maintain and prepare the financial statements to separately identify such part of taxable income from gains and profits in applying each income tax rate to each part of the taxable income or to identify the exempted gains and profits.”.

40. Section 126 of the principal enactment is hereby amended by the repeal of subsection (5) of that section, and the substitution therefor of the following subsection:–

Amendment of section 126 of the principal enactment

“(5) Where a return or part of a return was prepared for a payment by any person, including by an approved accountant, such person shall certify separately specifying the extent to which he was involved in the preparation of such return and specify the documents examined by him and the information relied upon by him. Such certification shall be submitted along with the return and the said certification shall be deemed to be part and parcel of the said return.”.

41. Section 129 of the principal enactment is hereby amended as follows: -

Amendment of section 129 of the principal enactment

- (1) by the substitution for the words “returns shall apply to a person required under this Act to file a return of information related”, of the words “returns, assessments, objections and appeals shall apply to a person required under this Act to file a return of information or annual statement related”;
- (2) by the substitution for the marginal note to that section, of the following marginal note: -

“Information returns and annual statements.”.

42. Section 139 of the principal enactment is hereby amended as follows: -

Amendment of section 139 of the principal enactment

- (1) by the repeal of subsection (3) of that section and the substitution therefor of the following subsection: -

“(3) Where the request for review is an objection against an assessment which has been made in the absence of a return or annual statement required to be furnished, such request shall be sent together with a duly filled return or annual statement, as the case may be.”;

- (2) by the repeal of subsection (5) of that section, and the substitution therefor of the following subsection: -

“(5) (a) On receipt and acknowledgement of a tax payer’s request for review under subsection (4), Commissioner-General shall review the assessment or other decision and notify the taxpayer in writing of the Commissioner-General's decision and the reasons for the decision.

(b) The tax payer’s request for review shall be considered by a tax official other than the tax official who made the assessment or other decision.”;

- (3) in subsection (6) of that section, by the substitution for the words “in accordance with this Act,” of the words and figures “in accordance with this Act, but notwithstanding the time limits specified in subsections (2) and (3) of section 135,”.

Amendment of
section 140 of
the principal
enactment

43. Section 140 of the principal enactment is hereby amended as follows: -

- (1) in subsection (1) of that section, by the substitution for the words and figures “administrative review under section 139 may appeal against the decision to”, of the words and figures “administrative review of an assessment under section 139 may appeal against that decision of review to”;

- (2) in paragraph (b) of subsection (2) of that section, by the substitution for the words “ninety days have lapsed”, of the words “seven months have lapsed”;
- (3) by the repeal of subsection (5) of that section, and the substitution therefor of the following subsection: -

“(5) A petition of appeal under this section shall be filed in writing to the Tax Appeals Commission with a copy to the Commissioner-General within thirty days from the date of receipt of the decision of the Commissioner-General or within thirty days from the date on which the period of seven months lapsed since the request for administrative review was made under section 139.”;

- (4) by the repeal of subsection (6) of that section, and the substitution therefor of the following subsection: -

“(6) Notwithstanding anything to the contrary in subsection (5), the appellant may appeal against an assessment upon satisfying the Tax Appeals Commission that owing to absence from Sri Lanka, sickness, or other reasonable cause the appellant was prevented from filing a petition of appeal as required under subsection (2), and that there has been no unreasonable delay on the appellant’s part.”.

44. Section 157 of the principal enactment is hereby amended as follows: -

Amendment of
section 157 of
the principal
enactment

- (1) in subsection (1) of that section, by the substitution for the words and figures “an extension of time) under section 151 to the date”, of the words and figures “an extension of time under section 151) to the date”;
- (2) by the substitution for the marginal note to that section, of the following marginal note: -

“Interest on under-
payments and
late payments.”.

Amendment of section 158 of the principal enactment

45. Section 158 of the principal enactment is hereby amended as follows: -

- (1) by the repeal of subsection (1) of that section, and the substitution therefor of the following subsection: -

“(1) Where the Commissioner-General is required to refund a refundable amount under this Act to a taxpayer, an interest shall be paid on such refundable amount to the taxpayer from the date of the refund claim filed until the date on which the refundable amount is paid.”;

- (2) in subsection (2) of that section, by the substitution for the words “within sixty days of”, of the words “within six months of”.

Amendment of section 159 of the principal enactment

46. Section 159 of the principal enactment is hereby amended in subsections (1) and (2) of that section, by the substitution for the words “compounded monthly” of the words “computed monthly” respectively.

Insertion of new section 190A of the principal enactment

47. The following new section is hereby inserted immediately after section 190 of the principal enactment, and shall have effect as section 190A of that enactment:-

“Punitive provision for fraudulently prepared or certified documents

190A. Any person who fraudulently-

- (a) prepares any document of information; or
(b) certifies a document,

to be furnished to the Commissioner-General of Inland Revenue, commits an offence under this Act, and on conviction after summary trial

before a Magistrate, be liable to a fine not exceeding One Million Rupees or to imprisonment of either description for a term not exceeding six months.”.

48. Section 195 of the principal enactment is hereby amended as follows: -

Amendment of
section 195 of
the principal
enactment

- (1) by the substitution for the words and the figure “(1) In this Act,” of that section, of the words “In this Act,”;
- (2) by the substitution for the definition of the expression “agricultural business” of that section, of the following definitions:-

““agricultural business” means the business of agro farming or agro processing, but excludes farming of, or processing of liquor or tobacco produces or products, as the case may be;

“agro farming” means-

- (a) the tillage of the soil and cultivation of land with plants of any description, cultivation in green house, bee-keeping, rearing of fish, shrimp farming or animal husbandry, poultry farms, hatchery, veterinary or artificial insemination services;
- (b) the cleaning, sizing, sorting, grading, cutting or chilling of any produce produced out of any activity referred to in paragraph (a) by any person who is engaged in

any such activity, in preparation of such produce for the market but excludes the agro or food processing;

“agro processing” means the processing of any locally produced agricultural, fishing, or animal product and includes an undertaking for the dehydrating, milling, packaging, canning for the purpose of changing the form, contour or physical appearance of such product in preparation for the market but excludes an undertaking of deep-sea fishing or manufacturing;”;

- (3) in paragraph (a) of the definition of the expression “dividend” of that section, by the substitution for the words “share buy-back”, of the words “ share buy-back”;
- (4) in the definition of the expression “entertainment” of that section, by the substitution for the words “person of food, beverages, tobacco”, of the words “person of liquor, tobacco”;
- (5) by the insertion immediately after the definition of the expression “manager” of that section, of the following new definition: -

“ “manufacture” means a change in a non-living physical object, article or thing-

- (a) resulting in transformation of such object, article or thing into a new and distinct object, article or thing having a different name, character or use; or

- (b) bringing into existence of a new and distinct object, article or thing with a different chemical composition or integral structure;”;
- (6) in the definition of the expression “Small and Medium Enterprise” of that section—
- (a) by the substitution for paragraph (b) of that definition, of the following paragraph:—
- “(b) subject to paragraph (d), the person does not have an associate that is an entity;”;
- (b) by the addition immediately after paragraph (c) of that definition, of the following new paragraph:—
- “(d) the person’s or his associate’s aggregate annual gross turnover is less than Rs. 500,000,000, if such associate is an entity or entities;”;
- (7) in the definition of the expression “specified undertaking” of that section, by the addition immediately after paragraph (k) of that definition, of the following new paragraphs: -
- “(l) sale of goods manufactured in Sri Lanka by an export-oriented company which has entered into an agreement with the Board of Investment of Sri Lanka under section 17 of the Board of Investment of Sri Lanka Law, No. 4 of 1978, to-
- (i) any company which has entered into an agreement with the Board of Investment of Sri Lanka under section

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17 of the Board of Investment of Sri Lanka Law, No. 4 of 1978 including a company enjoying tax holidays under the Strategic Development Projects Act, No. 14 of 2008 and which is permitted to import project related goods or raw materials on duty free basis under the provisions of such agreement, during the project implementation period; or

- (ii) any person eligible to import specific goods on duty free basis under any Government Authority,

but, up to the quantity approved by the Board of Investment of Sri Lanka as import replacement within the three years period commencing on April 1, 2021;

- (m) bunkering services provided for the supply of marine fuel, including the supply of marine fuel to local bunker suppliers within a specified port premises;”;

- (8) by the repeal of the definition of the expression “Sri Lankan permanent establishment” of that section, and the substitution therefor of the following definition: -

““Sri Lankan permanent establishment” means any business connection or fixed place of business through which the business of the enterprise is wholly or partly carried out, irrespective of the number of days of such business being carried out in Sri Lanka;”;

- (9) in the definition of the expression “tax return” of that section, by the substitution for the words “means a return,” of the words “means a return or annual statement,”;

- (10) by the insertion immediately after the definition of the expression “taxpayer” of that section, of the following new definition: -

“Tertiary and Vocational Education Commission” means the Tertiary and Vocational Education Commission established under the Tertiary and Vocational Education Act, No 20. of 1990;”.

49. Section 201 of the principal enactment is hereby amended in paragraph (b) of subsection (2) of that section, by the substitution for the words “five years” of the words “seven years”.

Amendment of section 201 of the principal enactment

50. Section 203 of the principal enactment is hereby amended in subsection (5) of that section, by the substitution for the words and figures “on or after 1 April 2017,” of the words and figures “on or after April 1, 2018,”.

Amendment of section 203 of the principal enactment

51. The First Schedule to the principal enactment is hereby amended as follows: -

Amendment of the First Schedule to the principal enactment.

(1) in paragraph 1 of that Schedule-

(a) in subparagraph (1) of that paragraph, by the substitution for the words “for a year of assessment shall”, of the words and figures “for a year of assessment commencing on or after April 1, 2018 but for the period prior to January 1, 2020 shall”;

(b) by the insertion immediately after subparagraph (1) of that paragraph, of the following new subparagraph: -

“(1A) subject to the provisions of subparagraph (2), the taxable income of a resident or non-resident individual commencing from January 1, 2020 shall be taxed at the following rates: -

| <i>Taxable income for a year of assessment</i> | <i>Tax payable</i> |
|---|---|
| Not exceeding Rs. 3 million | 6% of the amount in excess of Rs.0 |
| Exceeding Rs. 3 million but not exceeding Rs. 6 million | Rs. 180,000 plus 12% of the amount in excess of Rs. 3 million |
| Exceeding Rs. 6 million | Rs. 540,000 plus 18% of the amount in excess of Rs. 6 million”; |

(c) in subparagraph (2) of that paragraph-

- (i) in item (b)(i) of that subparagraph, by the substitution for the words “where the period”, of the words and figures “prior to January 1, 2020, where the period”;
- (ii) in item (b)(ii) of that subparagraph, by the substitution for the words “where the period”, of the words and figures “prior to January 1, 2020, where the period”;
- (iii) by the addition immediately after item (b)(ii) of that subparagraph, of the following new item: -

“(iii) on or after January 1, 2020:

| <i>Total income from employment referred to in subparagraph (3) for a year of assessment</i> | <i>Tax payable</i> |
|--|--|
| Not exceeding Rs. 10,000,000 | 0% of the amount in excess of Rs.0 |
| Exceeding Rs. 10,000,000 but not exceeding Rs. 20,000,000 | 6% of the amount in excess of Rs.10,000,000 |
| Exceeding Rs. 20,000,000 | Rs. 600,000 plus 12% of the amount in excess of Rs. 20,000,000”; |

- (d) in subparagraph (3) of that paragraph-
- (i) by the substitution for the words and the figure “referred to in subparagraph (2) shall be-”, of the words and the figure “referred to in item (b) of subparagraph (2) shall be-”;
 - (ii) in item (c) of that subparagraph, by the substitution for the words “by the employer;” of the words “by the employer; and”;
 - (iii) by the repeal of items (d) and (e) of that subparagraph; and
 - (iv) by the re-lettering of item (f) of that subparagraph, as item (d) thereof;
- (e) in subparagraph (4) of that paragraph, by the substitution for the words “liquor or tobacco.”, of

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the words “manufacture and sale or import and sale of any liquor or tobacco product.”;

- (f) by the addition immediately after subparagraph (4) of that paragraph, of the following new subparagraph: -

“(5) Notwithstanding anything to the contrary in the provisions of subparagraph (1A), an individual’s following gains and profits shall be taxed at the maximum rate of 14% with effect from April 1, 2021:—

- (a) consideration received in respect of gems and jewellery;
- (b) amounts received on the supply of electricity to national grid generated by using renewable energy resources by any individual.”;
- (2) by the repeal of paragraph 2 of that Schedule and the substitution therefor, of the following paragraph: -

“2. Tax rate for partnerships.

(1) Subject to the provisions of subparagraph (2), the taxable income of a partnership shall be taxed at the following rates with effect from January 1, 2020: -

| <i>Taxable income for a year of assessment</i> | <i>Tax payable</i> |
|--|--|
| Not exceeding Rs. 1,000,000 | 0% of the amount in excess of Rs.0 |
| Exceeding Rs. 1,000,000 | 6% of the amount in excess of Rs.1,000,000 |

- (2) Where a partnership's taxable income includes gains from the realisation of investment assets, then-
- (a) those gains shall be taxed to the partnership at the rate of 10%; and
 - (b) only the remainder of the partnership's taxable income shall be taxed at the rate referred to in subparagraph (1).";
- (3) in subparagraph (1) of paragraph 3 of that Schedule, by the substitution for the words and figures "taxed at the rate of [24%.]", of the words and figures "taxed at the rate of 24% prior to January 1, 2020 and 18% with effect from January 1, 2020.";
- (4) in paragraph 4 of that Schedule-
- (a) by the repeal of subparagraph (1) of that paragraph and the substitution therefor, of the following: -
 - "(1) Subject to subparagraphs (2), (2A) and (3), the taxable income of a company for a year of assessment-
 - (a) prior to January 1, 2020 shall be taxed at the rate of 28%;
 - (b) with effect from January 1, 2020 shall be taxed at the rate of 24%.";
 - (b) in subparagraph (2) of that paragraph, by the substitution for the words "for a year of assessment", of the words and figures "for a year of assessment prior to January 1, 2020";
 - (c) by the insertion immediately after subparagraph (2) of that paragraph, of the following new subparagraph: -
 - "(2A) Such part of the gains and profits of a company for a year of assessment shall be taxed at the following rates with effect from January 1, 2020:-

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- (a) gains and profits from the business of a Small and Medium Enterprise, excluding such gains and profits from a business of betting and gaming or from the sale of liquor (in the case of liquor, other than those gains and profits from a business which is merely incidental to another business)- 14%;
- (b) gains and profits from conducting a business of sale of goods or merchandise including export of goods, where the payment for such sale or export is received in foreign currency and remitted through a bank to Sri Lanka-14%;
- (c) gains and profits of a specified undertaking-14%;
- (d) gains and profits from providing educational services-14%;
- (e) gains and profits of an undertaking for the promotion of tourism-14%;
- (f) gains and profits from providing construction services-14%;
- (g) gains and profits from agro processing-14%;
- (h) gains and profits from providing health care services-14%;
- (i) gains and profits from dividends received from a resident company-14%;

- (j) gains and profits derived by any export company which is registered with the Board of Investments of Sri Lanka established by the Board of Investment of Sri Lanka Law, No. 4 of 1978 from the consideration received in respect of health protective equipment and similar products supplied to the Ministry of Health, Department of Health Services, Sri Lanka Army, Sri Lanka Navy, Sri Lanka Airforce, Sri Lanka Police and COVID Center- 14%;
- (k) gains and profits of any company (even though a higher rate of income tax is applicable as provided under this Act or under any other written law) which lists its shares on or after January, 1 2021, but prior to December 31, 2021, in the Colombo Stock Exchange licensed by the Securities and Exchange Commission of Sri Lanka, for three years of assessment commencing from April 1, 2022 -14%;
- (l) gains and profits from the consideration received in respect of gems and jewellery – 14%;
- (ll) with effect from April 1, 2021, gains and profits from the supply of electricity to national grid generated using renewable energy resources by a company – 14%;
- (m) subject to item (a), (b), (c), (j) or (k) of this subparagraph, gains and profits from manufacturing-18%;
- (n) gains and profits from conducting betting and gaming-40%;
- (o) gains and profits from the manufacture and sale or import and sale of any liquor or tobacco product-40%.”;

- (d) by the addition immediately after subparagraph (4) of that paragraph, of the following new subparagraph: -

“(5) The income tax payable by a company, calculated in accordance with subparagraphs (1), (2A), (3) and (4) of paragraph 4 of this Schedule shall be reduced as follows: -

- (a) aggregate income tax payable by any company (including income tax payable calculated on the basis and tax rate provided in any agreement with the Board of Investment of Sri Lanka under section 17 of the Board of Investment of Sri Lanka Law, No. 4 of 1978, but other than on gains from the realisation of investment asset) which lists its shares on or after January 1, 2021, but prior to December 31, 2021, in the Colombo Stock Exchange licensed by the Securities and Exchange Commission of Sri Lanka, shall be reduced by fifty *per centum* for the year of assessment commencing from April 1, 2021;
- (b) such part of income tax payable on gains and profits from dividends by any multi-national company shall be reduced by twenty-five *per centum* for the year of assessment commencing from April 1, 2021 and fifty *per centum* for the two years of assessment immediately succeeding that year

of assessment, subject to the condition that there shall be-

- (i) an increase in exports (other than specified undertakings) by thirty *per centum* in the year of assessment commencing from April 1, 2021, compared to the immediately preceding year of assessment (hereinafter referred to as the “first year”); or
- (ii) an increase in exports (other than specified undertakings) by fifty *per centum* in the year of assessment commencing from April 1, 2022, compared to the first year and maintains such status in the subsequent year of assessment.”;

(5) in paragraph 5 of that Schedule-

- (a) in subparagraph (1) of that paragraph, by the substitution for the words and figures “taxed at the rate of [28%].”, of the words and figures “taxed at the rate of 28% prior to January 1, 2020 and 24% with effect from January 1, 2020.”;
- (b) in subparagraph (2) of that paragraph, by the substitution for the words “realisation of capital assets”, of the words “realisation of investment assets”;

(6) in paragraph 7 of that Schedule-

- (a) in subparagraph (1) of that paragraph, by the substitution for the words and figures “taxed at the rate of [28%].”, of the words and figures “taxed at the rate of 28% prior to January 1, 2020 and 24% with effect from January 1, 2020.”;
- (b) in subparagraph (3) of that paragraph, by the substitution for the words and figures “taxed at the rate of [28%].”, of the words and figures “taxed at the rate of 28% prior to January 1, 2020 and 24% with effect from January 1, 2020.”;
- (7) in the heading of paragraph 8 of that Schedule, by the substitution for the words “Provident or Pension Funds” of the words “Provident, Pension or Gratuity Funds”;
- (8) in subparagraph (1) of paragraph 10 of that Schedule-
 - (a) in item (c)(ii) of that subparagraph, by the substitution for the words and figures “14%; and”, of the figures “14%;”;
 - (b) in item (c)(iii) of that subparagraph, by the substitution for the figures “14%.”, of the word and figures “14%; and”;
 - (c) by the addition immediately after item (c)(iii) of that subparagraph, of the following new item: -
 - “(iv) in the case of payments referred to in section 85(1A)-
 - (iva) interest or discount paid-5%;
 - (ivb) all other payments- 14%.”;
- (9) by the addition immediately after paragraph 10 of that Schedule, of the following new paragraphs: -

“11. Tax rate for persons who engage in agro farming together with agro processing or manufacturing.

Where a person utilizes agro farming produce produced by him for his agro processing or manufacturing business activity in Sri Lanka, such portion of the tax payable in respect of such agro processing or manufacturing business activity that corresponds to the proportion of the farming produce produced by him to the total farming produce utilized in such agro processing or manufacturing, shall be reduced by twenty-five *per centum*, for the period of five years of assessment commencing on April 1, 2021.

12. Application of tax rates for different gains and profits.

Where a person’s taxable income consists of different sources of income or gains and profits from different business activities, the income tax rates applicable to each such source of income or such gains and profits from such different business activities shall be applied to such source of income or such gains and profits.”.

52. The Second Schedule to the principal enactment is hereby amended as follows: -

Amendment of
the Second
Schedule to the
principal
enactment

- (1) in paragraph 1 of that Schedule-
 - (a) in subparagraph (2), subparagraph (3) and subparagraph (4) of that paragraph, by the substitution for the words “total expenses incurred by that person during that year”, of the words “total investment made by that person” respectively;

- (b) in subparagraph (6) of that paragraph, by the substitution for the words “shall be deferred”, of the words “shall not be deferred”;
- (c) by the repeal of subparagraph (9) of that paragraph, and the substitution therefor, of the following subparagraph: -

“Improvements on Leasehold Lands

(9) Notwithstanding anything to the contrary in any other provision of this Act, for the purpose of this Schedule, any building, structure, or similar work of a permanent nature constructed or made in a leasehold land by the person who made the investment shall not be deemed as an intangible asset but deemed as a depreciable asset.”;

- (2) by the repeal of paragraph 2 of that Schedule, and the substitution therefor, of the following paragraph: -

“Exemption of Certain Dividends from Withholding Tax

2. Notwithstanding anything in the First Schedule, the rate of tax to be applied on a dividend paid by a company to a non-resident member prior to January 1, 2020 shall be zero, if the company paying the dividend has incurred more than USD 250 million on depreciable assets (other than intangible assets) in Sri Lanka, for the period in which that payment is made out of profits sheltered by enhanced capital allowances under this Schedule.”;

- (3) by the repeal of paragraph 3 of that Schedule, and the substitution therefor of the following paragraph: -

“Exemption of Employment Income

3. Notwithstanding anything in the First Schedule, the rate of tax to be applied on employment income of an expatriate employee shall be zero, if the company making the payment has incurred more than USD 250 million on depreciable assets (other than intangible assets) in Sri Lanka, for the period in which that payment is made out of profits sheltered by enhanced capital allowances under this Schedule, or for five years from the commencement of commercial operations, whichever is higher, where the number of expatriate employees at any time during that period does not exceed twenty.”.

53. The Third Schedule to the principal enactment is hereby amended as follows:-

Amendment of
the Third
Schedule to the
principal
enactment

- (1) in subparagraph (ii) of paragraph (d) of that Schedule, by the substitution for the words “by the Commissioner-General;”, of the words “by the Commissioner-General or a regulated provident fund;”;
- (2) by the insertion immediately after paragraph (h) of that Schedule, of the following new paragraph: -

“(hh) a gain made by a person on or after April 1, 2021 from the realisation of land or building which was sold, exchanged or transferred to a real estate investment trust listed in the Colombo Stock Exchange and licensed by the Securities and Exchange Commission of Sri Lanka;”;
- (3) by the repeal of paragraph (i) of that Schedule and the substitution therefor, of the following: -

“(i) the interest accruing to or derived by-

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- (i) a charitable institution, where it is proved to the satisfaction of the Commissioner-General that such interest is applied solely for the purpose of providing care to children, the elderly or the disabled in a home maintained by such charitable institution;
- (ii) any person outside Sri Lanka on any loan granted to any person in Sri Lanka or to the Government of Sri Lanka by such person;
- (iii) any person on moneys lying to his credit in foreign currency in any foreign currency account opened by him or on his behalf, in any commercial bank or in any specialized bank, with the approval of the Central Bank of Sri Lanka, on or after January 1, 2020;
- (iv) any person from a term deposit account titled as “Special Deposit Account” opened and maintained with an authorized dealer in Sri Lanka as prescribed by regulations made by the Minister under section 29 read with section 7 of the Foreign Exchange Act, No. 12 of 2017, (excluding the subsequently renewed accounts), either in any designated foreign currency or in Sri Lanka Rupees on or after April 8, 2020;
- (v) any welfare society, on or after April 1, 2021;

In this subparagraph, “welfare society” means a fund or a society which has been set up or formed for the welfare of its members or their respective families and contributions are made by its members, including benevolent fund which promotes the savings of members, but other than any company which is incorporated or registered under any law in force in Sri Lanka or elsewhere and a partnership;

- (vi) any multi-national company on any deposit opened and maintained in foreign currency in any domestic bank, if such deposit is maintained to cover its import expenditure for that year of assessment, on or after April 1, 2021;

In this subparagraph, “multi-national company” means a company that is part of a group of associated companies, with business establishments in two or more countries;”;

- (4) by the repeal of paragraphs (k) and (l) of that Schedule, and the substitution therefor of the following:—

“(k) any sum received by-

- (i) any person from the President’s Fund established by the President’s Fund Act, No. 7 of 1978 or the National Defence Fund established by the National Defence Fund Act, No. 9 of 1985;
- (ii) any Public Corporation out of the funds voted by Parliament from the Consolidated Fund or out of any loan arranged through the Government;

(l) any income earned by-

- (i) any non-resident person other than a Sri Lankan permanent establishment by way of interest, discount or realization of any gain on any sovereign bond denominated in local or foreign currency;

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- (ii) any person by way of interest or discount paid or allowed, as the case may be, on any sovereign bond denominated in foreign currency, including Sri Lanka Development Bonds,

issued by or on behalf of the Government of Sri Lanka;”;

- (5) by the insertion immediately after paragraph (l) of that Schedule, of the following new paragraphs: -

- “(ll) a gain from the realisation of Sri Lanka international sovereign bonds issued by or on behalf of the Government of Sri Lanka and received or derived by a commercial bank or authorized dealer who made an aggregate investment not less than USD 100 million in such bonds on or after April 1, 2021;

- (lll) interest or discount accrued or derived on or after April 1, 2021 by any Samurdhi community-based banks established under the Department of Samurdhi Development from security or treasury bonds under the Registered Stocks and Securities Ordinance (Chapter 420) or treasury bills under the Local Treasury Bills Ordinance (Chapter 417);”;

- (6) in paragraph (o) of that Schedule, by the substitution for the words “a dividend paid”, of the words and figures “prior to January 1, 2020, a dividend paid”;

- (7) by the insertion immediately after paragraph (o) of that Schedule, of the following new paragraph: -

- “(oo) on or after January 1, 2020, a dividend paid by a resident company-

- (i) to a member to the extent that such dividend payment is attributable to, or derived from, gains and profits from dividend received by that resident company;

(in this paragraph, “gains and profits from dividend” means the dividend received by that company after the deduction of expenses or losses, if any, subject to the provisions of this Act and income tax paid or payable on such dividend received by that company);

- (ii) to a member who is a non-resident person;
- (iii) which is engaged in any one or more of the following businesses in accordance with the provisions of Part IV of the Finance Act, No. 12 of 2012 and which has entered into an agreement with the Board of Investment of Sri Lanka established under the Board of Investment of Sri Lanka Law, No. 4 of 1978: -
 - (iiia) entrepot trade involving import, minor processing and re-export;
 - (iiib) offshore business where goods can be procured from one country or manufactured in one country and shipped to another country without bringing the same into Sri Lanka;
 - (iiic) providing front-end services to clients abroad;

- (iiid) headquarters operations of leading buyers for management of financial supply chain and billing operations;
 - (iiie) logistics services including bonded warehouse or multi-country consolidation in Sri Lanka;”;
- (8) in paragraph (*r*) of that Schedule, by the substitution for the words “by a resident company”, of the words “by any person”;
- (9) by the insertion immediately after paragraph (*r*) of that Schedule, of the following new paragraph: -
 - “(rr) dividends and gains on the realisation of units or amounts derived as gains from the realisation of capital assets of a business or investment by a unit holder, from real estate investment trust listed in the Colombo Stock Exchange and licensed by the Securities and Exchange Commission of Sri Lanka;”;
- (10) by the addition immediately after paragraph (*s*) of that Schedule, of the following new paragraphs: -
 - “(t) any amount derived on or after April 1, 2018, by any non-resident person as any payment for air craft, software licences or as for other related services from the Sri Lankan Airlines Limited;
 - (u) the gains and profits earned or derived by any person from-
 - (i) the sale of produce from agro farming of such person within the period of five years of assessment commencing from April 1, 2019;

Provided that in relation to an undertaking which consists of the production of agro farming produces and utilizing such produce to agro processing or manufacture of any product, such produce shall be deemed to have been sold for the agro processor or manufacturer at the market price prevailing at the time of such deemed sale, and the gains and profits computed on the basis of such deemed sale in relation to the agro farming shall be considered as exempt gains and profits within the period of five years of assessment commencing on April 1, 2019;

- (ii) providing information technology and enabled services on or after January 1, 2020, as may be prescribed;
- (iii) any service rendered in or outside Sri Lanka to any person to be utilized outside Sri Lanka, where the payment for such services is received in foreign currency and remitted through a bank to Sri Lanka on or after January 1, 2020;
- (iv) any foreign source (other than gains and profits referred to in subparagraph (iii)) where such gains and profits are earned or derived in foreign currency and remitted through a bank to Sri Lanka on or after January 1, 2020;
- (v) any vocational education programmes of any Vocational Education Institution which is standardized under Technical and Vocational Education and Training concept (TVET concept) and regulated by the Tertiary and Vocational Education Commission-

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- (a) if such institution has doubled its student intake of the vocational education programmes for such year of assessment compared to the student intake of such programmes in the year of assessment immediately preceding that year of assessment;
- (b) for a period of five years commencing on April 1, 2021:

Provided however, for the purpose of paragraph (a), any institution which doubled the student intake of the vocational education programmes as provided for in the first year and maintained the same student intake of such programmes of the first year for the next four years shall be deemed as an institution which fulfilled the requirement in such years;

- (vi) any business of export of gold, gems or jewellery or from the business of cutting and polishing of gems which are brought to Sri Lanka and exported after such cutting and polishing, where such gains and profits earned in foreign currency are remitted through a bank to Sri Lanka, with effect from April 1, 2021;
- (v) any amount derived on or after January 1, 2020 by-
 - (i) any non-resident person from laboratory services or standards certification services;

- (ii) any religious institution which is registered with the Ministry in charge of the subject of religious affairs, by way of grants or donations;
- (w) gains and profits received or derived from business (other than any gains from the realisation of capital assets and liabilities of the business as calculated under Chapter IV of this Act) by a person from following any new undertaking (which is not formed by splitting-up or re-construction of an existing undertaking) commenced on or after April 1, 2021, for that period, subject to the conditions contained herein: -
 - (i) an undertaking which is involved in the sale of construction materials recycled in a selected separate site established in Sri Lanka to recycle the materials which were already used in the construction industry, (a person who is involved in the provision of construction services using construction materials recycled by him from a site with the same conditions, in the provision of such services provided by him shall be deemed to have sold such materials for the construction service at a market price prevailing at the time of such deemed sale), for a period of ten years;
 - (ii) any business commenced on or after April 1, 2021 by an individual after successful completion of vocational education from any Vocational Education Institution which is standardized under Technical and Vocational Education and Training concept (TVET concept) and regulated by the Tertiary and Vocational Education Commission, for a period of five years;

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- (iii) an undertaking commenced by a resident person for the purpose of manufacturing of boats or ships in Sri Lanka and received or derived any gains and profits from the supply of such boats or ships, for a period of seven years;
- (iv) any renewable energy project established with a capacity to produce not less than one hundred Mega Watts of solar or wind power and supplied such power to the national grid, for a period of seven years;
- (v) an undertaking commenced on or after January 1, 2021 by any resident person who constructs and installs communication towers and related appliances using local labour and local raw materials in Sri Lanka or provides required technical services for such construction or installation, for a period of five years;
- (vi) an undertaking for letting bonded warehouses or warehouses related to the offshore business in the Colombo and Hambanthota Ports, if such person has invested on such undertaking on or after April 1, 2021;

Tax exemption periods provided in the above subparagraphs (other than in subparagraph (vi)) shall be reckoned from the year of assessment in which the undertaking commences to make profits (assessable income from such business) from transactions entered into in that year of assessment or from the commencement of the year of assessment immediately succeeding the year of assessment in which the undertaking completes a period of two years reckoned from the date on which the undertaking commences to carry on commercial operations, whichever occurs earlier.”.

54. The Fourth Schedule to the principal enactment is hereby amended as follows: -

Amendment of
the Fourth
Schedule to the
principal
enactment

- (1) in the table in subparagraph (1) of paragraph 1 of that Schedule, by the addition, immediately after Class 5, of the following new Class:-

| | |
|----|--|
| “6 | milking machines with latest technology, used to manufacture local liquid milk related products.”; |
|----|--|

- (2) in paragraph 2 of that Schedule-

- (a) in the table in subparagraph (3) of that paragraph, by the addition, immediately after Class 5, of the following new Class:-

| | |
|----|------|
| “6 | 2.”; |
|----|------|

- (b) in subparagraph (4) of that paragraph-

- (i) in item (c) of that subparagraph, by the substitution for the words “vehicle; or”, of the words “vehicle;”;
- (ii) in item (d) of that subparagraph, by the substitution for the words “trailer.”, of the words “trailer; or”;
- (iii) by the addition immediately after item (d) of that subparagraph, of the following new item:-

“(e) a motor cycle.”;

- (3) by the addition immediately after subparagraph (3) of paragraph 4 of that Schedule, of the following new subparagraph:-

“(4) Notwithstanding anything to the contrary in subparagraph (1), where a depreciable asset of a

person which was subject to deduction of the enhanced capital allowances calculated in accordance with the provisions of the Second or Sixth Schedule to this Act is realized by that person, an assessable charge included in calculating the person's income for the year shall be equal to the consideration received by the person during the year of assessment for such asset, or no balancing allowance shall be granted to the person for the year for such asset."

Amendment of
the Fifth
Schedule to the
principal
enactment

55. The Fifth Schedule to the principal enactment is hereby amended as follows: -

(1) in paragraph 1 of that Schedule-

(a) in subparagraph (c) of that paragraph, by the substitution for the words "profits remitted to the President's Fund", of the words "any sum paid to the Consolidated Fund or to the President's Fund";

(b) by the insertion immediately after subparagraph (c) of that paragraph, of the following new subparagraphs: -

“(d) with effect from April 1, 2021, contribution made by a resident individual in money or otherwise to establish a shop for a female individual who is from a Samurdhi beneficiary family as recommended and confirmed by the Department of Samurdhi Development;

(e) with effect from April 1, 2021, expenditure incurred by any financial institution by way of cost of acquisition or merger of any other financial institution where such cost is ascertained by considering all the

facts on case-by-case basis and as confirmed by the Central Bank of Sri Lanka. Such deductible expenditure shall be apportioned in equal amounts over a period of three years of assessment and be deductible from the assessable income of that financial institution in each such year of assessment commencing from the year of assessment where the expenditure is incurred:

Provided however, any amount which was not deducted during the three years period, by reason of the total assessable income in a year has not exceeded the above permitted deduction, shall be deducted in the year of assessment immediately after the three years period and so on;

- (f) expenditure incurred on or after April 1, 2021, by any person-
- (i) in the production of a film at a cost of (including promotional expenditure of such film) not less than five million rupees;
 - (ii) in the construction and equipping of a new cinema at a cost of not exceeding twenty-five million rupees;
 - (iii) in the upgrading of a cinema at a cost of not exceeding ten million rupees:

Provided that, the deduction under this subparagraph shall be restricted to one third of the taxable income of the year of assessment, and any amount

which is not deducted in current year may be carried forward and deducted in the next succeeding year and so on, subject to the same restriction.

For the purpose of this subparagraph-

“film” means any audio-visual presentation of the moving image produced on any form or format whatsoever and which is intended primarily to be exhibited by projection on a screen in a cinema; and

the expenditure on construction and equipping or upgrading a cinema shall be certified by the National Film Corporation of Sri Lanka established by the National Film Corporation of Sri Lanka Act, No. 47 of 1971 as being equipped with digital technology, Digital Theatre Systems and Dolby Sound Systems.”;

(2) in paragraph 2 of that Schedule-

(a) by the repeal of subparagraph (a) of that paragraph and the substitution therefor, of the following subparagraph: -

“(a) (i) Rs. 500,000, for each year of assessment prior to January 1, 2020; and

(ii) Rs. 3,000,000, for each year of assessment commencing on or after January 1, 2020,

except that an individual who is a trustee, receiver, executor or liquidator shall not be

entitled to deduct this personal relief as such trustee, receiver, executor or liquidator, and the relief shall not be deducted against gains from the realisation of investment assets;”;

- (b) in subparagraph (b) of that paragraph, by the substitution for the words “year of assessment,” of the words and figures “year of assessment, but prior to January 1, 2020;”;
- (c) in subparagraph (d) of that paragraph, by the substitution for the words “for the year;”, of the words and figures “for the year up to December 31, 2019;”;
- (d) in subparagraph (e) of that paragraph, by the substitution for the words “for the year.”, of the words and figures “for the year up to December 31, 2019;”;
- (e) by the addition immediately after subparagraph (e) of that paragraph, of the following new subparagraphs:-

“(f) in the case of a resident individual, following expenditure up to a total sum of Rs. 1,200,000, incurred for a year of assessment on or after January 1, 2020: -

- (i) health expenditure including contributions to medical insurance;
- (ii) vocational education or other educational expenditure incurred locally by such individual or on behalf of such individual’s children;
- (iii) interest paid on housing loans;

- (iv) contributions made to any local pension scheme, other than for a scheme under the employer or on behalf of the employer, by an employee;
- (v) expenditure incurred for the purchase of shares or any other financial instrument listed in the Colombo Stock Exchange and licensed by the Securities and Exchange Commission of Sri Lanka or treasury bonds under the Registered Stocks and Securities Ordinance (Chapter 420) or treasury bills under the Local Treasury Bills Ordinance (Chapter 417);
- (g) in the case of a resident individual who has acquired solar panels to fix on his premises and connected to the national grid, Rs. 600,000 for each year of assessment, upto the total expenditure on such solar panels or upto the amounts paid to a bank in respect of any loan obtained to acquire such solar panels.”.

Amendment of
the Sixth
Schedule to the
principal
enactment

56. The Sixth Schedule to the principal enactment is hereby amended as follows: -

- (1) by the repeal of paragraph 2 of that Schedule;
- (2) in paragraph 3 of that Schedule, by the substitution for the words “three years”, of the words “six years”;
- (3) in paragraph 8 of that Schedule, by the substitution for the words and figures “section 15, for three years”, of the words and figures “section 15, during the period of five years”;
- (4) by the insertion immediately after paragraph 8 of that Schedule, of the following new paragraphs:-

“Rate of Interest

9. Notwithstanding anything to the contrary in subsection (1) of section 159, the rate of

interest for any payment due and payable during the period from March 1, 2020 to September 30, 2020 under this Act, shall be zero percent.

Marketing and Communication Expenses

10. (1) Subject to subparagraph (2), a person shall be entitled to an additional deduction when calculating his income from business for a year of assessment, equal to 100% of the total amount of marketing and communication expenses deducted under section 15A during the three years of assessment commencing from April 1, 2021.

(2) The additional deduction under subparagraph (1) shall be made subject to the following conditions: -

- (a) the payment shall be made to a person who is not an associated person of the tax payer;
- (b) internal marketing expenses, salaries of marketing staff, expenditure on maintaining an internal marketing department, expenditure on corporate social responsibility initiatives and foreign travel expenses shall not be considered for the purpose of the additional deduction under subparagraph (1);
- (c) expenditure shall be attributable to goods and services with 65% of local value addition, the mode of calculation of which shall be as specified by the Commissioner-General;

- (d) the total additional deduction under subparagraph (1) shall not exceed Rs. 500,000,000 in any year of assessment;
- (e) the Commissioner-General shall specify the requirements to maintain records, source documents and underlying documents for the purpose of subparagraph (1), in addition to the requirements of other sections of this Act.

Financial Cost

11. Subject to the provisions of this Act, financial cost incurred (other than such amounts, of which deductions is denied in previous years) during the year of assessment commencing on April 1, 2021, shall be deducted irrespective of the limit referred to in subsection (2) of section 18. That year of assessment shall not be recognized for the purpose of six years period referred to in subsection (3) of section 18.”.

Power of the
Commissioner-
General to issue
guidelines for
specific periods

57. Subject to the provisions of this Act, the Commissioner-General may, for the effective implementation of the provisions of this Act, issue guidelines as may be necessary for the purpose of calculating the income tax payable for the year of assessment ending March 31, 2020, specifying the computation of assessable income (or losses) from each source, deductions of qualifying payments and reliefs, computation of taxable income, applicable tax rates and tax credits in which to apply the pro-rata basis or actual basis only for the required circumstances as the case may be, for over the two periods of the year of assessment as for the first period from April 1, 2019 to December 31, 2019 and for the second period from January 1, 2020 to March 31, 2020.

58. (1) The Commissioner-General shall write off any income tax arrears payable by any Small and Medium Enterprise as defined in section 195 of the principal enactment for the year of assessment commencing on April 1, 2019, if such arrears arise due to any assessment made (other than the assessments made for tax payments as per the returns but including any penalty) up to the year of assessment ending March 31, 2019 which is outstanding as at June 26, 2020, in the records of the Commissioner-General-

Tax relief measures to facilitate post-Covid-19 economic recovery

- (a) if such assessment was made as per the provisions of this Act or the provisions of the Inland Revenue Act, No. 10 of 2006 or the provisions of the Inland Revenue Act, No. 38 of 2000 or the provisions of the Inland Revenue Act, No. 28 of 1979; but
- (b) subject to the deduction of any refunds duly claimed by such person as provided in any tax Act administered by the Commissioner-General from such income tax arrears.

(2) Subject to section 136 of the principal enactment, the Assistant Commissioner shall not amend the self-assessment under the provisions of section 135 of that enactment for the year of assessment ending on March 31, 2020, where the Assistant Commissioner is satisfied that there is no fraud or willful neglect involved in the disclosure of income or any deduction or relief by such Small and Medium Enterprise and paid the tax declared in the return.

(3) The Commissioner-General shall not impose any penalty or initiate criminal proceedings under Chapter XVIII of the principal enactment against a person who-

- (a) files his return of income for the year of assessment commencing on April 1, 2019, before June 30, 2021; and

- (b) makes the payment of tax payable on assessment referred to in subparagraph (ii) of paragraph (c) of subsection (2) of section 82 of the principal enactment, for the year of assessment commencing on April 1, 2019, before June 30, 2021.

Retrospective effect

59. The amendments made to the principal enactment by the sections specified in *Column I* of *Table 'B'* set out in this Amendment Act, to the corresponding sections specified in *Column II* of that Table shall be deemed, for all purposes, to have come into operation on such dates as are specified in the corresponding entries in *Column III* of that Table.

Validation

60. Any person who has collected the income tax as provided for in this Amendment Act during the period commencing from such dates as are specified in *Column III* of *Table 'B'* set out in this Amendment Act and ending on the date of commencement of this Amendment Act, shall be deemed to have acted with due authority and such collection shall be deemed, for all purposes, to have been, and to be, validly made and such person is hereby indemnified against all actions civil or criminal in respect of such collection.

Sinhala text to prevail in case of inconsistency.

61. In the event of any inconsistency between the Sinhala and Tamil texts of this Act, the Sinhala text shall prevail.

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Table 'A'

(section 1)

| <i>Column I</i> | <i>Column II</i> |
|-----------------------------------|---|
| <i>Section number of this Act</i> | <i>Section number of the principal enactment which is amended</i> |
| 6 | 11 |
| 7 | 14 |
| 8 | 15A |
| 10 | 18 |
| 11 | 19 |
| 13 | 36 |
| 14 | 38 |
| 17 | 60 |
| 18 | 62 |
| 19(2) | 66(3) |
| 34(2) | 93(3) |
| 36 | 95 |
| 37 | 103 |
| 38 | 113 |
| 39 | 120 |
| 40 | 126 |
| 42(2) and 42(3) | 139(5) and 139(6) |
| 43 | 140 |
| 45(2) | 158(2) |
| 47 | 190A |
| 48(4), (7) and (10) | 195 |
| 51(1)(f) | subparagraph (5) of paragraph 1 of the First Schedule |

| <i>Column I</i> | <i>Column II</i> |
|-----------------------------------|--|
| <i>Section number of this Act</i> | <i>Section number of the principal enactment which is amended</i> |
| 51(4)(c) | items (k), (l) and (ll) of subparagraph (2A) of paragraph 4 of the First Schedule |
| 51(4)(d) | subparagraph (5) of paragraph 4 of the First Schedule |
| 51 (9) | paragraph 11 of the First Schedule |
| 52(1)(c) | subparagraph (9) of paragraph 1 of the Second Schedule |
| 52(2) | paragraph 2 of the Second Schedule |
| 52(3) | paragraph 3 of the Second Schedule |
| 53(2) | paragraph (hh) of the Third Schedule |
| 53(3) | subparagraph (v) and (vi) of paragraph (i) of the Third Schedule |
| 53(5) | paragraphs (ll) and (lll) of the Third Schedule |
| 53(9) | paragraph (rr) of the Third Schedule |
| 53(10) | subparagraphs (v) and (vi) of paragraph (u), and paragraph (w) of the Third Schedule |
| 54(1) | the table in subparagraph (1) of paragraph 1 of the Fourth Schedule |
| 54(2)(a) | the table in subparagraph (3) of paragraph 2 of the Fourth Schedule |
| 54(3) | paragraph 4 of the Fourth Schedule |
| 55(1)(b) | subparagraphs (d), (e) and (f) of paragraph 1 of the Fifth Schedule |
| 55(2)(e) | subparagraph (g) of paragraph 2 of the Fifth Schedule |
| 56(4) | paragraphs 10 and 11 of the Sixth Schedule |

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Table 'B' (section 59)

| <i>Column I</i> | <i>Column II</i> | <i>Column III</i> |
|-----------------------------------|---|--------------------------|
| <i>Section number of this Act</i> | <i>Section number of the principal enactment which is amended</i> | <i>Date of operation</i> |
| 2 | 5 | 01.04.2018 |
| 3 | 6 | 01.04.2018 |
| 4 | 9 | 01.04.2018 |
| 5 | 10 | 01.04.2018 |
| 9 | 16 | 01.04.2018 |
| 12 | 20 | 01.04.2018 |
| 15 | 53 | 01.01.2020 |
| 16 | 55 | 01.01.2020 |
| 19(1) and 19(3) | 66(2) and 66(4) | 01.04.2018 |
| 20 | 68 | 01.04.2018 |
| 21 | 70 | 01.04.2018 |
| 22 | 75 | 01.04.2018 |
| 23 | 76 | 01.04.2018 |
| 24 | 77 | 01.04.2018 |
| 25 | 78 | 01.04.2018 |
| 26 | 83 | 01.01.2020 |
| 27 | 83A | 01.04.2020 |
| 28 | 84 | 01.01.2020 |
| 29 | 84A | 01.04.2020 |
| 30 | 85 | 01.01.2020 |
| 31 | 87 | 01.04.2018 |

| <i>Column I</i> | <i>Column II</i> | <i>Column III</i> |
|-----------------------------------|---|--------------------------|
| <i>Section number of this Act</i> | <i>Section number of the principal enactment which is amended</i> | <i>Date of operation</i> |
| 32(1)(b) and 32(3) | 88(1)(d) and 88(3) | 01.04.2018 |
| 32(1)(a) and 32(2) | 88(1) and 88(1A) | 01.01.2020 |
| 33(1) and 33(2) | 90(1) and 90(2) | 01.04.2018 |
| 33(3) and 33(4) | 90(3) and 90(5) | 01.04.2020 |
| 34(1) | 93(2) | 01.04.2018 |
| 35 | 94 | 01.04.2019 |
| 41 | 129 | 01.04.2018 |
| 42(1) | 139(3) | 01.04.2018 |
| 44 | 157 | 01.04.2018 |
| 45(1) | 158(1) | 01.04.2018 |
| 46 | 159(1) and 159(2) | 01.04.2018 |
| 48(1), (3), (8) and (9) | 195 | 01.04.2018 |
| 48(2) | 195 | 01.04.2019 |
| 48(5) | 195 | 01.01.2020 |
| 48(6) | 195 | 01.04.2020 |
| 49 | 201(2)(b) | 01.04.2018 |
| 50 | 203 | 01.04.2018 |
| 51(1)(a), (b), (c) and (d) | subparagraph (1), (1A), (2) and (3) respectively of paragraph 1 of the First Schedule | 01.01.2020 |

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| <i>Column I</i> | <i>Column II</i> | <i>Column III</i> |
|-----------------------------------|--|--------------------------|
| <i>Section number of this Act</i> | <i>Section number of the principal enactment which is amended</i> | <i>Date of operation</i> |
| 51(2) | paragraph 2 of the First Schedule | 01.01.2020 |
| 51(3) | subparagraph (1) of paragraph 3 of the First Schedule | 01.01.2020 |
| 51(4)(a) | subparagraph (1) of paragraph 4 of the First Schedule | 01.01.2020 |
| 51(4)(b) | subparagraph (2) of paragraph 4 of the First Schedule | 01.01.2020 |
| 51(4)(c) | subparagraph 2A of paragraph 4, other than items (k), (l) and (ll) of the First Schedule | 01.01.2020 |
| 51(5)(a) | subparagraph (1) of paragraph 5 of the First Schedule | 01.01.2020 |
| 51(6) | subparagraph (1) and (3) of paragraph 7 of the First Schedule | 01.01.2020 |
| 51(8) | subparagraph (1) paragraph 10 of the First Schedule | 01.01.2020 |
| 51(1)(e) | subparagraph (4) of paragraph 1 of the First Schedule | 01.04.2019 |
| 51(5)(b) | subparagraph (2) of paragraph 5 of the First Schedule | 01.04.2018 |
| 51(7) | paragraph 8 of the First Schedule | 01.04.2018 |
| 51(9) | paragraph 12 of the First Schedule | 01.04.2020 |

| <i>Column I</i> | <i>Column II</i> | <i>Column III</i> |
|-----------------------------------|---|--------------------------|
| <i>Section number of this Act</i> | <i>Section number of the principal enactment which is amended</i> | <i>Date of operation</i> |
| 52(1)(a) and (b) | subparagraphs (2), (3), (4) and (6) of paragraph 1 of the Second Schedule | 01.04.2018 |
| 53(1) | paragraph (d) of the Third Schedule | 01.04.2018 |
| 53(3) | subparagraph (i) and (ii) of paragraph (i) of the Third Schedule | 01.04.2018 |
| 53(4) | paragraphs (k) and (l) of the Third Schedule | 01.04.2018 |
| 53(8) | paragraph (r) of the Third Schedule | 01.04.2018 |
| 53(10) | paragraph (t) of the Third Schedule | 01.04.2018 |
| 53(3) | subparagraph (iii) of paragraph (i) of the Third Schedule | 01.01.2020 |
| 53(6) | paragraph (o) of the Third Schedule | 01.01.2020 |
| 53(7) | paragraph (oo) of the Third Schedule | 01.01.2020 |
| 53(10) | subparagraph (ii), (iii) and (iv) of paragraph (u) of the Third Schedule | 01.01.2020 |
| 53(10) | paragraph (v) of the Third Schedule | 01.01.2020 |
| 53(3) | subparagraph (iv) of paragraph (i) of the Third Schedule | 08.04.2020 |
| 53(10) | subparagraph (i) of paragraph (u) of the Third Schedule | 01.04.2019 |
| 54(2)(b) | subparagraph (4) of paragraph 2 of the Fourth Schedule | 01.04.2018 |
| 55(1)(a) | subparagraph (c) of paragraph 1 of the Fifth Schedule | 01.04.2019 |

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| <i>Column I</i> | <i>Column II</i> | <i>Column III</i> |
|-----------------------------------|---|--------------------------|
| <i>Section number of this Act</i> | <i>Section number of the principal enactment which is amended</i> | <i>Date of operation</i> |
| 55(2) | paragraph 2, other than subparagraph (g), of the Fifth Schedule | 01.01.2020 |
| 56(1), (2) and (3) | paragraphs (2), (3) and (8) of the Sixth Schedule | 01.04.2018 |
| 56(4) | paragraph 4 of the Sixth Schedule | 01.03.2020 |
| 57 | new section | 01.04.2019 |
| 58 | new section | 26.06.2020 |

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**PARLIAMENT OF THE DEMOCRATIC
SOCIALIST REPUBLIC OF
SRI LANKA**

**COLOMBO PORT CITY ECONOMIC COMMISSION
ACT, No. 11 OF 2021**

[Certified on 27th of May, 2021]

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*Colombo Port City Economic Commission
Act, No. 11 of 2021*

[Certified on 27th of May, 2021]

L.D.—O. 4/2021

AN ACT TO PROVIDE FOR THE ESTABLISHMENT OF A SPECIAL ECONOMIC ZONE; TO ESTABLISH A COMMISSION EMPOWERED TO GRANT REGISTRATIONS, LICENCES, AUTHORISATIONS AND OTHER APPROVALS TO CARRY ON BUSINESSES AND OTHER ACTIVITIES IN AND FROM SUCH ZONE; TO PROVIDE FOR THE IDENTIFICATION OF A SINGLE WINDOW INVESTMENT FACILITATOR FOR THE PROMOTION OF EASE OF DOING BUSINESS WITHIN SUCH ZONE; TO DETERMINE AND GRANT INCENTIVES AND OTHER EXEMPTIONS FOR THE PROMOTION OF BUSINESSES OF STRATEGIC IMPORTANCE WITHIN SUCH ZONE; TO ENTER INTO TRANSACTIONS AS PROVIDED, OF GOVERNMENT MARKETABLE LAND AND PROJECT COMPANY MARKETABLE LAND AND PREMISES AND CONDOMINIUM PARCELS STANDING THEREON WITHIN SUCH ZONE; TO PROMOTE AND FACILITATE INTERNATIONAL TRADE, SHIPPING LOGISTIC OPERATIONS, OFFSHORE BANKING AND FINANCIAL SERVICES, INFORMATION TECHNOLOGY AND BUSINESS PROCESS OUTSOURCING, CORPORATE HEADQUARTERS OPERATIONS, REGIONAL DISTRIBUTION OPERATIONS, TOURISM, AND OTHER ANCILLARY SERVICES WITHIN SUCH ZONE; TO ESTABLISH AN INTERNATIONAL DISPUTE RESOLUTION CENTRE WITHIN SUCH ZONE; TO PROMOTE URBAN AMENITY OPERATIONS AND THE SETTLEMENT OF A RESIDENTIAL COMMUNITY WITHIN SUCH ZONE; AND FOR MATTERS CONNECTED THEREWITH OR INCIDENTAL THERETO.

WHEREAS in furtherance of the Directive Principles of State Policy enshrined in the Constitution of the Democratic Socialist Republic of Sri Lanka, which requires the State to ensure by means of public and private economic activity, the rapid development of the country, whilst co-ordinating public and private economic activity in the national interest, the Government of Sri Lanka has considered it necessary to establish a Special Economic Zone within which there is ease of doing business that will attract new investments primarily to facilitate the diversification of the service economy, to promote the inflow of foreign exchange into such Zone, to generate new employment opportunities within such Zone whilst facilitating the development of technical,

Preamble

2 *Colombo Port City Economic Commission
Act, No. 11 of 2021*

professional, technological and entrepreneurial expertise and to facilitate the promotion of urban amenity operations within such Zone, through the settlement of a residential community:

AND WHEREAS it has become necessary having regard to the national interest or in the advancement of the national economy, to establish a Special Economic Zone to be called “the Colombo Port City Special Economic Zone” which will be an international business and services hub with specialized infrastructure and other facilities within such Zone, for the promotion and facilitation of economic activity including international trade, shipping logistic operations, offshore banking and financial services, information technology and business process outsourcing, corporate headquarters operations, regional distribution operations, tourism, and other ancillary services:

NOW THEREFORE be it enacted by the Parliament of the Democratic Socialist Republic of Sri Lanka as follows: -

Short title

1. This Act may be cited as the Colombo Port City Economic Commission Act, No. 11 of 2021.

PART I

ESTABLISHMENT OF THE COLOMBO PORT CITY SPECIAL ECONOMIC
ZONE AND THE COLOMBO PORT CITY ECONOMIC COMMISSION

Establishment of
the Colombo
Port City Special
Economic Zone

2. There shall be established a Special Economic Zone to be called the Colombo Port City Special Economic Zone (hereinafter referred to as the “Colombo Port City”). The Area of Authority of the Colombo Port City herein established, shall consist of the boundaries as set out in Schedule I to this Act.

3. (1) There shall be established a Commission called the Colombo Port City Economic Commission (hereinafter referred to as the “Commission”) which shall be entrusted, in the manner set out in this Act, with the administration, regulation and control of, all matters connected with businesses and other operations, in and from the Area of Authority of the Colombo Port City.

Establishment
of the Colombo
Port City
Economic
Commission

(2) The Commission shall, by the name assigned to it under subsection (1), be a body corporate with perpetual succession and a common seal and may sue and be sued in such name.

(3) The Commission shall have the objectives and the powers, duties and functions as are set out in this Act.

(4) The Commission shall be responsible to facilitate prepare, develop, amend, update, publish and enforce all Community Rules applicable within the Area of Authority of the Colombo Port City.

(5) The Commission shall, in the exercise, performance and discharge of its powers, duties and functions, where so required by the respective written laws applicable to any Regulatory Authority, obtain the concurrence of the relevant Regulatory Authority in respect of the subjects vested in or assigned to, such Regulatory Authority and to the extent specifically provided for in this Act:

Provided that, the concurrence of the relevant Regulatory Authority sought shall be limited to the implementation by the Commission, within the Area of Authority of the Colombo Port City, of the respective written laws applicable to such Regulatory Authority.

(6) The relevant Regulatory Authority from whom such concurrence is being sought by the Commission, shall as soon as practicable in the circumstances, as a matter of priority, communicate its decision to the Commission.

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Master Plan of
the Colombo
Port City

4. (1) The Master Plan as approved by the Commission with the concurrence of the President or in the event that the subject of the Colombo Port City is assigned to a Minister, with the concurrence of such Minister, shall be the basis on which all zoning and other physical development activities within the Area of Authority of the Colombo Port City, shall be implemented.

(2) The Commission shall, in consultation with the Project Company, and with the concurrence of the President or in the event that the subject of the Colombo Port City is assigned to a Minister, with the concurrence of such Minister, identify any amendments to the Master Plan, if such amendments are considered necessary in the national interest or in the advancement of the national economy, to ensure through its viability the enhancement of the businesses carried on, in and from the Area of Authority of the Colombo Port City.

(3) The Commission shall be vested with the responsibility of ensuring the due implementation of the Master Plan and the Development Control Regulations, which shall be made in terms of this Act.

(4) The Commission shall submit to the President or in the event that the subject of the Colombo Port City is assigned to a Minister, to such Minister, an annual progress report, setting out the progress on the implementation of the Master Plan.

(5) The Commission shall, having consulted the Project Company, submit for the consideration of the President or

in the event that the subject of the Colombo Port City is assigned to a Minister, of such Minister, its recommendations on any revision to the Master Plan, along with such annual progress report.

(6) The President or in the event that the subject of the Colombo Port City is assigned to a Minister, such Minister, may for the purposes of this section, issue such general or special directions in writing to the Commission, if it is so required in the national interest or in the advancement of the national economy.

PART II

OBJECTIVES AND POWERS, DUTIES AND FUNCTIONS OF THE COMMISSION

- 5.** The objectives of the Commission shall be to - Objectives of the
Commission
- (a) promote the Colombo Port City to be a leading Special Economic Zone in the region and an attractive investment destination;
 - (b) attract enhanced foreign direct investments into the country;
 - (c) create a safe and conducive business environment and facilitate ease of doing business in and from the Area of Authority of the Colombo Port City and also endeavour to ensure that the Ease of Doing Business Index in relation to the Area of Authority of the Colombo Port City is maintained at a level similar to other attractive economic zones in the region;
 - (d) ensure ease of transacting its business operations and administration efficiently, reliably and transparently in order to enhance investor confidence;

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- (e) encourage and promote global and regional investments in international trade, shipping logistic operations, offshore banking and finance, information technology and business process outsourcing, corporate headquarters operations, regional distribution operations, tourism and other ancillary services;
- (f) promote and develop innovation and entrepreneurship;
- (g) promote tourism and ancillary services by facilitating duty free shopping, entertainment and other similar facilities;
- (h) generate employment opportunities;
- (i) promote sustainable development; and
- (j) promote urban amenity operations with the settlement of a residential community within the Area of Authority of the Colombo Port City.

Powers, duties
and functions of
the Commission

6. (1) The Commission shall, in furtherance of the national interest or in the advancement of the national economy, exercise, perform and discharge, the powers, duties and functions as are set out below: –

- (a) to issue or grant a registration, licence, authorisation and other approval to engage in business, in and from the Area of Authority of the Colombo Port City and facilitate businesses and investments in terms of this Act;
- (b) to facilitate and exercise regulatory supervision and control over all investments and businesses in and from the Area of Authority of the Colombo Port City, in terms of this Act, with the concurrence of the relevant Regulatory Authority:

Provided that, the concurrence of the relevant Regulatory Authority sought shall be limited to the implementation by the Commission, within the Area of Authority of the Colombo Port City, of the respective written laws applicable to such authority;

- (c) to lease, subject to the provisions of this Act and other applicable written laws, Government Marketable Land situated within the Area of Authority of the Colombo Port City and vested in the Commission in terms of this Act;
- (d) to lease, subject to the provisions of this Act and other applicable written laws, Project Company Marketable Land situated within the Area of Authority of the Colombo Port City and vested in the Commission in terms of this Act, together with Project Company which holds Master Leases relating thereto;
- (e) to lease or transfer on freehold basis, subject to the provisions of this Act and other applicable written laws, condominium parcels standing on Government Marketable Land situated within the Area of Authority of the Colombo Port City and vested in the Commission in terms of this Act, together with the respective investor or developer, as the case may be;
- (f) to lease or transfer on freehold basis, subject to the provisions of this Act and other applicable written laws, condominium parcels standing on Project Company Marketable Land situated within the Area of Authority of the Colombo Port City and vested in the Commission in terms of this Act, together with the Project Company which holds Master Leases relating thereto;

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- (g) to be the Single Window Investment Facilitator while being the sole point of contact to investors and promote the ease of doing business through the expeditious facilitation and issuance of all registrations, licences, authorisations and other approvals required for engaging in business in and from the Area of Authority of the Colombo Port City, where so required by the respective written laws applicable to such Regulatory Authority;
- (h) to function as the Single Window Investment Facilitator, and evaluate, make recommendations on or approve or facilitate the approvals as set out in this Act proposals submitted to the Commission for engaging in business in and from the Area of Authority of the Colombo Port City, in terms of Part VI of this Act;
- (i) to plan, issue and monitor compliance, notwithstanding anything to the contrary in any other written law, of all other permits, clearances, work permits and such other approvals as may be required to engage in development activities, operate businesses, shopping, entertainment including gaming activities and such other facilities, to obtain possession of commercial residential facilities, in and from the Area of Authority of the Colombo Port City;
- (j) to develop and approve environmental standards and plan, monitor and execute environmental improvements as may be required within the Area of Authority of the Colombo Port City;
- (k) to ensure that the implementation of development work, (inclusive of the construction, in accordance with the provisions of Part X of this Act, of condominium parcels), activities and services within the Area of Authority of the Colombo Port City, are carried out in compliance with the Master Plan and

the Development Control Regulations as may be prescribed, subject to any directions as may be given by the President or in the event that the subject of the Colombo Port City is assigned to a Minister, by such Minister;

- (l) to enter into contracts with any person as may be necessary in the exercise, performance and discharge of its powers, duties and functions;
- (m) to co-operate and enter into agreements with international financial and business centres, regulators and other bodies, institutions, organisations, and persons, for the achievement of its objectives and the exercise, performance and discharge of its powers, duties and functions;
- (n) to charge fees and other charges as may be determined by the Commission for ancillary services and facilities provided directly by the Commission or through the Estate Manager within the Area of Authority of the Colombo Port City;
- (o) to impose conditions or requirements and issue directions in relation to any service or facility provided by the Commission or through the Estate Manager within the Area of Authority of the Colombo Port City;
- (p) to identify local assessment rates and any other levies applicable within the Area of Authority of the Colombo Port City as authorised by this Act, at rates as shall be prescribed;
- (q) to facilitate the establishment and operation, within the Area of Authority of the Colombo Port City, any stock, precious metal or commodity, exchange or market, to be operated by authorised persons, for trade in any designated foreign currency, subject to such terms, conditions and procedures as may be prescribed;

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- (r) to call for documents or information as may be required, in respect of any application made by any company or person to the Commission, for registration as an authorised person;
- (s) to amend, transfer, assign, renew or accept the surrender of, any registration, licence, authorisation or other approval, at the request of an authorised person;
- (t) to amend, cancel, suspend or revoke any registration, licence, authorisation or approval granted by the Commission, in the event of a material default or breach by an authorised person;
- (u) to prepare, develop, amend, update, publish and enforce all Community Rules and, enforce the Development Control Regulations as may be prescribed for applicability within the Area of Authority of the Colombo Port City;
- (v) to facilitate the formulation of regulations on matters required to be prescribed in terms of this Act;
- (w) to make rules and codes in respect of matters set out in this Act and specify procedures and standards, issue directions and guidelines as may be required for the due administration and management of the powers, duties and functions of the Commission, which shall be applicable within the Area of Authority of the Colombo Port City;
- (x) to facilitate the expeditious resolution of any commercial dispute involving an authorised person as provided for in this Act;

- (y) to make recommendations relating to policy formulation to the President or in the event that the subject of the Colombo Port City is assigned to a Minister, to such Minister, on any matter pertaining to the Area of Authority of the Colombo Port City;
- (z) to submit reports on any specific matter relating to the Area of Authority of the Colombo Port City, as may be requested by the President or in the event that the subject of the Colombo Port City is assigned to a Minister, by such Minister;
- (aa) to submit to the President or in the event that the subject of the Colombo Port City is assigned to a Minister, to such Minister, and to the Minister assigned the subject of Finance, an annual report on the operations, income and expenditure of the Commission, to be placed before Parliament;
- (ba) to appoint, remove and exercise disciplinary control over, the Director-General and determine the terms and conditions of his service including the salary, and any other allowances, in consultation with the President or in the event that the subject of the Colombo Port City is assigned to a Minister, with such Minister and to remunerate the Director-General out of the Fund of the Commission;
- (ca) to appoint and dismiss and exercise disciplinary control over the staff of the Commission and to determine the terms and conditions of their service including their salaries, wages and any other allowances, as may be determined by the Commission;
- (da) to engage the services of consultants or advisors as may be necessary to assist the Commission in the exercise, performance and discharge of its powers, duties and functions in such manner and at such

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amounts as may be determined by the Commission in consultation with the President or in the event that the subject of the Colombo Port City is assigned to a Minister, with such Minister and remunerate them out of the Fund of the Commission;

- (ea) to hold, take on lease or rent in the name of the Commission any office and other space as may be required for operational or administrative purposes of the Commission;
- (fa) to manage the Fund of the Commission, make investments, operate and maintain bank accounts and borrow funds subject to such regulations as may be prescribed in terms of this Act, and to approve and manage the annual budget of the Commission;
- (ga) to regulate gaming activities within the Area of Authority of the Colombo Port City and where required, to make regulations for the management of such activities;
- (ha) to delegate or assign to the company incorporated in terms of the Companies Act, No. 7 of 2007 and designated the Estate Manager in terms of section 59 of this Act, such functions as are connected with the subjects of condominium management and apartment ownership or any other assigned function, which may be prescribed ; and
- (ia) generally, to do all other acts and things, incidental to or consequential upon, the exercise, performance and discharge of the powers, duties and functions vested in, assigned or delegated to the Commission in terms of this Act.

(2) In the exercise, performance and discharge of its powers, duties and functions as set out in subsection (1), the Commission shall, when engaging in international promotional activities in relation to the Colombo Port City, ensure to the greatest extent possible, a domestic content in the development of documentaries, preparation of content, designing and information technology support, and a participation of local aptitude and skills in such promotional activities.

PART III

COMPOSITION OF AND THE ADMINISTRATION AND MANAGEMENT OF THE AFFAIRS OF THE COMMISSION

7. (1) The Commission shall consist of not less than five members and not more than seven members, who shall be appointed by the President while ensuring that the majority including the Chairperson of the Commission are Sri Lankans. In making such appointments, consideration shall be afforded to ensure that such members possess relevant knowledge, expertise and experience and national or international recognition, in the fields of Investment, Finance, Law, Information Technology, Engineering, Business or Accountancy. The President shall appoint one member from amongst such members, to be the Chairperson of the Commission.

Composition of
the Commission
and appointment
of the
Chairperson

(2) In appointing the members of the Commission, consideration shall be afforded to ensure that the composition of the Commission is representative, in terms of knowledge, expertise and experience and national or international recognition.

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Term of office **8.** The Chairperson and members of the Commission shall hold office for a period of three years from the date of appointment unless such person earlier vacates office by death, resignation or removal under subsection (3) of section 9.

Re-appointment, resignation and removal &c., **9.** (1) The Chairperson or members of the Commission shall be eligible for re-appointment unless any such person has been removed from office under subsection (3) hereunder.

(2) The Chairperson or a member of the Commission may resign from their office by a written communication addressed to the President or in the event that the subject of the Colombo Port City is assigned to a Minister, to such Minister, in that regard and such resignation shall take effect on it being accepted by the President or such Minister.

(3) The President may remove the Chairperson or a member of the Commission, from office,-

- (a) on written notice, if the Chairperson or any member becomes incapable, due to ill-health, of effectively performing the duties of his office;
- (b) with immediate effect, if the Chairperson or any member has since being so appointed, been declared bankrupt or been convicted of a criminal offence, by a court of competent jurisdiction; or
- (c) being satisfied, upon consideration of representations made, that the Chairperson or any member is guilty of fraud, grave misconduct or gross negligence, which warrants his removal from office with immediate effect.

(4) Upon the vacation of office by the Chairperson or a member as the case may be, of the Commission, by death, resignation or removal, the President shall appoint another person to fill such vacancy and such person shall hold office for the unexpired period of the term of office of the Chairperson or the member who so vacated office.

(5) Where the Chairperson or a member of the Commission is temporarily unable to discharge the functions of his office for a considerable period on account of ill-health, absence from Sri Lanka or any other cause, the President may appoint another member to act in place of such Chairperson or a person as a member, during the absence of the Chairperson or such member as the case may be.

10. (1) The quorum for a meeting of the Commission shall be four members. The meetings of the Commission shall be presided over by the Chairperson of the Commission. In the absence of the Chairperson from any meeting of the Commission, the meeting shall be chaired by a member elected by the members present.

Quorum and
meetings of the
Commission

(2) All questions for decision at any meeting of the Commission shall be decided by the vote of the majority of members present and voting at such meeting. In the case of an equality of votes, the Chairperson shall, in addition to his vote, have a casting vote.

(3) A meeting of the Commission may be held either—

- (a) by the number of members who constitute a quorum being assembled at the place, date and time appointed for the meeting; or

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- (b) by means of audio-visual communication by which all members participating and constituting a quorum can simultaneously see and hear each participating member for the duration of the meeting.

(4) The Commission may make rules for the conduct of meetings of the Commission and the procedure to be followed thereat and the Community Rules as required for the guidance of the Commission in its day to day activities within the Area of Authority of the Colombo Port City.

No act or proceeding of the Commission to be invalid by reason of a vacancy or any defect in the appointment of a member

11. No act or proceeding of the Commission shall be, or be deemed to be, invalid by reason only of the existence of any vacancy among its members or any defect in the appointment of a member thereof.

Remuneration of Chairperson and members

12. The remuneration of the Chairperson and other members of the Commission shall be as may be determined by the President.

Procedure if Chairperson or member has an interest in any person to whom a licence has been issued under this Act

13. (1) The Chairperson or any other member of the Commission who, whether directly or indirectly, has any interest in an authorised person, shall forthwith inform the Director-General in writing of the nature and extent of such interest. Such member shall not thereafter participate or vote on any decision directly or indirectly relating to such interest.

(2) If the Chairperson or any other member of the Commission, who has, whether directly or indirectly, any interest in an authorised person, participates directly or indirectly in any decision, such decision shall be voidable.

14. (1) The Commission shall be charged with the financial management of the affairs of the Commission and the due operation and management of the Fund established in terms of section 23 of this Act.

Commission to manage the Fund of the Commission

(2) In the discharge of the functions under this Act, the Commission may make investments, operate and maintain bank accounts and borrow funds as provided for in terms of this Act and subject to such regulations as may be prescribed and approve and manage the annual budget of the Commission.

(3) The financial year of the Commission shall be the calendar year.

15. (1) The accounts of the Commission shall be audited annually by a qualified auditor in terms of Article 154 of the Constitution. For the purposes of this section, the qualified auditor so appointed may be an international firm of accountants.

Audit of the accounts of the Commission

(2) The final Audit Report shall be submitted to the President, or in the event that the subject of the Colombo Port City is assigned to a Minister, to such Minister, to be tabled in Parliament.

16. (1) The Commission shall maintain books, registers and records of minutes, accounts, cash securities, vouchers and other documents in compliance with the applicable International Financial Reporting Standards.

Maintenance of books and accounts

(2) The Commission shall prepare annually a financial statement in compliance with International Financial Reporting Standards. The Commission shall also appoint annually an international firm of accountants to audit and report on its financial statement and state whether in its opinion, the financial statement so audited provides a true and fair view of the financial affairs of the Commission.

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Commission to
call for
information

17. The Commission may, where so required, call for information and reports as it may deem necessary for the purposes of this Part of this Act.

Delegation of
the powers,
duties and
functions of the
Commission

18. The Commission may delegate such of its powers, duties and functions under this Act, as the Commission may determine, either to the Director-General, to any officer of the Commission or any person holding a position of responsibility employed by the Commission, and the Director-General, officer of the Commission or person holding a position of responsibility employed by the Commission shall exercise, perform and discharge such delegated powers, duties and functions subject to the direction and supervision of the Commission.

Administrative
units of the
Commission

19. (1) The Commission shall establish such number of administrative units within the Commission as may be required for the efficient exercise, performance and discharge of its powers, duties and functions in terms of this Act.

(2) The Director-General may, with the approval of the Commission, delegate in writing to any administrative unit or employee of the Commission, such of the powers, duties or functions of the Director-General as may be considered necessary from time to time, and any such administrative unit or employee to whom any such powers, duties or functions are delegated, shall be responsible for the same, and shall exercise them subject to the direction and supervision of the Commission or the Director-General.

Commission, its
officers and
other employees
not to be liable
for acts done in
good faith

20. The Commission, its officers and employees shall not be liable for any act done or purported to be done or any omission made, in good faith during the exercise, performance or discharge of its or their powers, duties or functions under this Act, provided that such immunity shall not extend to –

- (a) liability for a criminal offence under any written law for the time being in force;

- (b) any act done in contravention of the provisions of this Act, or any other applicable written law, or any regulations made thereunder.

21. Any expense incurred by the Commission in any suit or proceeding brought by or against the Commission before any court or the International Commercial Dispute Resolution Centre established in terms of this Act, or such other body shall be paid out of the Fund of the Commission and any costs paid to, or recovered by the Commission in any such suit or proceeding, shall be credited to the Fund of the Commission.

Expenses incurred by the Commission in any suit or proceeding

22. Any expense incurred by any member, officer or employee of the Commission in any suit or proceeding brought against such person before any court or the International Commercial Dispute Resolution Centre established in terms of this Act, or such other body in respect of any act which is done, or is purported to be done, in terms of this Act or on the direction of the Commission shall be paid out of the Fund of the Commission and any costs paid to, or recovered by, the Commission in any such suit or proceeding, shall be credited to the Fund of the Commission:

Expenses incurred by a member, officer, &c., of the Commission in any suit or proceeding

Provided however, if the court or the International Commercial Dispute Resolution Centre or such other body, holds that such act was not done in good faith, such expense paid out of the Fund of the Commission shall be recovered from such person and be credited to the Fund of the Commission.

PART IV

FUND OF THE COMMISSION

- 23.** (1) The Commission shall have its own Fund.
- (2) There shall be paid into the Fund of the Commission –

Fund of the Commission

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- (a) a sum of Sri Lanka Rupees four hundred million being the initial contribution payable by the Project Company to the Fund of the Commission, on account of the Commission discharging *inter alia*, the functions of the investment facilitator of the Colombo Port City, which sum shall be used by the Commission to defray initial setting up and operational expenditure of the Commission, including international promotional expenditure of the Colombo Port City and Sri Lanka and such other expenses as may be incurred by the Commission in terms of this Act;
- (b) all sums of money equivalent to one *percentum* of all sums received from any lease of Project Company Marketable Land situated within the Area of Authority of the Colombo Port City, on account of the Commission discharging *inter alia*, the functions of the investment facilitator in relation to Marketable Land situated within the Area of Authority of the Colombo Port City, executed from the date of commencement of this Act and ending on June 30, 2028, after deducting therefrom, the initial contribution made by the Project Company in terms of paragraph (a) above and any taxes as may be payable thereon which sum shall be used by the Commission to defray expenditure incurred by the Commission in terms of this Act as set out in paragraph (a) (the Commission having remitted the entire balance of all sums so received to the Project Company simultaneous to the execution of indentures of lease of Project Company Marketable Land);
- (c) all sums of money equivalent to one *percentum* from all sums received from July 1, 2023 and ending on June 30, 2028, from any lease of Government Marketable Land situated within the Area of Authority of the Colombo Port City, retained by the Commission, as a service fee, to defray expenditure incurred by the Commission for international promotional expenditure of the

Colombo Port City and Sri Lanka, (the Commission having remitted the entire balance of all sums so received to the Consolidated Fund, simultaneous to the execution of the respective indentures of lease, which sums will form part of Government Revenue);

- (d) all sums of money as may be received by the Commission by way of local assessment rates and any other levies imposed by the Commission at such rates as prescribed within the Area of Authority of the Colombo Port City, (which sums shall be credited to the Consolidated Fund on a quarterly basis, and will form part of Government Revenue);
- (e) all sums of money as may be received by the Commission by way of fees or charges, as the case may be, imposed by the Commission or the Estate Manager, for services or facilities provided within the Area of Authority of the Colombo Port City, as may be decided by the Commission in the exercise, performance and discharge of the powers, duties and functions assigned to the Commission or the Estate Manager, in terms of this Act;
- (f) all grants, donations, gifts or bequests from any legitimate source whatsoever, whether domestic or foreign as shall be received by the Commission, through the Department of External Resources of the General Treasury;
- (g) all sums of money borrowed by the Commission in accordance with regulations which shall be made for such purpose; and
- (h) any other sums of money as may accrue to the Commission, in the exercise, performance and discharge of the powers, duties and functions of the Commission.

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(3) There shall be paid out of the Fund of the Commission, all sums of money as may be required in order to defray any expenditure incurred by the Commission, in the exercise, performance and discharge of its powers, duties and functions in terms of this Act, while ensuring that-

- (a) the limitations set out in paragraph (c) of subsection (2), correlated to the achievement of the objectives of the Commission through international promotional activities, are adhered to;
- (b) the balance to be remitted to the Project Company under paragraph (b) of subsection (2) are so remitted; and
- (c) all funds required to be credited to the Consolidated Fund in terms of the provisions of this Act, are so credited.

(4) The Fund of the Commission shall be audited annually by a qualified auditor in terms of Article 154 of the Constitution. For the purposes of this section, the qualified auditor so appointed may be an international firm of accountants.

(5) The final audit report shall be submitted to the President, or in the event that the subject of the Colombo Port City is assigned to a Minister, to such Minister, to be tabled in Parliament.

(6) It is hereby noted that the Commission shall be estimated to be self-sustainable by July 1, 2028.

(7) For the purposes of subsection (2), when carrying out international promotional activities of the Colombo Port City and Sri Lanka and incurring related expenditure, the Commission shall ensure the involvement of both international and local expertise and aptitude.

PART V

THE DIRECTOR-GENERAL AND THE STAFF OF THE COMMISSION

24. (1) The Commission shall, in consultation with and with the approval of the President, appoint a suitable person, possessing such qualifications and experience and local or international exposure to be the Director-General of the Commission (in this Act referred to as the “Director-General”).

Appointment of the Director-General of the Commission

(2) The Director-General shall be the Chief Executive Officer of the Commission.

(3) The Director-General shall be appointed for a term of three years from the date of appointment on such terms and conditions as may be determined by the Commission in consultation with and with the approval of the President. The Director-General shall be eligible for reappointment unless removed from office in terms of subsection (6) of this section.

(4) The Director-General shall, subject to the general direction and control of the Commission, be responsible for the conduct of all affairs of the Commission.

(5) The Director-General shall be paid such remuneration as may be determined by the Commission, in consultation with the President.

(6) The Commission may, in consultation with and with the approval of the President, for reasons assigned, remove the Director-General from office.

(7) The Director-General may resign from his office by a written communication in that regard addressed to the Commission and to the President, and such resignation shall take effect on it being accepted by the President.

(8) The provisions of subsection (3) of section 9 shall *mutatis mutandis*, apply in relation to the removal of the Director-General.

Powers, duties
and functions of
the Director-
General

25. The powers, duties and functions of the Director-General shall be to-

- (a) establish and manage a dedicated Secretariat for the Commission, and to support and assist the Commission in the exercise, performance and discharge of its powers, duties and functions;
- (b) conduct the day-to-day management and administration of the affairs of the Commission;
- (c) manage human resources and related services as may be assigned or delegated by the Commission;
- (d) prepare the annual budget of the Commission in consultation with the Commission, and forward the same to the President for his approval in consultation with the Minister assigned the subject of Finance;
- (e) recommend to the Commission the fees and other charges to be imposed for the services and facilities provided by the Commission including for the issue or grant of a registration, licence, authorisation, permit, certificate and such other approval, as may be required;
- (f) recommend to the Commission the renewal, suspension, revocation, cancellation or termination of any registration, licence, authorisation, permit, certificate and such other approval issued or granted by the Commission in terms of this Act;
- (g) carry out any act as may be required in the discharge of his functions as the Director-General; and

- (h) perform such other functions as may be assigned or delegated by the Commission.

PART VI

APPLICATION FOR AND APPROVAL AS AN AUTHORISED PERSON,
AGREEMENT REQUIRED TO BE SIGNED, SINGLE WINDOW INVESTMENT
FACILITATION, SRI LANKA CITIZENS ENGAGING IN BUSINESS,
EMPLOYMENT, PURCHASING, LEASING OR RENTING PROPERTY, OR
UTILISING FACILITIES OR SERVICES

26. (1) A person other than an authorised person in terms of this Act, shall not be permitted to engage in business, in and from the Area of Authority of the Colombo Port City.

Authorised persons to be permitted to engage in business in and from the Area of Authority of the Colombo Port City

(2) In the case of a person intending to engage in business in and from the Area of Authority of the Colombo Port City, a licence issued by the Commission under this Part of this Act, shall be required for an applicant to be qualified as an authorised person and to be permitted to engage in business in and from the Area of Authority of the Colombo Port City.

(3) In the case of a company intending to engage in business in and from the Area of Authority of the Colombo Port City-

- (a) a license issued by the Commission under this Part of this Act; and
- (b) a Certificate of Registration issued under Part VII of this Act,

shall be required for an applicant to be qualified as an authorised person and be permitted to engage in business in and from the Area of Authority of the Colombo Port City.

(4) In the case of a company intending to engage in offshore banking business-

- (a) a license issued by the Commission under this Part of this Act;

- (b) a Certificate of Registration issued under Part VII of this Act; and
- (c) a license issued under Part VIII of this Act,

shall be required for an applicant to be qualified as an authorised person and to be permitted to engage in offshore banking business in and from the Area of Authority of the Colombo Port City.

Application for registration, licence or authorisation or other approval, as may be required to engage in business in and from the Area of Authority of the Colombo Port City

27. (1) An application for a registration, licence, authorisation or such other approval as may be required to engage in business in and from the Area of Authority of the Colombo Port City in terms of this Act, shall be made to the Commission, in such form and manner, and on payment of the applicable fee for obtaining a registration, licence or authorisation or such other approval, as shall be prescribed.

(2) Every application shall be accompanied by such information, documents and a non-refundable processing fee, as may be determined by the Commission.

(3) Every application shall specify the total value of the proposed foreign direct investment, to be made in any designated foreign currency other than Sri Lanka Rupees, which shall also be set out in the relevant agreement to be executed by the Commission and the authorised person in terms of section 32 of this Act.

(4) No foreign currency deposit in an account maintained or operated in Sri Lanka, in any licensed commercial bank or licensed specialised bank within the meaning of the Banking Act and no foreign currency raised through a foreign currency loan obtained from any such licensed commercial bank or licensed specialised bank, shall be used by an authorised person for the purpose of such investment, within the Area of Authority of the Colombo Port City. As such, subject to the provisions of subsection (5) of this section and section 39 of this Act, all investments made to carry on

business in and from the Area of Authority of the Colombo Port City shall, in the interest of national economy, be raised outside Sri Lanka.

(5) Any person or company, to whom the restrictions specified in the Land (Restrictions on Alienation) Act, No. 38 of 2014 do not apply, and who has leased land as permitted in terms of section 38 or section 39 of this Act, may along with an investor or a consortium of investors, apply to engage in business in and from the Area of Authority of the Colombo Port City in any designated foreign currency other than in Sri Lanka Rupees, on the basis that the value of the land so leased forms part of such investment. The Commission may grant such approval on the basis that dividend or any other financial benefit on such investment shall be made in a designated foreign currency other than in Sri Lanka Rupees, subject to such other conditions as may be prescribed:

Provided that, in the event a dividend or any other financial benefit accrues to such person or company within a period of five years from the date of the respective lease paid for in Sri Lanka Rupees under section 39 of this Act, such person shall be required to remit such dividend or any other financial benefit to a Resident Foreign Currency Account operated and maintained in the name of the person or company that paid for the lease in Sri Lanka Rupees under section 39, in Sri Lanka outside the Area of Authority of the Colombo Port City.

28. (1) The Commission may call for any further information and documents as may be required with regard to any application made in terms of subsection (1) of section 27 and the applicant shall submit such information and documents within such period of time as may be determined by the Commission and communicated to the applicant.

Commission
may call for
further
information

(2) Every registration, licence, authorisation or other approval issued or granted by the Commission in terms of this Act shall-

- (a) be in such form as may be determined by the Commission;
- (b) be granted on payment of a fee in such amount as may be prescribed by taking into consideration *inter alia* the type of business for which the same is being granted;
- (c) specify the period of validity, if any, of the registration, licence or authorisation or such other approval;
- (d) specify the business to be engaged by an authorised person, in and from the Area of Authority of the Colombo Port City; and
- (e) specify the conditions, if any, to be attached to such registration, licence, authorisation or such other approval.

(3) The procedure for –

- (a) approval of an applicant as an authorised person;
- (b) amendment, surrender, transfer, assignment or renewal of a registration, licence or authorisation or other approval at the request of an authorised person; and
- (c) suspension, revocation or cancellation, for good cause, of a registration, licence or authorisation or other approval, granted by the Commission, in the event of a material default or breach by an authorised person, having informed the authorised person the reasons therefor in writing,

shall be as prescribed.

(4) The Commission shall maintain a Register which shall contain details of all authorised persons and the type of registration, licence, authorisation or other approval issued or granted to each of them, in the form and manner as may be determined by the Commission.

29. No applicant shall make –

- (a) in relation to any application submitted in terms of this Part of this Act; or
- (b) in relation to any information or particulars that the applicant is required to furnish in terms of this Act,

No information which is false to be included in the application

any representation or statement that the applicant knows is false or misleading in any material particular. Any person who contravenes the provisions of this section commits an offence in terms of this Act.

30. (1) Subject to Part VII, Part VIII and section 33 of this Act, the Commission shall be the Single Window Investment Facilitator responsible for the consideration and determination, in an expeditious and coordinated manner, whether to accept or reject for good reason, any application made to the Commission for a registration, licence, authorisation or other approval as may be necessary, to engage in any business in, to invest in, to reside in or to be employed in the Area of Authority of the Colombo Port City.

Commission to function as the Single Window Investment Facilitator in relation to the grant of any registration, licence, authorisation or other approval in terms of this Act

(2) The Commission shall, in its capacity as the Single Window Investment Facilitator, determine to either accept or reject an application received by the Commission in terms of section 27 of this Act. If an application is found to be acceptable, the Commission shall inform the applicant in writing, of its decision. In the event of an application being rejected, the Commission shall inform the applicant of the fact of rejection in writing, along with its reasons for such decision. The decision of the Commission shall be final.

(3) The Commission shall obtain the concurrence of any relevant Regulatory Authority in the process of granting such registration, licence, authorisation or other approval, where so required by the respective written laws applicable to such Authority, in respect of the subjects vested in or assigned to, such Authority and to the extent specifically provided for in this Act:

Provided that, the concurrence of the relevant Regulatory Authority sought shall be limited to the implementation by the Commission, within the Area of Authority of the Colombo Port City, of the respective written laws applicable to such Authority:

Provided further, the relevant Regulatory Authority from whom such concurrence is being sought by the Commission, shall, as soon as practicable in the circumstances, as a matter of priority, communicate its decision to the Commission.

(4) To ensure that the processing of applications made to the Commission is carried out in an expeditious manner, the Commission shall require any relevant Regulatory Authority to operate an office within the Area of Authority of the Colombo Port City. The relevant Regulatory Authority shall ensure that such office is managed by officers of sufficient seniority and authority, to ensure expeditious processing of such applications and communicating its decision.

Registration,
licence,
authorisation or
other approval
to be granted by
the Commission
to operate as an
authorised
person

31. (1) Where the Commission, after evaluation of an application received in terms of section 27 of this Act, considers such application to be acceptable in the national interest or in the advancement of the national economy, it shall proceed to issue or grant the registration, licence, authorisation or other approval, applied for.

(2) The registration, licence, authorisation or other approval so issued or granted, may be subject to such terms or conditions as the Commission considers necessary.

(3) Where a registration, licence, authorisation or other approval is so issued or granted by the Commission, it shall be the responsibility of the Commission to be satisfied after due concurrence obtained from the relevant Regulatory Authorities, where so required by the respective written laws applicable to such Authority, that all legal and regulatory requirements have been duly complied with, in respect of the relevant registration, licence, authorisation or other approval, unless any condition to the contrary is specified in any such document.

32. The Commission shall enter into an agreement with every authorised person setting out *inter alia* any terms, conditions, restrictions attached, the total value of the foreign direct investment committed to be made (inclusive of any sum paid in terms of section 39), and any concessions or exemptions and the period pertaining to which they are granted under this Act, in relation to the investment to be engaged in within the Area of Authority of the Colombo Port City. Every such agreement shall include a provision whereby the parties agree to the resolution of any dispute concerning thereof or arising therefrom, by way of arbitration in terms of Part XIII of this Act. Any equity contribution made as provided for in subsection (5) of section 27 shall also be separately reflected therein.

Commission required to enter into an agreement with every authorised person

33. (1) The Commission, as the Single Window Investment Facilitator, shall accept an application for and facilitate the processing of, any visa, entry permit or work permit, and other approvals as may be required by an authorised person, any consultant of, or any person specially authorised by an authorised person or an employee of an authorised person, and a person who intends to engage in business, to invest in, to reside in or to be employed in the Area of Authority of the Colombo Port City, as may be necessary.

Commission to be the Single Window Investment Facilitator for all other permits &c..

(2) Where the Commission after evaluation of an application under subsection (1) considers such application

to be acceptable in the national interest or in the advancement of the national economy, it may inform the Controller of Immigration and Emigration of such fact and recommend that such visa, entry permit or work permit or other approval, be granted as a matter of priority.

(3) On the basis of the decision of the Controller of Immigration and Emigration, the Commission shall, if the application is accepted by the Controller of Immigration and Emigration, inform the applicant in writing, and facilitate the issuance of such visa, entry permit, work permit or other approval as the case may be, or if the application is rejected, inform the applicant in writing of the same setting out the reasons therefor as informed by the Controller of Immigration and Emigration. The decision of the Controller of Immigration and Emigration shall be final.

Procedure for the suspension, revocation or cancellation of any registration, licence, authorisation or other approval, or any visa, entry or work permit or other approval after grant or issue of the same

34. Where the Commission subsequent to the facilitation and the issuing or granting-

- (a) of any registration, licence, authorisation or other approval in terms of section 31; or
- (b) of any visa, entry permit or work permit or other approval as set out in section 33,

becomes aware of a reason that compels the Commission to recommend to the Controller of Immigration and Emigration to suspend, revoke or cancel the same, as he may deem necessary, the Commission shall inform the Controller of Immigration and Emigration and the authorised person, of the same. The Controller of Immigration and Emigration shall thereupon take action to suspend, revoke, or cancel the registration, licence, authorisation or other approval as the case may be. Upon the taking of action for such suspension, revocation or cancellation as the case may be, the Controller of Immigration and Emigration shall notify the Commission of the same and the Commission shall immediately thereupon notify the relevant authorised person accordingly. The decision of the Controller of Immigration and Emigration shall be final.

35. An authorised person permitted to engage in business in and from the Area of Authority of the Colombo Port City, may employ any person, whether a resident or a non-resident, and such employee shall be remunerated in a designated foreign currency, other than in Sri Lanka Rupees, and –

Authorised person permitted to employ a resident or non-resident

- (a) any employment income of a resident employee so received shall be exempt from income tax and shall be deemed to be a permissible credit to a personal foreign currency account of such resident employee;
- (b) any employment income of a non-resident employee so received shall be exempt from income tax and notwithstanding anything to the contrary contained in any other written law, such non-resident employee shall not be liable to income tax in Sri Lanka on any income earned outside Sri Lanka.

36. An authorised person engaged in business in and from the Area of Authority of the Colombo Port City may accept payments in Sri Lanka Rupees in respect of any goods or services provided by such authorized person within the Area of Authority of the Colombo Port City, to a citizen of Sri Lanka or a resident. Any Sri Lanka Rupees so accepted by such authorised person may be converted to a designated foreign currency in such manner and subject to such conditions as shall be prescribed.

Authorised person may maintain a Sri Lanka Rupees Account in a licensed commercial bank in Sri Lanka to convert Sri Lanka Rupees as may be prescribed

37. (1) An authorised person may, subject to the applicability of all written laws for the time being in force and regulations which may be made hereunder, in the national interest and in order to safeguard the interest of the domestic economy, apply to the Commission for an authorisation to engage in business in Sri Lanka, with a citizen of Sri Lanka or a resident, who is engaged in business in Sri Lanka outside the Area of Authority of the Colombo Port City.

Authorised person may apply to engage in business in Sri Lanka with a citizen of Sri Lanka or resident of Sri Lanka, doing business in Sri Lanka outside the area of Authority of the Colombo Port City

(2) The Commission having considered such request, may in the national interest or in the advancement of the national economy, and while ensuring the interest of the domestic economy, issue such an authorisation in such manner and subject to such conditions as shall be prescribed.

(3) Where the Commission issues an authorization to an authorized person under subsection (1) to engage in business with a citizen of Sri Lanka or a resident who is engaged in business in Sri Lanka outside the Area of Authority of the Colombo Port City, such authorized person shall not be entitled to claim or receive any exemptions or incentives as provided for in Part IX of this Act or under any other Part of this Act, in relation to engaging in business in Sri Lanka with a citizen of Sri Lanka or a resident outside Area of the Authority of the Colombo Port City.

Lease of
Marketable
Land, or transfer
on freehold
basis, lease or
rent of
condominium
parcels, in
designated
foreign currency
(other than in
Sri Lanka
Rupees)

38. The Commission may, subject to the provisions of this Act, the provisions of the Land (Restrictions on Alienation) Act, No. 38 of 2014 and other applicable written laws-

- (a) lease, Government Marketable Land situated within the Area of Authority of the Colombo Port City and vested in the Commission in terms of this Act;
- (b) lease, Project Company Marketable Land situated within the Area of Authority of the Colombo Port City and vested in the Commission in terms of this Act, jointly with the Project Company which holds Master Leases relating thereto;
- (c) lease or transfer on freehold basis, condominium parcels standing on Government Marketable Land situated within the Area of Authority of the Colombo Port City and vested in the Commission in terms of this Act, jointly with the respective investor or developer, as the case may be;
- (d) lease or transfer on freehold basis, condominium parcels standing on Project Company Marketable Land situated within the Area of Authority of the Colombo Port City and vested in the Commission in terms of this Act, jointly with the Project Company

which holds Master Leases relating thereto, to any person, and payment therefor shall be made in any designated foreign currency, other than Sri Lanka Rupees.

39. Notwithstanding the provisions of section 38, the Commission may lease Government Marketable Land or Project Company Marketable Land, or lease or transfer on freehold basis any condominium parcel standing on either Government Marketable Land or Project Company Marketable Land, to any person or company, to whom the restrictions specified in the Land (Restrictions on Alienation) Act, No. 38 of 2014 do not apply, in Sri Lanka Rupees, in accordance with such terms and conditions as may be determined by the Commission:

Lease of Marketable Land, or transfer on freehold basis, lease or rent, of premises or condominium parcels in Sri Lanka Rupees

Provided that, if such person or company to whom the restrictions specified in the Land (Restrictions on Alienation) Act, No. 38 of 2014 do not apply and who has made payment in Sri Lanka Rupees, and who, within a period of five years from the date of the respective transaction paid for in Sri Lanka Rupees, in turn transfers, leases or rents such property to a third party on payment made in any designated foreign currency other than Sri Lanka Rupees, shall be required to remit the sum so received in a designated foreign currency other than Sri Lanka Rupees, to a Resident Foreign Currency Account operated and maintained in Sri Lanka outside the Area of Authority of the Colombo Port City, in the name of the aforesaid person or company in such manner as shall be prescribed.

40. (1) A citizen of Sri Lanka or a resident may utilise any retail facilities or services within the Area of Authority of the Colombo Port City at restaurants, cinemas, entertainment facilities, shopping facilities or parking facilities, upon making related payments in Sri Lanka Rupees.

A citizen or a resident of Sri Lanka may utilise facilities or services within the Area of Authority of the Colombo Port City

(2) Any levy as may be required to be paid by a citizen of Sri Lanka or a resident on goods purchased at retail facilities as set out in subsection (1), to be taken out of the Area of Authority of the Colombo Port City, shall be as prescribed.

(3) The amount received by any authorised person when a citizen of Sri Lanka or a resident utilises any retail facilities or services as set out in subsection (1), may be converted by such authorised person into any designated foreign currency in such manner and subject to such conditions as shall be prescribed.

PART VII

OFFSHORE COMPANIES TO OPERATE WITHIN THE AREA OF AUTHORITY OF THE COLOMBO PORT CITY

Registration of
companies as
offshore
companies for
the purposes of
this Act

41. (1) The provisions of this Part of this Act shall, notwithstanding the provisions of Part XI of the Companies Act, No. 7 of 2007, be applicable in relation to offshore companies incorporated to engage in business in and from the Area of Authority of the Colombo Port City.

(2) On receipt of an application from a company to be registered as an offshore company under this Part of this Act, the Commission shall, if such application is acceptable to the Commission, while having regard to the national interest or in the advancement of the national economy, recommend to the Registrar-General of Companies to proceed to register such company as an offshore company in terms of Part XI of the Companies Act, No. 7 of 2007 and issue a Certificate of Registration to the applicant company as an offshore company permitted to engage in business in and from the Area of Authority of the Colombo Port City.

(3) An application to the Commission, to be registered as an offshore company shall be accompanied by the following :-

- (a) a certified copy of the charter, statute or articles of association of the company or such other instrument constituting or defining the constitution of the company, and where such instrument is not in an official language or in English, a translation of the instrument in English;

- (b) a list of the directors or those managing the affairs of the company, containing their full names, addresses, occupations and the office they hold in the company;
 - (c) in the case of a company incorporated overseas, the names and addresses of one or more persons who are resident in and are citizens of Sri Lanka, who is or are authorised to represent the company;
 - (d) in the case of a company incorporated overseas –
 - (i) a statement containing the full address of the registered or principal office of the company in the country of incorporation and of the office of the company in Sri Lanka; and
 - (ii) a copy of the Certificate of Incorporation, certified by the issuing authority within thirty days prior to the submission of the application;
 - (e) a duly authenticated statement issued by the company, to the effect that there are no legal impediments in the country of incorporation of such company, for such company to be registered to carry on business as an offshore company; and
 - (f) the non-refundable processing fee in such amount as may be determined by the Commission.
- (4) The applicant shall, in the event of any change or alteration to the particulars set out in an application so tendered, forthwith inform the Commission of such change or alteration and the Commission shall notify the Registrar-General of Companies of the same, for steps to be taken in that regard as may be necessary.

(5) A Certificate of Registration issued by the Registrar-General of Companies in the name of an applicant to operate as an offshore company in terms of this Part of this Act, shall be deemed to exempt such company to which a Certificate of Registration is issued to engage in business in and from the Area of Authority of the Colombo Port City, from having to comply with the provisions of the such Companies Act.

(6) A company to whom a Certificate of Registration has been issued in terms of the preceding provisions of this section, permitting such company to engage in business as an offshore company in and from the Area of Authority of Colombo Port City, shall be deemed to be a non-resident company within the meaning and for the purposes of, the Inland Revenue Act, No. 24 of 2017.

(7) Any regulation may be made for the purposes of this Part of this Act to be applicable to offshore companies herein incorporated, on the basis that the company that applied to be registered under this Part of this Act is being regulated in the country of its incorporation.

(8) An offshore company registered under this Part of this Act may carry on business as authorised by the Commission only in and from the area of Authority of the Colombo Port City, in terms of this Act.

(9) An offshore company which intends to continue its business as an offshore company in terms of this Act shall, at the commencement of that year and no later than the thirty-first day of January of every succeeding year, produce in the manner specified, to the Registrar-General of Companies proof of payment of the annual fee, in such amount as shall be determined by the Commission.

(10) An offshore company so registered may notify the Commission of its intention to cease carrying on business as an offshore company in and from the Area of Authority of the Colombo Port City, by giving notice in writing to the Commission. The Commission shall, with the concurrence of the Registrar-General of Companies, take such steps as may be required.

(11) The Commission may for good cause, recommend to the Registrar-General of Companies, while stating the reasons therefor, to cancel any Certificate of Registration issued, and the Registrar-General of Companies shall cancel such Certificate of Registration. Upon such cancellation, the offshore company shall cease to enjoy the privileges and benefits granted under this Act or consequently under any other written law of Sri Lanka. In the event of any such cancellation by the Registrar-General of Companies, the Commission shall inform the applicant of the same in writing, stating the reasons therefor.

PART VIII

OFFSHORE BANKING BUSINESS IN AND FROM THE AREA OF AUTHORITY OF THE COLOMBO PORT CITY

42. (1) The provisions of this Part of this Act shall, notwithstanding the provisions of Part IV of the Banking Act, be applicable in relation to offshore banking business to be engaged in, in and from the Area of Authority of the Colombo Port City.

Licence required to engage in offshore banking business in and from the Area of Authority of the Colombo Port City

(2) A company licensed to engage in banking business in Sri Lanka in terms of the Banking Act or a company licensed to carry on banking business under any law, charter, statute, article of association or other instrument constituting or defining such constitution, in any other country, and intends to engage in offshore banking business in and from the Area of Authority of the Colombo Port City, may make an application to the Commission for a licence to engage in offshore banking business in and from the Area of Authority of the Colombo Port City in terms of this Act.

(3) The Commission shall, if such application is acceptable to the Commission, while having regard to the national interest or in the advancement of the national economy, with the concurrence of the President or in the

event that the subject of the Colombo Port City is assigned to a Minister, with the concurrence of such Minister, recommend to the Minister assigned the subject of Finance to proceed to grant a licence under the Banking Act to engage in offshore banking business in and from the Area of Authority of the Colombo Port City subject to such conditions as may be imposed within the scope of the limitations set out in this Act.

(4) A licence to carry on offshore banking business in and from the Area of Authority of the Colombo Port City may be issued by the Minister assigned the subject of Finance, with the concurrence of the Monetary Board, upon satisfaction of the requirements set out in this Act.

Cancellation of a licence issued under this Part of this Act

43. A licence to carry on offshore banking business in and from the Area of Authority of the Colombo Port City in terms of this Part of this Act may be suspended, revoked or cancelled by the Commission with the concurrence of the Monetary Board if it is proved after affording the licensee an opportunity to be heard in his defence, that the offshore banking business so engaged in is not in the national interest or in the advancement of the national economy, or that there appears to be a lack of prudent management and a visible instability of the offshore banking business being carried on.

President to make regulations applicable to offshore banking business in and from the Area of Authority of the Colombo Port City

44. The President or in the event that the subject of the Colombo Port City is assigned to a Minister, such Minister may, in consultation with the Minister assigned the subject of Finance and the Monetary Board, make regulations from time to time as may be required to give effect to the scope of this Act and to ensure prudent management and maintenance of confidence in the offshore banking business engaged in, in and from the Area of Authority of the Colombo Port City.

45. Regulations may be made for the purposes of this Part of this Act, with the concurrence of the Monetary Board, *inter alia*, to provide for the granting, suspension and cancellation of licences, the offshore banking business, reserve and capital requirements, reserve funds, maintenance of liquid assets, management of financial and operational risks, the requirement to submit proof of rating of the company which applied for registration of the offshore company in terms of Part VII of this Act, restrictions and penalties applicable in the event of reasonably established wrong-doing or visible instability of the offshore banking business being carried on, and such other relevant matters.

Regulations to provide *inter alia* for matters noted

46. The Commission may, with the concurrence of the President or in the event that the subject of the Colombo Port City is assigned to a Minister, with the concurrence of such Minister, recommend to the Minister assigned the subject of Finance, in the national interest or in the advancement of the national economy, to authorise any company engaged in offshore banking business to carry on all or any of the following businesses: -

Nature of business that may be authorised to be carried on by those engaged in offshore banking business

- (a) accept savings, time and demand deposits from any authorised person or a non-resident in any designated foreign currency;
- (b) borrow any sum in a designated foreign currency from any non-resident;
- (c) extend accommodation to any non-resident in any designated foreign currency;
- (d) engage in any transaction in any designated foreign currency with any other offshore unit;
- (e) engage in any other transaction in a designated foreign currency with a non-resident;
- (f) engage in any other transaction as may be envisaged under this Act; or

- (g) engage in any other transaction in any designated foreign currency, authorised by the Commission with the concurrence of the Monetary Board.

A financial statement required by every company to whom a licence has been issued

47. Every company to whom a licence has been issued in terms of this Part of this Act to engage in offshore banking business shall prepare annually a financial statement in compliance with International Financial Reporting Standards.

Preparation of an Annual Report

48. (1) Every offshore company to whom a licence has been issued in terms of this Part of this Act to engage in offshore banking business shall appoint annually an international firm of accountants to audit and report on its financial statement referred to in section 47 and such international firm of accountants shall submit such report and shall *inter alia* state therein whether in its opinion, the financial statement so audited provides a true and fair view of such offshore company's offshore banking business and whether it remains a going concern.

(2) A certified copy of such audit report shall be submitted to the Commission, and if the Commission is of the view that such international firm of accountants has not discharged its duties in accordance with International Financial Reporting Standards, the Commission may require a fresh audit report from another international firm of accountants of similar standing and repute.

Commission may, in certain circumstances, carry out an examination and may impose restrictions

49. (1) The Commission may require any competent person authorised in that behalf by the Commission to carry out an examination of any offshore company to whom a licence has been issued in terms of this Part of this Act to engage in offshore banking business, and submit a report if it is apparent that-

- (a) the international firm of accountants has failed to submit an audit report;
- (b) there exists an inadequacy in the audit report referred to above;
- (c) there are reasonable grounds to doubt the financial stability of the company in question or that the company is engaged in fraudulent, unsafe or unsound banking practices; or
- (d) the company has failed to comply with the requirements of this Part of this Act in the carrying on of its offshore banking business.

(2) If on the completion of an examination and the submission of the report in terms of subsection (1), it is established that such authorised person engaged in offshore banking business is engaged in fraudulent, unsafe or unsound banking practices or that its financial stability is in doubt, the Commission may, with the concurrence of the Monetary Board, impose restrictions on carrying on offshore banking business or impose a penalty or such other conditions as deemed appropriate.

50. Every company registered under this Part of this Act shall maintain books, minutes, accounts, cash securities, vouchers, other documents and records, in compliance with the applicable International Financial Reporting Standards.

Maintenance of books and accounts

51. Subject to the provisions of this Part of this Act, the Monetary Board may, from time to time, through the Commission, call for information and reports as it may deem necessary for the purposes of this Part of this Act.

Power of Monetary Board to call for information

PART IX

DETERMINATION AND GRANT OF EXEMPTIONS OR INCENTIVES
FOR THE PROMOTION OF BUSINESSES OF STRATEGIC IMPORTANCE

Grant of
exemptions or
incentives to
Businesses of
Strategic
Importance

52. (1) The provisions of this Part of this Act shall, notwithstanding the provisions contained in any other written law, be applicable to any authorised person carrying on a Business of Strategic Importance, as may be approved under this Part of this Act.

(2) From and after the date of commencement of this Act, the Commission in consultation with the President or in the event that the subject of Colombo Port City is assigned to a Minister, in consultation with such Minister, may identify businesses, which may be designated as “Businesses of Strategic Importance” which would ensure the success of the objectives in establishing the Colombo Port City, having regard to the national interest or in the advancement of the national economy.

(3) Upon a business being so identified as a Business of Strategic Importance, exemptions or incentives as provided in this Part of this Act may be granted thereto in accordance with the regulations made under this Act, in so far as it relates to its operations in and from the Area of Authority of the Colombo Port City. In the case of tax related exemptions, such exemptions may be granted, either in full or part, and from all or any of the enactments set out in Schedule II hereto.

(4) The exemptions or incentives granted in terms of subsection (3) shall be embodied into the agreement referred to in section 32 of this Act to be signed by and between the Commission and the authorised person.

(5) Regulations may be made prescribing guidelines on the grant of exemptions or incentives, as provided for in this Part of this Act.

(6) The Commission may also extend such other assistance or facilitation as may be necessary as incentives to attract Businesses of Strategic Importance to the Colombo Port City.

(7) The period of validity of such exemptions or incentives granted in terms of this section shall not exceed forty years.

53. (1) Upon a business being so identified as a Business of Strategic Importance, the Commission shall make recommendations to the President or in the event that the subject of the Colombo Port City is assigned to a Minister, to such Minister relating to the designation of such business as a Business of Strategic Importance and the grant of any exemptions or incentives in terms of section 52 of this Act.

Details of
Businesses of
Strategic
Importance to
be specified by
Order

(2) The President or in the event that the subject of the Colombo Port City is assigned to a Minister, such Minister may, having considered such recommendations, and having regard to the national interest or in the advancement of the national economy, in consultation with the Minister assigned the subject of Finance, take such steps as are necessary to inform the Cabinet of Ministers, of –

- (a) the rationale for considering such business as a Business of Strategic Importance;
- (b) the specific exemptions from those enactments listed in Schedule II to this Act, that are proposed to be applicable to such Business of Strategic Importance and any other incentives;
- (c) the proposed date of commencement and date on which such exemptions or incentives shall cease to be operative, however not exceeding forty years from the date of commencement of such exceptions or incentives;
- (d) the name of the applicant of the business being identified as a Business of Strategic Importance,

in order to obtain the approval of the Cabinet of Ministers for the designation of such business as a Business of Strategic Importance and for the granting of exemptions or incentives to such business, as provided for in section 52 of this Act.

(3) Within two weeks from the date on which the Cabinet of Ministers approves the designation of a business as a Business of Strategic Importance and the granting of the exemptions or incentives so approved, the President or in the event that the subject of the Colombo Port City is assigned to a Minister, such Minister shall, by Order published in the *Gazette*, specify –

- (a) the rationale for considering such business as a Business of Strategic Importance;
- (b) the specific exemptions from those enactments listed in Schedule II to this Act that are applicable to such Business of Strategic Importance and any other incentives granted;
- (c) the date of commencement and date on which such exemptions and incentives shall cease to be operative; and
- (d) the name of the applicant of the business identified as a Business of Strategic Importance.

(4) Upon the expiry of thirty days from the date of such Order published in the *Gazette* under subsection (3), such Order along with a written confirmation issued under the hand of the Commission confirming that the exemptions or incentives set out in the notification are compliant with the provisions in terms of Part IX of this Act, shall be placed before Parliament for information.

(5) For the purposes of this Part of this Act, a “Business of Strategic Importance” shall mean a business that is projected to ensure the success of establishing the Colombo Port City, having regard to the national interest or in the advancement of the national economy, and which is likely

to bring economic and social benefit to the country, or is likely to change the landscape of the Colombo Port City, or which will enable global or regional business or service linkages, primarily through-

- (a) the strategic importance attached to the proposed business;
- (b) the inflow of foreign exchange into the Area of Authority of the Colombo Port City, as a foreign direct investment into such business or expected to be generated through such business;
- (c) the generation of employment that will enable income earning opportunities in designated foreign currencies other than in Sri Lanka Rupees, to those employed within the Area of Authority of the Colombo Port City;
- (d) the envisaged transformation of knowledge in terms of the promotion of services, or the development or use of technology, including information technology;
- (e) the destination promotion envisaged for Sri Lanka, through the promotion of tourism, entertainment and shopping activities, or through the promotion of urban amenity operations with the settlement of a residential community within the Area of Authority of the Colombo Port City; and
- (f) the impetus envisaged through the promotion of services in and from the Area of Authority of the Colombo Port City, with the setting up of corporate headquarters operations and regional distribution operations.

PART X

APPLICABILITY OF THE CONDOMINIUM MANAGEMENT AUTHORITY
LAW AND THE APARTMENT OWNERSHIP LAW

Application of
the
Condominium
Management
Authority Law
and the
Apartment
Ownership Law
within the Area
of Authority of
the Colombo
Port City

54. (1) From and after the date of commencement of this Act, unless otherwise stated to the contrary herein, the Condominium Management Authority Law and the Apartment Ownership Law shall, for the purpose of the effective implementation of the provisions of this Act, have effect within the Area of Authority of the Colombo Port City in the manner and subject to the modifications set out in subsection (2):

Provided that regulations made under the Condominium Management Authority Law or the Apartment Ownership Law and which are in force on the date of commencement of this Act, shall also be operative within the Area of Authority of the Colombo Port City until regulations are made under this Act:

Provided further, any regulation made under the Condominium Management Authority Law or the Apartment Ownership Law and which is applicable within the Area of Authority of the Colombo Port City shall, upon the making of a corresponding regulation in terms of this Part of this Act, cease to be applicable within the Area of Authority of the Colombo Port City with effect from the date of coming into operation of the regulation made under this Act.

(2) From and after the date of commencement of this Act, the Commission shall, in any instance where the said Condominium Management Authority Law and the Apartment Ownership Law are applicable within the Area of Authority of the Colombo Port City, *mutatis mutandis*, exercise, perform and discharge all or any of the powers, duties and functions vested in or assigned to the Condominium Management Authority, in like manner as though a reference in the aforesaid Condominium Management Authority Law and the said Apartment Ownership Law –

- (a) to the “Condominium Management Authority”, were a reference to the “Colombo Port City Economic Commission” established under this Act; and
- (b) to the “Minister”, were a reference to the “President or in the event that the subject of the Colombo Port City is assigned to a Minister, to such Minister to whom the subject of Colombo Port City has been assigned”.

55. (1) In the exercise, performance and discharge of its powers, duties and functions under this Part of this Act, the Commission shall obtain the concurrence of Condominium Management Authority, to the extent specifically provided for in this Act.

Commission may seek the concurrence of the Condominium Management Authority

(2) The Condominium Management Authority shall, as a matter of priority in the circumstances, communicate its decision to the Commission.

(3) To ensure that the construction of condominium properties within the Area of Authority of the Colombo Port City is carried out in an expeditious manner, the Commission may require the Condominium Management Authority to operate an office within the Area of Authority of the Colombo Port City. The Condominium Management Authority shall ensure that such office is managed by officers of sufficient seniority and authority to ensure expeditious implementation of the provisions of the Condominium Management Authority Law and the Apartment Ownership Law.

PART XI

APPLICABILITY OF THE SECURITIES AND EXCHANGE COMMISSION ACT

Operation of
stock exchange
or market,
within the Area
of Authority of
the Colombo
Port City

56. (1) Any stock exchange or market operated within the Area of Authority of the Colombo Port City shall regulate the listing and issue of securities in terms of the provisions of the Securities and Exchange Commission Act and regulations made under such Act.

(2) For the purposes of this section, “securities” means debentures, stocks, shares, funds, bonds, derivatives including futures and options whatever the nature of the underlying asset relied on or notes issued or proposed to be issued, by any government or anybody, whether incorporate or unincorporated, including any rights, options or interests (whether described as units or otherwise) therein or in respect thereof, or any other instruments commonly known as securities, but does not include bills of exchange or promissory notes or certificates of deposits issued by a bank.

Application of
the Securities
and Exchange
Commission Act
within the Area
of Authority of
the Colombo
Port City

57. (1) From and after the date of commencement of this Act, unless otherwise stated to the contrary herein, the Securities and Exchange Commission Act shall, for the purpose of the effective implementation of the provisions of this Act, have effect within the Area of Authority of the Colombo Port City in the manner and subject to the modifications as are hereinafter set out in subsection (2):

Provided that any regulation made under the Securities and Exchange Commission Act, and which is in force on the date of commencement of this Act shall also be operative within the Area of Authority of the Colombo Port City until regulations are made under this Part of this Act:

Provided further that, any regulation made under the Securities and Exchange Commission Act and which is as aforesaid applicable within the Area of Authority of the Colombo Port City shall, upon the making of a corresponding regulation in terms of this Part of this Act, cease to be applicable within the Area of Authority of the Colombo Port City with effect from the date of coming into force of such regulation under this Act.

(2) The Commission shall, in the exercise, performance and discharge of its powers, duties and functions to the extent provided in terms of this Part of this Act, where required in terms of the Securities and Exchange Commission Act, obtain the concurrence of the Securities and Exchange Commission in respect of the subjects vested in or assigned to, the Securities and Exchange Commission.

(3) Such concurrence of the Securities and Exchange Commission sought shall be limited to the implementation within the Area of Authority of the Colombo Port City, and in construing the provisions of the said Securities and Exchange Commission Act, a reference in so far as required for the purposes of this Part of this Act-

(a) to the “Securities and Exchange Commission”, were a reference to the “Colombo Port City Economic Commission” established under this Act; and

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Act, No. 11 of 2021*

- (b) to the “Minister” were a reference to the “President or in the event that the subject of the Colombo Port City is assigned to a Minister, to such Minister to whom the subject of Colombo Port City has been assigned”.

Commission to seek concurrence of the Securities and Exchange Commission

58. (1) Where the concurrence of the Securities and Exchange Commission is sought by the Commission, the Securities and Exchange Commission shall as soon as practicable in the circumstances, as a matter of priority, communicate its decision to the Commission.

(2) To ensure that the operation of stock exchanges or markets within the Area of Authority of the Colombo Port City is carried out in an expeditious manner, the Commission may require the Securities and Exchange Commission to operate an office within the Area of Authority of the Colombo Port City. The Securities and Exchange Commission shall ensure that such office is managed by officers of sufficient seniority and authority.

PART XII

ESTATE MANAGER AND PROVISION OF GENERAL SERVICES

Estate Manager

59. There shall be a company incorporated in terms of the Companies Act, No. 7 of 2007 which shall be designated as the Estate Manager to provide such services as set out hereunder within the Area of Authority of the Colombo Port City, including such other services as may from time to time be assigned by the Commission to the Estate Manager.

60. The Estate Manager shall act under the direction and supervision of the Commission and exercise, perform and discharge the following powers, duties and functions – Powers of the
Estate Manager

- (a) to assist service providers in providing utility services, such as gas, water, electricity, internet and communication facilities, sewerage and drainage, waste and garbage disposal and such other facilities to authorised persons, residents, occupiers and visitors in the Area of Authority of the Colombo Port City;
- (b) to manage and maintain all common areas including the maintenance of street lighting and such other facilities;
- (c) to facilitate the collection of area related rates and levies imposed by the Commission within the Area of Authority of the Colombo Port City as authorised by this Act, and collect fees and charges for services provided within the Area of Authority of the Colombo Port City, including management fees, utility charges, vehicle parking charges, user fees and such other fees or charges from authorised persons, employees of authorised persons, residents, occupiers and visitors within the Area of Authority of the Colombo Port City;
- (d) to set up, operate and maintain common user facilities such as car parks within the Area of Authority of the Colombo Port City;
- (e) to be responsible for the maintenance and upkeep of waterfronts, inland canals and such other areas between the offshore breakwater and the beaches of the Colombo Port City;

- (f) to collect on behalf of the Commission, the local rates, levies and such other charges imposed by the Commission and applicable within the Area of Authority of the Colombo Port City, and credit the total of the sum so collected to a bank account as directed by the Commission;
- (g) to levy berthing fees as may be necessary, being part of the services provided within the Area of Authority of the Colombo Port City;
- (h) to be responsible for the operation and maintenance of an efficient and effective garbage collection and disposal system, while ensuring the daily collection, sorting and removal and disposal of all types of garbage of the authorised persons, employees of authorised persons, residents, occupiers and visitors within the Area of Authority of the Colombo Port City, subject to compliance with such Development Control Regulations, and to enter into any related agreements with any third party, including outsourcing agreements where so required;
- (i) to supervise and administer all matters relating to roads or access ways within the Area of Authority of the Colombo Port City and the protection and promotion of the convenience and welfare of the authorised persons, employees of authorised persons, residents, occupiers and visitors within the Area of Authority of the Colombo Port City; and
- (j) to do such other things as may be directed by the Commission for the better management and welfare of the authorised persons, employees of authorised persons, residents, occupiers and visitors within the Area of Authority of the Colombo Port City.

61. The Estate Manager shall be deemed to be an authorised person and shall be entitled to all the benefits and privileges of an authorised person as specified in terms of this Act.

Estate Manager to be an authorised person

PART XIII

INTERNATIONAL COMMERCIAL DISPUTE RESOLUTION CENTRE

62. (1) The Commission shall facilitate the establishment of an International Commercial Dispute Resolution Centre, to be located within the Area of Authority of the Colombo Port City, which shall be incorporated as a company limited by guarantee under the Companies Act, No. 7 of 2007, for the purposes of offering conciliation, mediation, adjudication, arbitration and any other alternate dispute resolution services.

Facilitation of establishing an International Commercial Dispute Resolution Centre

(2) Any dispute that may arise, within the Area of Authority of the Colombo Port City, between –

- (a) the Commission and an authorised person or an employee of an authorised person where relevant; and
- (b) the Commission and a resident or an occupier, provided that there exists in relation thereto, an agreement or other legally binding document as between the Commission and such resident or occupier,

shall be resolved by way of arbitration conducted by the International Commercial Dispute Resolution Centre established under subsection (1).

(3) Every authorised person shall ensure that all agreements entered into by such authorised person in terms of section 32 of this Act, shall contain a provision requiring

a mandatory reference of any dispute that may arise within the Area of Authority of the Colombo Port City under such agreement, to arbitration, in terms of this section.

(4) The International Commercial Dispute Resolution Centre shall be entitled to make or adopt rules of procedure for conciliation, mediation, adjudication, arbitration and any other alternate dispute resolution services which are offered by the International Commercial Dispute Resolution Centre.

(5) The enforcement or setting aside of any arbitration award made by the International Commercial Dispute Resolution Centre setup under this Act shall be done in accordance with the provisions of the Arbitration Act, No. 11 of 1995.

(6) A citizen of Sri Lanka or a resident may serve in any capacity in the operations or any activities of the International Commercial Dispute Resolution Centre established under subsection (1), while an internationally reputed professional may also be so involved.

PART XIV

PRIORITY IN HEARING LEGAL PROCEEDINGS

Courts to give
priority to legal
proceedings

63. In order to foster international confidence in the ease of doing business and in the enforcement of contracts, in the national interest or in the advancement of the national economy, priority shall be given by courts in relation to any legal proceedings instituted in civil or commercial matters, where the cause of action has arisen within, or in relation to any business carried on in or from the Area of Authority of the Colombo Port City, to hear such cases expeditiously on a day-to-day to basis, unless in the opinion of the court, exceptional circumstances warrant postponement, commencement or continuation of trial, for reasons which shall be recorded by court.

PART XV

INTERIM PROVISIONS AND INVESTMENT PROTECTION

64. (1) The Commission may, where it considers necessary to do so, as an interim measure, permit an authorised person to engage in business from a designated location in Sri Lanka outside the Area of Authority of the Colombo Port City as may be approved by the President or in the event that the subject of the Colombo Port City is assigned to a Minister, by such Minister, for a period not exceeding five years from the date of commencement of this Act. Such business shall, for such period of five years, be entitled to all the privileges accorded to, and be deemed for all purposes to be a business situated within and engaged in business, in and from, the Area of Authority of the Colombo Port City.

Authorised person to be permitted to engage in business outside the Area of Authority of the Colombo Port City as an interim measure

(2) Where an authorised person has been permitted to engage in business from a designated location in Sri Lanka outside the Area of Authority of the Colombo Port City in terms of subsection (1), such business shall be subject to the provisions of this Act and any regulations made hereunder.

65. (1) From and after the date of commencement of this Act, all land comprising the Area of Authority of the Colombo Port City shall be vested with the Commission in the manner set out in subsection (3).

Any transfer, lease or agreement executed by the Urban Development Authority to be deemed to be documents executed by the Commission

(2) Where any deed of transfer, indenture of lease, agreement or other similar document has been executed in respect of any land situated within the Area of Authority of the Colombo Port City prior to the date of commencement of this Act by the Urban Development Authority established under the Urban Development Authority Law, No. 41 of 1978, such deed of transfer, lease, agreement or other similar document shall, from and after the date of commencement of this Act, be deemed for all purposes to be a document executed by the Commission, in terms of the provisions of this Act and be valid and effectual as if executed hereunder.

(3) For the avoidance of doubt, it is hereby stated that on the coming into operation of this Act, the President may issue a Land Grant under the Crown Lands Ordinance (Chapter 454) in the name of the Commission, in respect of all land comprising the Area of Authority of the Colombo Port City as set out in Schedule I to this Act.

Agreements entered into by the Board of Investment of Sri Lanka to be deemed to be agreements entered into by the Commission

66. Where, prior to the date of commencement of this Act, any agreement has been entered into, in terms of the Board of Investment Law, No. 4 of 1978 and the Strategic Development Projects Act, No. 14 of 2008 relating to an investment within the Area of Authority of the Colombo Port City by the Board of Investment of Sri Lanka, and any Order published in the *Gazette* in terms of the Strategic Development Projects Act relating to an investment within the Area of Authority of the Colombo Port City, shall from and after the date of commencement of this Act, be deemed for all purposes to be an agreement executed by the Commission under section 32 of this Act and an Order published under Part IX of this Act, respectively, and be valid and effective as if executed hereunder.

Registration, licence, authorisation &c., granted under this Act to continue without amendment or termination till the expiry

67. Notwithstanding anything to the contrary contained in any other written law, no registration, licence, authorisation, permit or other approval granted in terms of this Act, or any deed of transfer or indenture of lease or agreement executed by the Commission in compliance with the provisions of this Act may be terminated or amended in any manner detrimental to the interests of the respective investor, other than upon the expiry or completion of the period or term as specified in the such registration, licence, authorisation, permit or other approval, or such deed of transfer or indenture of lease or agreement:

Provided however, an early termination may take place-

- (a) consequent to an agreement between the relevant parties;
- (b) pursuant to a breach of a term or condition embodied in the relevant document; or
- (c) consequent to an express provision which provides for termination contained in this Act.

PART XVI

MISCELLANEOUS PROVISIONS

68. (1) Notwithstanding the provisions contained in any other written law, any person who, within the Area of Authority of the Colombo Port City–

Offences

- (a) establishes, commences or operates any business which requires a registration, licence, authorisation or such other approval in terms of this Act, without obtaining the same as required hereunder;
- (b) engages in business as an authorised person in contravention of any provision in any registration, licence, authorisation or such other approval granted in terms of this Act;
- (c) makes any representation or statement in relation to any application being submitted under this Act that such person knows is false or misleading in any material particular;
- (d) furnishes false information, documents or particulars when such person is required to furnish any information, documents or particulars in terms of this Act or any other applicable written law; or
- (e) contravenes or fails to comply with any regulation made in terms of this Act,

commits an offence and shall be liable on conviction after summary trial before a Magistrate, to a fine of not less than rupees one million and not more than rupees five million or to imprisonment for a term not less than three months and not more than two years, or both such fine and imprisonment and the court may take into consideration the grave nature of the offence committed, in fixing the amount of such fine or the period of such imprisonment.

(2) Where any person is convicted of an offence in terms of paragraph (a) of subsection (1), the court may in its discretion, make an additional order to the effect that the person so convicted shall refrain with immediate effect from engaging in, for a period to be specified, the business which he was engaging in without obtaining the required registration licence, authorisation or such other approval as the case may be, and which business he is now prohibited from engaged in until he has obtained a registration, licence, authorisation or such other approval for the same as required.

(3) (a) Notwithstanding the provisions contained in any other written law, any person who contravenes or fails to comply with any provision of this Act or any regulation made thereunder commits an offence under this Act and shall be liable on conviction after summary trial before a Magistrate to a fine of not less than rupees five hundred thousand and not more than rupees one million or to imprisonment for a term of not less than three months and not exceeding one year or to both such fine and imprisonment.

(b) The court may, in addition, impose a continuing fine not exceeding rupees five hundred thousand in respect of each day on which the fine is so continued.

69. Where an offence in terms of this Act is committed by an authorised person or persons, then- Offences by a
body of persons

- (a) if that authorised person or persons is a body corporate, every director, manager or secretary of that body corporate;
- (b) if that authorised person or persons is a firm, every partner of the firm; or
- (c) if that authorised person or persons is an unincorporated body other than a firm, every member of such body,

shall be deemed to have committed that offence:

Provided that, authorised person or persons of such firm or a member of such unincorporated body shall not be deemed to have committed such offence if he proves that such offence was committed without his knowledge or that he exercised all due diligence to prevent the commission of such offence.

70. (1) Where any person fails to pay any surcharge or penalty imposed on him by the Commission, the Commission shall cause a certificate to be issued under its hand. Recovery of
surcharges and
penalties

(2) Such certificate shall contain the particulars of the sum due and the name and address of the defaulter.

(3) Any person aggrieved by the certificate shall, within a period of fourteen days of the posting of such certificate, make an application to the Magistrate's Court to have such certificate set aside or varied.

(4) If no application is made in terms of subsection (3), the sum of money so certified shall be deemed to be a debt due from such person to the Commission and may be recovered by the Commission by issuing a certificate to the District Court.

(5) The provisions of the Civil Procedure Code (Chapter 101) shall be applicable to an application in terms of this section.

Regulations

71. (1) The President or in the event that the subject of the Colombo Port City is assigned to a Minister, such Minister may, in consultation with the Commission and any relevant Regulatory Authority make regulations in respect of all matters for which regulations are required to be prescribed or authorised by this Act to be made.

(2) Without prejudice to the generality of powers conferred by subsection (1), regulations may also be made in respect of all or any of the following matters:—

- (a) prescribing the Development Control Regulations which are to be applicable within the Area of Authority of the Colombo Port City;
- (b) identifying for the purposes of paragraph (p) of subsection (1) of section 6, the categories of local property rates and other levies to be applicable within the Area of Authority of the Colombo Port City and the sums payable as rates and other levies;
- (c) specifying for the purposes of paragraph (q) of subsection (1) of section 6, the terms and conditions applicable to authorised persons in the establishment and operation of stock, precious metal or commodities exchanges or markets, and the sale of the same in and from the Area of Authority of the Colombo Port City;
- (d) identifying for the purposes of paragraph (ga) of subsection (1) of section 6, the attributes of gaming locations within the Area of Authority of the Colombo Port City, and specifying the manner in which gaming activities are to be carried on or be

operated, and the procedure for obtaining a licence and the licence fees, royalties to be paid and any other related matter, as may be necessary;

- (e) specifying the functions which may be delegated or assigned to the Estate Manager in terms of paragraph (ha) of subsection (1) of section 6, as are connected with the subjects of condominium management and apartment ownership or which may be additionally required for the purpose of such section;
- (f) specifying the form of the application, the procedure to be followed in making the application for a registration, licence, authorisation or other approval in terms of subsection (1) of section 27;
- (g) specifying for the purposes of subsection (5) of section 27, such conditions as may be applicable;
- (h) specifying for the purposes of paragraph (b) of subsection (2) of section 28, the fee payable for the grant of the respective registration, licence, authorisation or other approval taking into consideration the type of business to be engaged in, in terms of the same;
- (i) specifying for the purposes of section 36, the procedure applicable to the conversion of such Sri Lanka Rupees to any designated foreign currency;
- (j) specifying for the purposes of subsection (2) of section 37, the terms and conditions applicable to an authorised person who intends to do business in Sri Lanka outside the Area of Authority of the Colombo Port City with a citizen of Sri Lanka or a resident of Sri Lanka, and specifying the goods or services which cannot be supplied or provided to a person or company in Sri Lanka outside the Area of Authority of the Colombo Port City, in the interest of the domestic economy;

- (k) specifying for the purposes of section 39, the procedure to be followed in making a remittance of money received in a designated foreign currency other than Sri Lanka Rupees, to a Resident Foreign Currency Account operated and maintained in Sri Lanka;
- (l) specifying for the purposes of section 40, any levy as may be required to be paid by a citizen of Sri Lanka or a resident on goods purchased at retail facilities within the Area of Authority of the Colombo Port City and the procedure applicable to the conversion of payments made by a citizen of Sri Lanka or resident when using retail facilities or services at restaurants, cinemas, entertainment facilities, shopping facilities or parking facilities within the Area of Authority of the Colombo Port City, into any other designated foreign currency;
- (m) specifying for the purposes of subsection (6) of section 41, the procedure, terms and conditions as may be applicable in relation to offshore companies under this Act;
- (n) specifying guidelines as required by section 44, for ensuring the prudent management and maintenance of confidence of the offshore banking business in and from the Area of Authority of the Colombo Port City;
- (o) specifying regulations for the purposes of section 45, relating to the granting, suspension and cancellation of licences, the capital requirements, reserve funds, maintenance of liquid assets, management of financial and operational risks, the requirement to submit proof of rating of the company, restrictions and penalties for contraventions, of those engaged in offshore banking;

- (p) specifying for the purposes of section 52, guidelines on the grant of exemptions or incentives to a Business of Strategic Importance;
- (q) specifying the procedure and other relevant matters as may be applicable to the construction of condominium parcels for lease or transfer on freehold basis, in terms of Part X of this Act;
- (r) specifying all matters required for the implementation of the provisions of Part XI of this Act;
- (s) specifying for the purposes of subsection (2) of section 64, the procedure to be followed in cases where an authorised person is permitted to engage in business in Sri Lanka, outside the Area of Authority of the Colombo Port City and any limitations applicable; and
- (t) prescribing the amounts required to be paid by any person within the Area of Authority of Colombo Port City, in terms of section 70 of this Act as a surcharge or penalty, to the Commission.

(3) Every regulation made under this Act shall be published in the *Gazette* and shall come into force on the date of such publication or on such later date as may be specified in such regulation.

(4) Every regulation made under this Act shall, within a period of three months from the date of publication thereof in the *Gazette*, be brought before Parliament for approval, unless prevented due to the Parliament not being in session, in which event it shall be placed before Parliament at its earliest.

(5) Any such regulation which is not approved by Parliament shall be deemed to be rescinded as from the date of such disapproval but without prejudice to anything previously done thereunder.

(6) Notification of the date on which any such regulation is deemed to be so rescinded under subsection (5) shall be published in the *Gazette*.

Rules to be published in the *Gazette*

72. All rules made under this Act shall be published in the *Gazette* within three months of the formulation.

Certain enactments to have no application within the Area of Authority of the Colombo Port City

73. The enactments listed in Schedule III to this Act shall have no application within the Area of Authority of the Colombo Port City, since the subjects dealt with in such enactments have been, *mutatis mutandis*, set out in this Act or alternate legal arrangements have been specifically set out in this Act, or such enactments are not relevant and are not required to be applicable within the Area of Authority of the Colombo Port City.

Nothing deemed to restrict the powers, duties and functions vested in regulatory authority

74. Nothing in this Act shall, unless otherwise specifically provided for in this Act, be deemed to restrict in any way the powers, duties and functions vested in any Regulatory Authority by any written law in relation to the Area of Authority of the Colombo Port City.

Interpretation

75. In this Act, unless the context otherwise requires-

“Apartment Ownership Law” means the Apartment Ownership Law, No. 11 of 1973;

“applicable written law” means all written laws of Sri Lanka, unless otherwise expressly stated to the contrary in this Act;

“authorised person” means a person to whom a registration, licence, authorisation or such other approval as required in terms of this Act has been issued or granted by the Commission, subject to any condition as may be stipulated therein;

“Banking Act” means the Banking Act, No. 30 of 1988;

“Board of Investment Law” means the Board of Investment of Sri Lanka Law, No. 4 of 1978;

“Board of Investment” means the Board of Investment of Sri Lanka established under the Board of Investment of Sri Lanka Law, No. 4 of 1978;

“business” means any form of lawful business including a business providing financial or non-financial services and offshore business as permitted by this Act;

“citizen of Sri Lanka” means a citizen of Sri Lanka within the meaning of the Citizenship Act (Chapter 451);

“common areas” means -

- (a) the canal and the lagoons;
- (b) parks and civic amenity areas; and
- (c) beaches and landscaping,

situated within the Area of Authority of the Colombo Port City and any other such area as may be decided by the Commission, to be a common area;

“community rules” means rules specifying guidelines and instructions as formulated from time to time by the Commission, which are to be complied with by the owners and occupiers of Condominium Parcels or premises situated within the Area of Authority of the Colombo Port City, with a view to ensuring the maintenance of harmony and the promotion of a cohesive living environment;

“company” includes any company or body corporate established under the Companies Act, No. 7 of 2007 or a company incorporated in any other jurisdiction under any law, charter, statute or other instrument constituting or defining the constitution of a company;

“Condominium Management Authority Law” means the Condominium Management Authority Law, No. 10 of 1973;

“condominium parcel” shall have the same meaning as given in the Apartment Ownership Law, No. 11 of 1973;

“designated foreign currency” means a foreign currency determined to be “designated foreign currency” by the Monetary Board for the purposes of section 25 of the Banking Act, No. 30 of 1988;

“Development Control Regulations” means development control regulations relating to the Area of Authority of the Colombo Port City and which are prescribed by the President or in the event that the subject of the Colombo Port City is assigned to a Minister, by such Minister in consultation with the Commission to facilitate implementation of the development objectives and the framework, required for the implementation of the Master Plan of the Colombo Port City;

“Government Marketable Land” means that proportion of the reclaimed land situated within the Area of Authority of the Colombo Port City, made available for the undertaking of residential, commercial, leisure, educational, cultural, community-based developments and other similar developments by the Government;

“licensed commercial bank” means a licensed commercial bank, to which a licence in terms of section 5 of the Banking Act, No. 30 of 1988 has been issued by the Monetary Board with the approval of the Minister assigned the subject of Finance;

“Master Plan” means the Plan of the Colombo Port City which provides the conceptual layout to guide future development of the Colombo Port City;

“Monetary Board” means the Monetary Board of the Central Bank of Sri Lanka established under the Monetary Law Act (Chapter 422);

“non-resident” means a person other than a resident;

“offshore banking business” means the provision of banking or financial services by an authorised person as permitted under this Act, payable in any designated foreign currency, other than Sri Lanka Rupees, unless as provided in terms of this Act or as may be prescribed;

“offshore business” means the provision of services, including financial services, by an authorised person as provided for in terms of this Act, and where remuneration is payable in any designated foreign currency, other than Sri Lanka Rupees, unless as provided in terms of this Act or as may be prescribed;

“person” includes a natural person, company, partnership, limited partnership and a foundation, which has been validly established under the laws of Sri Lanka or of any other jurisdiction;

“Project Company” means the developer of the Colombo Port City;

“Project Company Marketable Land” means that proportion of the reclaimed land situated within the Area of Authority of the Colombo Port City, made available to the Project Company by way of Master Leases issued by the Urban Development Authority to the Project Company, for the undertaking of residential, commercial, entertainment and leisure-based developments and other similar developments by the Project Company;

“Regulatory Authority” includes the Monetary Board of the Central Bank of Sri Lanka, the Registrar-General of Companies, the Director-General of the Central Environmental Authority, the Controller of Immigration and Emigration, the Director-General of Customs, and such other regulatory authority or approving authority, and in whom the powers, duties and functions relating to the respective subjects which are dealt with in this Act are vested in or assigned to, in terms of any applicable written law;

“Registrar-General of Companies” means the Registrar-General of Companies or such other officer exercising, performing or discharging, the function of registration of companies, in terms of the Companies Act, No. 7 of 2007;

“resident” means and includes -

- (a) a citizen of Sri Lanka residing in Sri Lanka;
- (b) an individual who is not a citizen of Sri Lanka but who has been in Sri Lanka for at least six months and continues or intends to be in Sri Lanka;
- (c) a company incorporated in Sri Lanka or a body corporate established under any written law or any firm, partnership or other organisation in Sri Lanka;
- (d) a branch, subsidiary, affiliate, extension, office or any other unit of a company or other juristic person established under the laws of any foreign country, operating in Sri Lanka;

“Securities and Exchange Commission Act” means the Securities and Exchange Commission Act, No. 36 of 1987; and

“Urban Development Authority” means the Urban Development Authority of Sri Lanka established under the Urban Development Authority Law, No. 41 of 1978.

76. In the event of any inconsistency between the Sinhala and Tamil texts of this Act, the Sinhala text shall prevail.

Sinhala text to prevail in case of inconsistency

72 *Colombo Port City Economic Commission
Act, No. 11 of 2021*

SCHEDULE I (Sections 2 and 65)

BOUNDARIES OF THE AREA OF AUTHORITY OF THE COLOMBO PORT CITY SPECIAL
ECONOMIC ZONE

All that allotment of land marked as Lot Nos. 2 to 7 known as the 'Port City Colombo' depicted in Tracing No. CO/DSO/2019/370 dated 11.06.2019 prepared by the Surveyor General containing in extent of 446.6153 ha. situated in Colombo in the Western Province at the following connection points and the allotment is bounded as follows:-

| Connection Point-Western Boundary of the Colombo Divisional Secretary's Division, Colombo District | East coordinate | North coordinate |
|---|--------------------|---------------------|
| Northern Connection Point | 396913.476 | 492847.764 |
| Southern Connection Point | 397077.037 | 492290.222 |

1. Lot No. 2 : Extent : 155.8376 Ha.
North : Lot Nos. 6 and 1, Colombo Port and Chaithaya Road;
East : Lot No. 1, Colombo Port, Chaithaya Road, Indian Ocean and Lot No. 7;
South : Indian Ocean, Lot Nos. 7, 6 and 3;
West : Lot Nos. 6, 3 and 6.
2. Lot No. 3 : Extent : 15.0933 Ha.
North : Lot Nos. 2;
East : Lot Nos. 2 and 6;
South : Lot Nos. 6 and 4;
West : Lot Nos. 4 and 6.
3. Lot No. 4 : Extent : 113.5311 Ha.
North : Lot Nos. 6 and 3;
East : Lot Nos. 3 and 6;
South : Lot Nos. 6, 5 and 6;
West : Lot Nos. 6, 5 and 6.

4. Lot No. 5 : Extent : 14.7856 Ha.
North : Lot Nos. 6 and 4;
East : Lot Nos. 6 and 4;
South : Lot No. 6;
West : Lot No. 6.
5. Lot No. 6 : Extent : 101.1038 Ha.
North : Lot Nos. 7, 1, 2, 3, 4, 5, 4, 3 and 2;
East : Lot Nos. 1, 2, 3, 4, 5, 2 and 7;
South : Lot Nos. 2 and 7;
West : Lot Nos. 2 and 7.
6. Lot No. 7 : Extent : 46.2639 Ha.
North : Indian Ocean, Lot Nos. 1, 6 and 2;
East : Lot Nos. 1, 6 and 2 and Indian Ocean;
South : Indian Ocean;
West : Indian Ocean.

SCHEDULE II (Sections 52 and 53)

ENACTMENTS FROM, OR UNDER, WHICH EXEMPTIONS OR INCENTIVES MAY BE
GRANTED

1. The Inland Revenue Act, No. 24 of 2017
2. The Value Added Tax Act, No. 14 of 2002
3. The Finance Act, No. 11 of 2002
4. The Finance Act, No. 5 of 2005
5. The Excise (Special Provisions) Act, No. 13 of 1989
6. The Customs Ordinance (Chapter 235)
7. The Ports and Airports Development Levy
Act, No. 18 of 2011
8. The Sri Lanka Export Development Act, No. 40 of 1979
9. The Betting and Gaming Levy Act, No. 40 of 1988
10. Termination of Employment of Workmen (Special Provisions)
Act, No. 45 of 1971
11. The Entertainment Tax Ordinance (Chapter 267)
12. The Foreign Exchange Act, No. 12 of 2017
13. Casino Business (Regulation) Act, No. 17 of 2010

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Act, No. 11 of 2021*

SCHEDULE III (Section 73)

ENACTMENTS WHICH SHALL HAVE NO APPLICATION WITHIN THE AREA OF
AUTHORITY OF THE COLOMBO PORT CITY

1. The Urban Development Authority Act, No. 41 of 1978
2. The Municipal Council Ordinance (Chapter 252)
3. The Commercial Mediation Centre of Sri Lanka
Act, No. 44 of 2000
4. The Town and Country Planning Ordinance (Chapter 269)
5. The Strategic Development Projects Act, No. 14 of 2008
6. Public Contracts Act, No. 3 of 1987
7. The Board of Investment of Sri Lanka Law, No. 4 of 1978

English Acts of the Parliament can be purchased at the "PRAKASHANA PIYASA", DEPARTMENT OF
GOVERNMENT PRINTING, No. 118, DR. DANISTER DE SILVA MAWATHA, COLOMBO 8.



**PARLIAMENT OF THE DEMOCRATIC
SOCIALIST REPUBLIC OF
SRI LANKA**

**FISCAL MANAGEMENT (RESPONSIBILITY)
(AMENDMENT) ACT, No. 12 OF 2021**

[Certified on 14th of June, 2021]

Printed on the Order of Government

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This Act can be downloaded from www.documents.gov.lk



*Fiscal Management (Responsibility)
(Amendment) Act, No. 12 of 2021*

[Certified on 14th of June, 2021]

L.D.—O. 7/2021

AN ACT TO AMEND THE FISCAL MANAGEMENT (RESPONSIBILITY)
ACT, NO. 3 OF 2003

BE it enacted by the Parliament of the Democratic Socialist
Republic of Sri Lanka as follows:—

- 1.** This Act may be cited as the Fiscal Management (Responsibility) (Amendment) Act, No. 12 of 2021 and shall be deemed to have come into operation on January 1, 2021.

Short title and date of operation
- 2.** Section 3 of the Fiscal Management (Responsibility) Act, No. 3 of 2003 is hereby amended as follows:-

Amendment of section 3 of Act, No. 3 of 2003

 - (a) in paragraph (e) of that section, by the substitution, for the words “ten *per centum*,” of the words “fifteen *per centum*;”; and
 - (b) in paragraph (f) of that section, by the substitution, for the words and figures “January 1, 2020” of the words and figures “ January 1, 2030”.
- 3.** In the event of any inconsistency between the Sinhala and Tamil texts of this Act, the Sinhala text shall prevail.

Sinhala text to prevail in case of inconsistency

English Acts of the Parliament can be purchased at the "PRAKASHANA PIYASA", DEPARTMENT OF
GOVERNMENT PRINTING, No. 118, DR. DANISTER DE SILVA MAWATHA, COLOMBO 8.



**PARLIAMENT OF THE DEMOCRATIC
SOCIALIST REPUBLIC OF
SRI LANKA**

**SRI LANKA LAND DEVELOPMENT CORPORATION
(AMENDMENT) ACT, No. 13 OF 2021**

[Certified on 30th of June, 2021]

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*Sri Lanka Land Development Corporation
(Amendment) Act, No. 13 of 2021*

[Certified on 30th of June, 2021]

L.D.-O 11/2012

AN ACT TO AMEND THE SRI LANKA LAND DEVELOPMENT
CORPORATION ACT, NO. 15 OF 1968

BE it enacted by the Parliament of the Democratic Socialist
Republic of Sri Lanka as follows: -

1. This Act may be cited as the Sri Lanka Land
Development Corporation (Amendment) Act, No. 13 of 2021.

Short title

2. Section 2A of the Sri Lanka Land Development
Corporation Act, No. 15 of 1968 (hereinafter referred to as
the “principal enactment”) is hereby amended as follows: -

Amendment of
section 2A of
Act, No.15 of
1968

- (1) in subsection (3) of that section, by the substitution for the words “shall be guilty of an offence under this Act.” of the words “commits an offence and be liable on conviction after summary trial before a Magistrate to a fine not less than one hundred thousand rupees and not exceeding five hundred thousand rupees or to imprisonment for a period not exceeding one year or to both such fine and imprisonment.”;
- (2) in subsection (4) of that section, by the repeal of all the words and figures from “to prevent such person from carrying on the unlawful activity,” to the end of that subsection, and the substitution therefor of the words “to prevent such person from carrying on the unlawful activity.”;
- (3) in subsection (5) of that section, by the repeal of all the words and figures from “he may make an application” to the end of that subsection, and the substitution therefor of the following: -

“the chief executive officer may –

- (a) make an application to the Magistrate’s Court within whose local jurisdiction such extent

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(Amendment) Act, No. 13 of 2021*

of land or any part thereof in which such unlawful activity is being carried on, is situated, for the issue of an order –

- (i) restraining such person, his agents and servants from acting in contravention of the provisions of subsection (1);
- (ii) granting the chief executive officer, the authority-
 - (aa) to demolish any building or construction which may have been erected whether wholly or partly on such extent of land;
 - (ab) to excavate or unearth and to remove the soil and materials used in the filling or the construction; and
 - (ac) to take into custody any implement, instrument, machinery, vehicle or document used for such filling or construction; and
- (iii) for the recovery of the total cost incurred by the Corporation-
 - (aa) in the demolition of any building or construction;
 - (ab) in the excavation or the unearthing and the removal of the soil and materials used in the filling or the construction; and
 - (ac) in the taking of any implement, instrument, machinery, vehicle or document used for such filling or construction into custody; or

- (b) complain to the officer in charge of the police station of the area where such extent of land or any part thereof in which such unlawful activity is being carried on or wholly or partly carried out, is situated.”.
- (4) by the repeal of subsections (6), (7) and (8) of that section and the substitution therefor of the following subsections: –

“(6) Where any person to whom approval has been granted under subsection (2) has failed to comply with the terms and conditions subject to which such approval was granted, the Chief Executive Officer of the Corporation or the officer or servant authorised by the Chief Executive Officer shall direct such person to comply with the same within the time specified in such direction and where such person fails to do so, the Chief Executive Officer may –

- (a) make an application to the Magistrate’s Court within whose local jurisdiction such extent of land or any part thereof in which such unlawful activity is being carried on, is situated, for the issue of an order –
- (i) restraining such person, his agents and servants from acting in contravention of the terms and conditions imposed under the provisions of subsection (2);
 - (ii) granting the Chief Executive Officer, the authority-
 - (aa) to demolish any building or construction which may have been erected whether wholly or partly on such extent of land;

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(Amendment) Act, No. 13 of 2021*

(ab) to excavate or unearth and to remove the soil and materials used in the filling or the construction; and

(ac) to take into custody any implement, instrument, machinery, vehicle or document used for such filling or construction; and

(iii) for the recovery of the total cost incurred by the Corporation-

(aa) in the demolition of any building or construction;

(ab) in the excavation or the unearthing and the removal of the soil and materials used in the filling or the construction; and

(ac) in the taking of any implement, instrument, machinery, vehicle or document used for such filling or construction into custody; or

(b) complain to the officer in charge of the police station of the area where such extent of land or any part thereof in which such unlawful activity is being carried on or wholly or partly carried out, is situated.”.

Amendment of section 2B of the principal enactment

3. Section 2B of the principal enactment is hereby amended as follows:-

(1) in subsection (3) of that section, by the substitution for the words “shall be guilty of an offence under this Act.”, of the words “commits an offence and be liable on conviction after summary trial before a Magistrate to a fine not less than one hundred

thousand rupees and not exceeding five hundred thousand rupees or to imprisonment for a period not exceeding one year or to both such fine and imprisonment.”;

- (2) by the repeal of subsections (5), (6) and (7) thereof, and the substitution therefor, of the following subsections: –

“(5) Where the Chief Executive Officer is informed and upon being satisfied that any person is acting in contravention of the provisions of subsection (3), the Chief Executive Officer may –

- (a) make an application to the Magistrate’s Court within whose local jurisdiction such extent of land or any part thereof in which such unlawful activity is being carried on, is situated, for the issue of an order –
- (i) restraining such person, his agents and servants from acting in contravention of the provisions of subsection (3);
 - (ii) granting the Chief Executive Officer, the authority-
 - (aa) to demolish any building or construction which may have been erected whether wholly or partly on such extent of land;
 - (ab) to excavate or unearth and to remove the soil and materials used in the filling or the construction; and
 - (ac) to take into custody any implement, instrument, machinery, vehicle or document used for such filling or construction; and

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(Amendment) Act, No. 13 of 2021*

(iii) for the recovery of the total cost incurred by the Corporation-

(aa) in the demolition of any building or construction;

(ab) in the excavation or the unearthing and the removal of the soil and materials used in the filling or the construction; and

(ac) in the taking of any implement, instrument, machinery, vehicle or document used for such filling or construction into custody; or

(b) complain to the officer in charge of the police station of the area where such extent of land or any part thereof in which such unlawful activity is being carried on or wholly or partly carried out, is situated.”.

Amendment of section 4A of the principal enactment

4. Section 4A of the principal enactment is hereby amended by the repeal of subsections (3), (4), (5), (6) and (7) thereof and the substitution therefor of the following: -

“(3) Every person who acts in contravention of the provisions of subsection (2) commits an offence and be liable on conviction after summary trial before a Magistrate to a fine not less than one hundred thousand rupees and not exceeding five hundred thousand rupees or to imprisonment for a period not exceeding one year or to both such fine and imprisonment.

(4) Where the Chief Executive Officer is informed and upon being satisfied that any person is acting in contravention of the provisions of subsection (2), the Chief Executive Officer may –

(a) make an application to the Magistrate’s Court within whose local jurisdiction such extent of land or any part thereof in which such unlawful activity

is being carried on, is situated, for the issue of an order –

- (i) restraining such person, his agents and servants from acting in contravention of the provisions of subsection (2);
- (ii) granting the Chief Executive Officer, the authority-
 - (aa) to demolish any building or construction which may have been erected whether wholly or partly on such extent of land;
 - (ab) to excavate or unearth and to remove the soil and materials used in the filling or the construction; and
 - (ac) to take into custody any implement, instrument, machinery, vehicle or document used for such filling or construction; and
- (iii) for the recovery of the total cost incurred by the Corporation-
 - (aa) in the demolition of any building or construction;
 - (ab) in the excavation or the unearthing and the removal of the soil and materials used in the filling or the construction; and
 - (ac) in the taking of any implement, instrument, machinery, vehicle or document used for such filling or the construction into custody; or

- (b) complain to the officer in charge of the police station of the area where such extent of land or any part thereof in which such unlawful activity is being carried on or wholly or partly carried out, is situated.

(5) Where any person to whom approval has been granted under subsection (2) has failed to comply with the terms and conditions subject to which such approval was granted, the Chief Executive Officer or the officer or servant authorised by the Chief Executive Officer shall direct such person to comply with the same within the time specified in such direction and where such person fails to do so, the Chief Executive Officer may –

- (a) make an application to the Magistrate's Court within whose local jurisdiction such extent of land or any part thereof in which such unlawful activity is being carried on, is situated, for the issue of an order –
 - (i) restraining such person, his agents and servants from acting in contravention of the terms and conditions imposed under the provisions of subsection (2);
 - (ii) granting the Chief Executive Officer, the authority-
 - (aa) to demolish any building or construction which may have been erected whether wholly or partly on such extent of land;
 - (ab) to excavate or unearth and to remove the soil and materials used in the filling or the construction; and

- (ac) to take into custody any implement, instrument, machinery, vehicle or document used for such filling or construction; and
- (iii) for the recovery of the total cost incurred by the Corporation-
 - (aa) in the demolition of any building or construction;
 - (ab) in the excavation or the unearthing and the removal of the soil and the materials used in the filling or the construction; and
 - (ac) in the taking of any implement, instrument, machinery, vehicle or document used for such filling or construction into custody; or
- (b) complain to the officer in charge of the police station of the area where such extent of land or any part thereof in which such unlawful activity is being carried on or wholly or partly carried out, is situated.”.

5. Section 6 of the principal enactment is hereby amended by the repeal of subparagraphs (ii) and (iii) of paragraph (a) of subsection (1), and the substitution therefor, of the following: -

Amendment of
section 6 of the
principal
enactment

- “(ii) an Additional Secretary of the Ministry of the Minister; and
- (iii) the Director-General of the National Physical Planning appointed under section 5 of the Town and Country Planning Ordinance (Chapter 269); and”.

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(Amendment) Act, No. 13 of 2021*

Amendment of
section 9 of the
principal
enactment

6. Section 9 of the principal enactment is hereby amended by the insertion immediately after paragraph (e) of subsection (1), of the following new paragraph: -

“(ea) to enter into joint ventures, partnerships or other commercial agreements with foreign or local companies or individuals directly, jointly or otherwise, within or outside Sri Lanka with the concurrence of the Minister and in accordance with other written law to achieve the objects of the Corporation by utilizing the skilled labour, expert knowledge and the experience of the Corporation;”.

Replacement of
section 20A of
the principal
enactment

7. Section 20A of the principal enactment is hereby repealed and the following section is substituted therefor: -

“Procedure
for
application
for
restraining
order

20A. (1) Every application for an order under subsection (5) or (6) of section 2A, subsection (5) of section 2B or subsection (4) or (5) of section 4A or subsection (2) of section 20c shall be supported by an affidavit verifying the matters set out in the application.

(2) Upon receipt of the application, where the Magistrate is satisfied that an act has been committed in contravention of the provisions of subsection (5) or (6) of section 2A, subsection (5) of section 2B or subsection (4) or (5) of section 4A, or subsection (2) of section 20c may make an interim order restraining such person, his agents and servants from carrying on such unlawful activity until such interim order is made permanent under the provisions of subsection (4) or (8) or is set aside under the provisions of subsection (8).

(3) Summons shall be issued on the person against whom the interim order under subsection (2) is made or where an interim order has not been made by the Magistrate’s Court

under subsection (2) on the person against whom an application for an order under subsection (5) or (6) of section 2A, subsection (5) of section 2B or subsection (4) or (5) of section 4A or subsection (2) of section 20c has been made to appear and show cause on the date specified in such summons being a date not later than fourteen working days from the date of issue of such summons, as to why such person, his agents and servants should not be restrained, as prayed for in the application.

(4) If the person against whom such order has been made fails to appear before the Court on the date specified in subsection (3) or such person has no cause to show as to why the interim order made under subsection (2) shall not be made permanent, then the Court shall forthwith make the interim order permanent as prayed for in the application.

(5) If the person against whom an interim order has not been made and against whom the summons has been served under subsection (3) fails to appear before Court or such person has no cause to show as to why a restraining order against him shall not be made, then the court shall issue a restraining order as prayed for in the application.

(6) If such person appears in Court and states that such person has cause to show against the making of the interim order or the making of a restraining order, the Court may either proceed with the case forthwith or set the case for inquiry on a later date.

(7) At such inquiry the person on whom summons under subsection (3) has been served,

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(Amendment) Act, No. 13 of 2021*

shall not be entitled to contest any of the matters stated in the application under subsection (1) except to show cause that –

- (a) the relevant area of the land is not a land that comes under sections 2, 2B or 4A of this Act; or
- (b) such person has complied with the terms and conditions of the approval under subsection (2) of section 2A or subsection (2) of section 4A or has complied with the requirements specified in the order made under subsection (1) of section 2B.

(8) After the inquiry the Magistrate may either make the interim order permanent as prayed for in the application or set aside such interim order or make a restraining order as prayed for in the application or reject such application.

(9) Where the Magistrate has made an order under subsection (4), (5) or (8), the Magistrate may direct –

- (a) the Chief Executive Officer -
 - (i) to demolish any building or construction which may have been erected whether wholly or partly on such extent of land;
 - (ii) to excavate or unearth and to remove the soil and materials used in the filling or the construction; and

- (iii) to take into custody any implement, instrument, machinery, vehicle or document used for such filling or construction; and
- (b) the person against whom such order was made to pay the total cost incurred-
 - (i) in the demolition of any building or construction;
 - (ii) in the excavation or unearthing of the soil and materials used in the filling or the construction;
 - (iii) in the removal of the soil and materials used for such filling or construction; and
 - (iv) in the taking into custody of any implement, instrument, machinery, vehicle or document used for such filling or construction.

(10) The cost incurred by the Corporation, as specified in the statement of cost certified by a Chartered Civil Engineer and submitted with an affidavit to the Magistrate's Court by the Chief Executive Officer shall be final and conclusive and be recovered from the person against whom the order was made in the same manner as a fine imposed by such Court and shall be credited to the Fund of the Corporation.

(11) (a) Where an order under subsection (9) is made and the Magistrate has directed the Chief Executive Officer to take any implement, instrument, machinery, vehicle or document into custody, the Magistrate may subject to the provisions of subsection (12) make order that such implement, instrument, machinery, vehicle or document shall be forfeited to the State. Any implement, instrument, machinery, vehicle or document so forfeited to the State shall vest in the State free from all encumbrances. Such vesting shall take effect-

- (i) where no appeal has been preferred to the Court of Appeal or a High Court established by Article 154P of the Constitution against the order of forfeiture, upon the expiry of the period within which an appeal may be preferred to the Court of Appeal or such High Court; or
- (ii) where an appeal has been preferred to the Court of Appeal or to the High Court established under Article 154P of the Constitution against the order of forfeiture, upon the determination of the appeal affirming or upholding the order of forfeiture.

(b) The Chief Executive Officer shall take possession of any implement, instrument, machinery, vehicle or document vested in the State under this section and may sell or otherwise dispose of the same as he may think fit. The proceeds of such sale shall be credited to the Fund of the Corporation.

(12) Where an order under subsection (9) is made and the Magistrate has directed the Chief Executive Officer to take any implement, instrument, machinery, vehicle or document into custody and the owner of such implement, instrument, machinery, vehicle or document is a third party, no order of forfeiture shall be made, if the owner proves to the satisfaction of the Court that-

- (a) he has taken all precautions to prevent the use of such implement, instrument, machinery, vehicle or document; or
- (b) that such implement, instrument, machinery, vehicle or document have been used without his knowledge,

for the commission of the offence.

(13) (a) Where the Chief Executive Officer or the officer or the servant authorised by the Chief Executive Officer is unable or suspects that he will be unable to proceed with-

- (i) the demolition of any building or construction;
- (ii) the excavation or unearthing of the soil and materials, used in the filling or the construction;
- (iii) the removal of the soil and all materials used for such filling or construction; and

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(Amendment) Act, No. 13 of 2021*

- (iv) the taking into custody of any implement, instrument, machinery, vehicle or document used for such filling or construction,

due to any obstruction or resistance which has been, or is likely to be made, the Chief Executive Officer shall on making an application in that behalf to the Magistrate's Court where an order under subsection (9) is made, be entitled to an order of that Court directing the Fiscal to-

- (aa) demolish any building or construction;
- (ab) excavate or unearth the soil and materials used in the filling or the construction;
- (ac) remove the soil and materials used for such filling or construction; and
- (ad) take into custody any implement, instrument, machinery, vehicle or document used for such filling or construction.

(b) Every application supported by an affidavit shall be conclusive evidence of the facts stated therein.

(c) The Fiscal to whom an order is issued under paragraph (a) shall forthwith execute such order and report in writing to the Court, the manner in which such order was executed.

(d) Where the Fiscal has demolished any building or construction, excavated or

unearthed the soil and materials used and removed the soil and materials used in the filling or the construction and taken into custody any implement, instrument, machinery, vehicle or document used for such filling or construction, the person against whom the order under subsection (9) is made, shall pay the total cost incurred in such demolition, excavation, unearthing, removal, or taking into custody any implement, instrument, machinery, vehicle or document used for such filling or construction and the same be recovered in the same manner as a fine imposed by such Court.

(e) Where an order under paragraph (a) is made, all the implements, instruments, machinery, vehicles or documents taken into custody by the Fiscal shall subject to the provisions of paragraph (f) be forfeited to the State.

(f) Where an order is made under paragraph (a) for the taking into custody of any implement, instrument, machinery, vehicle or document and the owner of such implement, instrument, machinery, vehicle or document is a third party, no order of forfeiture shall be made, if the owner proves to the satisfaction of the Court that-

- (i) he has taken all precautions to prevent the use of such implement, instrument, machinery, vehicle or document; or
- (ii) that such implement, instrument, machinery, vehicle or document have been used without his knowledge,

for the commission of the offence.

(14) The Minister may by regulations prescribe the forms of the applications and the affidavit.”.

Amendment of section 20c of the principal enactment

8. Section 20c of the principal enactment is hereby amended by the substitution for the words, “application being made by the Corporation” of the words “application being made by the Chief Executive Officer”.

Insertion of new sections 20D and 20E in the principal enactment

9. The following new sections are hereby inserted immediately after section 20c of the principal enactment and shall have effect as sections 20D and 20E of that enactment: -

“Procedure to be followed by a police officer

20D. (1) (a) Upon a complaint under paragraph (b) of subsection (5) of section 2A, paragraph (b) of subsection (6) of section 2A, paragraph (b) of subsection (5) of section 2B, paragraph (b) of subsection (4) of section 4A, or paragraph (b) of subsection (5) of section 4A being made, the officer-in-charge of such police station shall take into custody all persons involved in the commission of such offence as having committed a cognizable offence together with any implement, instrument, machinery, vehicle or document.

(b) A cognizable offence within the meaning of this Act shall be an offence for which a police officer may arrest a person in the first instance without a warrant.

(c) All offences under this Act shall be non-bailable and the provisions of the Bail Act, No. 30 of 1997 shall apply.

(2) All such persons and any implements, instruments, machinery, vehicles or documents as are taken into custody under subsection (1) shall forthwith be produced before the Magistrate’s Court.

(3) Where a person is convicted of an offence under subsection (3) of section 2A, subsection (3) of section 2B or subsection (3) of section 4A, the Court may order such person-

- (a) to demolish any building or construction; and
- (b) to excavate or unearth and to remove the soil and materials used in the filling or the construction,

in respect to which such offence was committed within such period as may be specified by Court.

(4) Upon conviction of a person of an offence under subsection (3) of section 2A, subsection (3) of section 2B or subsection (3) of section 4A, the person so convicted shall for every day in respect of which the offence is so continued after conviction pay a fine of one thousand rupees for each such day.

(5) (a) When a person is convicted of an offence under subsection (3) of section 2A, subsection (3) of section 2B or subsection (3) of section 4A, all the implement, instrument, machinery, vehicle or document used by such person in committing such offence, shall subject to the provisions of paragraph (b) be forfeited to the State.

(b) Where the owner of any implement, instrument, machinery, vehicle or document is a third party, no order of forfeiture shall be made if the owner proves to the satisfaction of the Court that-

- (i) he has taken all precautions to prevent the use of such implement, instrument, machinery, vehicle or document; or

20 *Sri Lanka Land Development Corporation
(Amendment) Act, No. 13 of 2021*

- (ii) such implement, instrument, machinery, vehicle or document have been used without his knowledge,

for the commission of the offence.

Offences committed by a body of persons or a partnership 20E. Where an offence under this Act or any regulation made thereunder is committed by a body of persons, then if that body of persons -

- (a) is a body corporate, every director, officer, servant or agent of such body corporate; or
- (b) is a partnership, every partner, officer, servant or agent of such partnership,

shall be guilty of that offence:

Provided however, that a director, an officer, a servant or an agent of a body corporate or a partner, an officer, a servant or an agent of a partnership, as the case may be, shall not be deemed to be guilty of such offence, if he proves to the satisfaction of the Court that such offence was committed without his knowledge or that he had exercised all due diligence as was necessary to prevent the commission of such offence.”.

Amendment of section 22A of the principal enactment

10. Section 22A of the principal enactment is hereby amended by the substitution for the words “is prescribed shall”, of the words “is prescribed shall, on conviction after summary trial before a Magistrate.”.

Sri Lanka Land Development Corporation 21
(Amendment) Act, No. 13 of 2021

11. Section 28 of the principal enactment is hereby amended as follows: -

Amendment of section 28 of the principal enactment

- (1) by the insertion immediately before the definition of the term “Corporation”, of the following new definition: -

““Chief Executive Officer” means the General Manager of the Corporation appointed under subsection (1) of section 14 of the Act;” and

- (2) by the insertion immediately after the definition of the term “Corporation”, of the following new definition: -

““Minister” means the Minister to whom the Sri Lanka Land Development Corporation is assigned under Article 44 or 45 of the Constitution.”.

12. All actions, prosecutions and proceedings pending or incomplete on the date of commencement of this Act may be carried on and completed after the date of commencement of this Act as if the provisions of the Sri Lanka Land Development Corporation Act were not amended.

Transitional Provision

13. In the event of any inconsistency between the Sinhala and Tamil texts of this Act, the Sinhala text shall prevail.

Sinhala text to prevail in case of inconsistency

English Acts of the Parliament can be purchased at the "PRAKASHANA PIYASA", DEPARTMENT OF
GOVERNMENT PRINTING, NO. 118, DR. DANISTER DE SILVA MAWATHA, COLOMBO 8.



**PARLIAMENT OF THE DEMOCRATIC
SOCIALIST REPUBLIC OF
SRI LANKA**

**CODE OF CRIMINAL PROCEDURE (AMENDMENT)
ACT, No. 14 OF 2021**

[Certified on 15th of July, 2021]

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*Code of Criminal Procedure (Amendment)
Act, No. 14 of 2021*

[Certified on 15th of July, 2021]

L.D.—O. 62/2017

AN ACT TO AMEND THE CODE OF CRIMINAL PROCEDURE
ACT, NO. 15 OF 1979

BE it enacted by the Parliament of the Democratic Socialist
Republic of Sri Lanka as follows:—

1. This Act may be cited as the Code of Criminal
Procedure (Amendment) Act, No. 14 of 2021. Short title

2. The following new section is hereby inserted
immediately after section 43A of the Code of Criminal
Procedure Act, No. 15 of 1979 and shall have effect as
section 43B of that Act:— Insertion of new
section 43B in
Act, No. 15 of
1979

“Duty of
Magistrates to
visit police
stations” 43B. (1) It shall be the duty of every
Magistrate to visit every police station situated
within the judicial division in respect of which
he is appointed, at least once in every month to
ensure that the suspects under the police custody
at such police stations are protected to the extent
provided for in the Convention Against Torture
and other Cruel, Inhuman or Degrading
Treatment or Punishment Act, No. 22 of 1994.

(2) For the purpose of subsection (1), the
Magistrate who visits the police station, shall-

(a) personally see the suspect, and look into
his well-being, welfare and conditions
under which he is kept at such police
station; and

(b) record his observations and any
complaint the suspect may make.

(3) Where the Magistrate is of the opinion,
that the suspect may have been subjected to

2 *Code of Criminal Procedure (Amendment)*
Act, No. 14 of 2021

torture, the Magistrate may direct that the suspect be produced before a judicial medical officer or a government medical officer for medical examination, and a report be submitted by such medical officer to the Magistrate.

(4) Where the report of such medical officer reveals that the suspect has been subjected to torture, the Magistrate shall make an appropriate order, including directions to provide necessary medical treatment to the suspect and to change the place of custody of such suspect.

(5) The Magistrate shall also direct the Inspector General of Police to commence an investigation into the alleged torture in order to enable the Attorney-General to institute criminal proceedings against the person who is alleged to have committed the torture.”.

Sinhala text to prevail in case of inconsistency

3. In the event of any inconsistency between the Sinhala and Tamil texts of this Act, the Sinhala text shall prevail.

English Acts of the Parliament can be purchased at the "PRAKASHANA PIYASA", DEPARTMENT OF
GOVERNMENT PRINTING, No. 118, DR. DANISTER DE SILVA MAWATHA, COLOMBO 8.



**PARLIAMENT OF THE DEMOCRATIC
SOCIALIST REPUBLIC OF
SRI LANKA**

**CONVENTION AGAINST TORTURE AND OTHER
CRUEL, INHUMAN OR DEGRADING TREATMENT OR
PUNISHMENT (AMENDMENT) ACT, No. 15 OF 2021**

[Certified on 15th of July, 2021]

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This Act can be downloaded from www.documents.gov.lk



*Convention Against Torture and other Cruel,
Inhuman or Degrading Treatment or Punishment
(Amendment) Act, No. 15 of 2021*

[Certified on 15th of July, 2021]

L.D.—O. 3/2021

AN ACT TO AMEND THE CONVENTION AGAINST TORTURE AND OTHER
CRUEL, INHUMAN OR DEGRADING TREATMENT OR PUNISHMENT
ACT, NO. 22 OF 1994

BE it enacted by the Parliament of the Democratic Socialist
Republic of Sri Lanka as follows:—

1. This Act may be cited as the Convention Against
Torture and other Cruel, Inhuman or Degrading Treatment
or Punishment (Amendment) Act, No. 15 of 2021.

Short title

2. Section 2 of the Convention Against Torture and
other Cruel, Inhuman or Degrading Treatment or Punishment
Act, No. 22 of 1994 is hereby amended in subsection (4) of
that section by the substitution for the words “a fine not less
than ten thousand rupees and not exceeding fifty thousand
rupees.”, of the words “a fine not less than fifty thousand
rupees and not exceeding two hundred thousand rupees.”.

Amendment of
section 2 of Act,
No. 22 of 1994

3. In the event of any inconsistency between the Sinhala
and Tamil texts of this Act, the Sinhala text shall prevail.

Sinhala text to
prevail in case
of inconsistency

English Acts of the Parliament can be purchased at the "PRAKASHANA PIYASA", DEPARTMENT OF
GOVERNMENT PRINTING, NO. 118, DR. DANISTER DE SILVA MAWATHA, COLOMBO 8.



**PARLIAMENT OF THE DEMOCRATIC
SOCIALIST REPUBLIC OF
SRI LANKA**

**NATIONAL MINIMUM WAGE OF WORKERS
(AMENDMENT) ACT, No. 16 OF 2021**

[Certified on 16th of August, 2021]

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This Act can be downloaded from www.documents.gov.lk



*National Minimum Wage of Workers
(Amendment) Act, No. 16 of 2021*

[Certified on 16th of August, 2021]

L.D.—O. 25/2019

AN ACT TO AMEND THE NATIONAL MINIMUM WAGE OF WORKERS
ACT, NO. 3 OF 2016

BE it enacted by the Parliament of the Democratic Socialist
Republic of Sri Lanka as follows:—

- 1.** This Act may be cited as the National Minimum Wage of Workers (Amendment) Act, No. 16 of 2021.

Short title
- 2.** Section 3 of the National Minimum Wage of Workers Act, No. 3 of 2016 is hereby amended in subsection (1) thereof by the substitution for the words, “shall be ten thousand rupees and the national minimum daily wage of a worker shall be four hundred rupees” of the words, “shall be twelve thousand five hundred rupees and the national minimum daily wage of a worker shall be five hundred rupees.”.

Amendment of section 3 of Act, No. 3 of 2016
- 3.** In the event of any inconsistency between the Sinhala and Tamil texts of this Act, the Sinhala text shall prevail.

Sinhala text to prevail in case of inconsistency

English Acts of the Parliament can be purchased at the "PRAKASHANA PIYASA", DEPARTMENT OF
GOVERNMENT PRINTING, No. 118, DR. DANISTER DE SILVA MAWATHA, COLOMBO 8.



**PARLIAMENT OF THE DEMOCRATIC
SOCIALIST REPUBLIC OF
SRI LANKA**

**CORONAVIRUS DISEASE 2019 (COVID - 19)
(TEMPORARY PROVISIONS)
ACT, No. 17 OF 2021**

[Certified on 23rd of August 2021]

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This Act can be downloaded from www.documents.gov.lk



*Coronavirus Disease 2019 (COVID - 19)
(Temporary Provisions) Act, No. 17 of 2021*

[Certified on 23rd of August 2021]

L.D.-O 19/2020

AN ACT TO MAKE TEMPORARY PROVISIONS IN RELATION TO SITUATIONS WHERE PERSONS WERE UNABLE TO PERFORM CERTAIN ACTIONS REQUIRED BY LAW TO BE PERFORMED WITHIN THE PRESCRIBED TIME PERIODS DUE TO COVID - 19 CIRCUMSTANCES; TO ASSIGN ALTERNATIVE COURTS WHERE A COURT CANNOT FUNCTION DUE TO COVID - 19 CIRCUMSTANCES; TO CONDUCT COURT PROCEEDINGS USING REMOTE COMMUNICATION TECHNOLOGY TO FACILITATE THE CONTROL OF CORONAVIRUS DISEASE 2019 (COVID - 19); AND FOR MATTERS CONNECTED THEREWITH OR INCIDENTAL THERETO.

BE it enacted by the Parliament of the Democratic Socialist Republic of Sri Lanka as follows:-

1. (1) This Act may be cited as the Coronavirus Disease 2019 (COVID -19) (Temporary Provisions) Act, No. 17 of 2021. The provisions of this Act shall be in operation for a period of two years commencing from March 1, 2020.

Short title,
duration and
extension of
operation of the
Act

(2) The Minister may, at any time within one month prior to the expiration of the period of operation of this Act, by Order published in the *Gazette*, extend for a further period the operation of the Act:

Provided however, the aggregate period of any extension shall not exceed two years from the date of such extension.

PART I

RELIEF FOR INABILITY TO COMPLY WITH PRESCRIBED TIME PERIODS

2. (1) Where any court, tribunal or any other authority established by or under any law is satisfied that, a person was prevented from-

Relief in respect
of inability to
comply with
prescribed time
periods

- (a) instituting or filing any action, application, appeal or other legal proceeding, as the case may be, within the period prescribed by law for such purpose; or

2 *Coronavirus Disease 2019 (COVID - 19)*
 (Temporary Provisions) Act, No. 17 of 2021

- (b) performing any act which is required by law to be done or performed within a prescribed time period,

due to any COVID - 19 circumstance, it shall be competent for such court, tribunal or any other authority established by or under any law to allow, admit or entertain an action, application, appeal, other proceeding or act, referred to in paragraph (a) or (b), notwithstanding the lapse of the time period prescribed by law for such purpose and subject to the provisions of section 9, the period within which such person was subject to such COVID - 19 circumstance shall be excluded in calculating the said prescribed time period.

(2) Any relief granted under subsection (1) shall not apply in relation to any application or appeal-

- (a) to which the following rules apply-

- (i) the Supreme Court (Temporary Provisions) Rules, 2020 published in the *Gazette* Extraordinary No. 2174/4 of May 6, 2020;
- (ii) the Supreme Court (Temporary Provisions) Rules, 2021 published in the *Gazette* Extraordinary No. 2211/56 of January 21, 2021;
- (iii) the Court of Appeal (Procedure for Appeals from High Courts established by Article 154P of the Constitution) (Temporary Provisions) Rules, 2020 published in the *Gazette* Extraordinary No. 2175/2 of May 12, 2020; or
- (iv) the Court of Appeal (Procedure for Appeals from High Courts established by Article 154P of the Constitution) (Temporary Provisions) Rules, 2021 published in the *Gazette* Extraordinary No. 2211/56 of January 21, 2021;

- (b) to which any Supreme Court Rule or Court of Appeal Rule as may be made under Article 136 of the Constitution within the period of operation of this Act, granting any exclusion of time period as a relief in respect of any COVID - 19 circumstance, apply.

PART II

DESIGNATION OF ALTERNATIVE COURTS

3. (1) Subject to the provisions of sections 46 and 47 of the Judicature Act, No. 2 of 1978, where the ordinary functioning of any court of first instance is disrupted due to any COVID - 19 circumstance, the Judicial Service Commission may designate the nearest court of concurrent jurisdiction as the alternative court in place of such court, for the period during which such COVID - 19 circumstance exists. Any action, prosecution, proceeding or matter filed in or considered by such court of first instance or any new action, prosecution, proceeding or matter filed, shall be considered or heard by the court so designated:

Designation of alternative courts in place of courts affected by COVID - 19 circumstances

Provided however, no transfer of an action, prosecution, proceeding or matter referred to in this subsection shall be made where-

- (a) any such court of first instance has reserved such action, prosecution, proceeding or matter for judgment, order or other pronouncement; or
- (b) all hearings in such action, prosecution, proceeding or matter have been concluded before such court of first instance.

(2) An action, prosecution, proceeding or matter filed in or considered by an alternative court referred to in subsection (1) may, by the presiding Judge of the alternative court, subsequently be transferred to the court of first instance which previously exercised jurisdiction in relation to such action upon the resumption of ordinary functions of such original court:

4 *Coronavirus Disease 2019 (COVID - 19)*
(Temporary Provisions) Act, No. 17 of 2021

Provided however, no transfer of an action, prosecution, proceeding or matter referred to in this subsection shall be made where-

- (a) the alternative court has reserved such action, prosecution, proceeding or matter for judgment, order or other pronouncement; or
- (b) all hearings in such action, prosecution, proceeding or matter have been concluded before such alternative court.

PART III

CONDUCTING COURT PROCEEDINGS USING REMOTE COMMUNICATION
TECHNOLOGY

Conducting
court
proceedings
using remote
communication
technology

4. (1) Notwithstanding anything contained in any other written law, where, in any action, application, appeal or other proceeding before a court of first instance, –

- (a) any person is unable to appear in court; or
- (b) the proceedings of the court cannot be conducted under the ordinary procedure,

due to any COVID - 19 circumstance, such action, application, appeal or proceeding before such court may be conducted by means of a live video or live television link created using a remote communication technology.

(2) The provisions of–

- (a) the Supreme Court (Electronic Filing and Urgent Digital Virtual Hearings) (Special Provisions) Rules, 2021 published in the *Gazette* Extraordinary No. 2212/54 of January 29, 2021;

- (b) the Court of Appeal (Electronic Filing and Urgent Digital Virtual Hearings) (Special Provisions) Rules, 2021 published in the *Gazette* Extraordinary No. 2216/8 of February 23, 2021; and
- (c) any other Supreme Court Rule or Court of Appeal Rule as may be made under Article 136 of the Constitution within the period of operation of this Act, in relation to conducting of court proceedings using remote communication technology,

shall, *mutatis mutandis*, apply to the extent possible, in relation to any action, application, appeal or proceeding conducted before any court of first instance under subsection (1).

PART IV

GENERAL

5. Any period excluded as a relief under section 2 of this Act shall not exceed a period of twelve months:

Limitations on relief under this Act

Provided that, a period exceeding twelve months may be excluded as a relief where the court, tribunal or any other authority established by or under any law is satisfied that it is just and equitable to do so and the period so excluded shall not exceed a period of further six months:

Provided further, that the period excluded as a relief shall not exceed eighteen months in the aggregate.

6. The burden of proof that the inability to comply with the prescribed time periods for the purpose of section 2 is due to any COVID - 19 circumstance, shall be on the party making the application for relief under such section.

Burden of proof

6 *Coronavirus Disease 2019 (COVID - 19)*
(Temporary Provisions) Act, No. 17 of 2021

Guidelines, &c
on any
COVID -19
circumstance to
be considered
prima facie
evidence

7. (1) Any guideline, direction, circular, notice or decision whether in the printed or electronic form, made by the Government in relation to any COVID - 19 circumstance shall be admissible as *prima facie* evidence in any action, application, appeal or other legal proceeding instituted or made under this Act, without further proof.

(2) Where a party to such action, application, appeal or other legal proceeding disputes the admissibility of such guideline, direction, circular, notice or decision as evidence, the burden of proof shall be on the party who disputes such admissibility.

(3) For the purpose of this section, “Government” means any proper authority as defined in any regulation made under the Quarantine and Prevention of Diseases Ordinance (Chapter 222) in relation to COVID-19.

Interpretation

8. In this Act, unless the context otherwise requires –

“COVID - 19” means the Coronavirus Disease 2019 (COVID - 19) declared as a quarantinable disease by Notification published in the *Gazette* Extraordinary No. 2167/18 of March 20, 2020 under the Quarantine and Prevention of Diseases Ordinance (Chapter 222);

“COVID - 19 circumstance” includes-

- (a) COVID - 19; or
- (b) any other circumstance arising out of or consequential to the circumstances referred to in paragraph (a); and

“Minister” means the Minister assigned this Act under Article 44 or 45 of the Constitution.

Coronavirus Disease 2019 (COVID - 19) 7
(Temporary Provisions) Act, No. 17 of 2021

9. In the event of any inconsistency between the Sinhala and Tamil texts of this Act, the Sinhala text shall prevail. Sinhala text to prevail in case of inconsistency

English Acts of the Parliament can be purchased at the "PRAKASHANA PIYASA", DEPARTMENT OF
GOVERNMENT PRINTING, NO. 118, DR. DANISTER DE SILVA MAWATHA, COLOMBO 8.



**PARLIAMENT OF THE DEMOCRATIC
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FINANCE ACT, No. 18 OF 2021

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Finance Act, No. 18 of 2021

[Certified on 15th of September 2021]

L. D.- O 21/2021

AN ACT TO ENABLE PERSONS TO VOLUNTARILY DISCLOSE UNDISCLOSED TAXABLE SUPPLIES, INCOME AND ASSETS REQUIRED TO BE DISCLOSED UNDER CERTAIN LAWS; TO PROVIDE FOR THE IMPOSITION OF A TAX ON THE TAXABLE SUPPLIES, INCOME AND ASSETS SO DISCLOSED; TO INDEMNIFY THE PERSONS WHO VOLUNTARILY DISCLOSE ANY SUCH TAXABLE SUPPLY, INCOME OR ASSET AGAINST LIABILITY FROM INVESTIGATION, PROSECUTION AND PENALTIES UNDER SPECIFIED LAWS; TO GRANT CERTAIN CONCESSIONS TO PERSONS WHO HAD ALREADY DISCLOSED TAXABLE SUPPLIES, INCOME AND ASSETS UNDER SPECIFIED LAWS; AND FOR MATTERS CONNECTED THEREWITH AND INCIDENTAL THERETO.

BE it enacted by the Parliament of the Democratic Socialist Republic of Sri Lanka as follows: -

1. This Act may be cited as the Finance Act, No. 18 of 2021. Short title

PART I

IMPOSING THE TAX ON VOLUNTARY DISCLOSURE

2. (1) The provisions of this Part shall, subject to the provisions of subsection (2), apply to any person who has not disclosed any amount of taxable supply, income or asset which was required to be disclosed under the provisions of any law specified in Schedule I hereto (hereinafter in this Part referred to as “undisclosed taxable supply, income or asset”), in a Value Added Tax Return for any taxable period ended on or prior to March 31, 2020 or in a return of income for any year of assessment ended on or prior to March 31, 2020.

Persons to whom this Part applies

(2) The provisions of this Part shall not apply to-

- (a) any person in relation to whom investigations or legal proceedings under the provisions of any law specified in Schedule II is pending, in relation to any undisclosed taxable supply, income or asset;
- (b) any person who has been convicted of an offence under the provisions of any law specified in Schedule II in relation to any undisclosed taxable supply, income or asset; or
- (c) any amount of undisclosed taxable supply, income or asset held by any person, in respect of which an assessment under the provisions of any respective law specified in Schedule I or Schedule IV has been made:

Provided however, the provisions of paragraph (c) shall not apply to any amount of undisclosed taxable supply, income or asset which has not been taken into account in making an assessment referred to in that paragraph.

(3) Every person referred to in subsection (1), not being a person referred to in paragraph (a), (b) or (c) of subsection (2), shall hereinafter in this Part referred to as the “person to whom this Part applies”.

Undisclosed taxable supplies, income or assets to be invested or deposited

3. (1) A person to whom this Part applies, shall invest or deposit an amount equivalent to the undisclosed taxable supply, income or asset, subject to the provisions of subsections (2) and (3).

(2) If a person to whom this Part applies, intends to invest an amount equivalent to the undisclosed taxable supply, income or asset, he shall –

- (a) where he is able to immediately invest such amount, purchase-
 - (i) shares issued by a resident company;

- (ii) treasury bills or treasury bonds issued by the Central Bank on behalf of the Government of Sri Lanka;
- (iii) any quoted debt securities issued by a resident company in Sri Lanka; or
- (iv) any movable or immovable property in Sri Lanka,

on or after the date of commencement of this Act but prior to March 31, 2022; or

- (b) where he is unable to immediately invest such amount available in cash whether in Sri Lankan rupees or in foreign currency, he shall deposit such amount in a bank account, on or after the date of commencement of this Act but prior to March 31, 2022.

(3) Notwithstanding the provisions of subsection (1), the provisions of subsection (2) shall not apply to a person to whom this Part applies who, prior to the date of commencement of this Act –

- (a) has utilized an amount equivalent to the undisclosed taxable supply, income or asset, to purchase-
 - (i) shares issued by a resident company;
 - (ii) treasury bills or treasury bonds issued by the Central Bank on behalf of the Government of Sri Lanka;
 - (iii) any quoted debt securities issued by a resident company in Sri Lanka; or
 - (iv) any movable or immovable property; or

- (b) has deposited an amount equivalent to the undisclosed taxable supply, income or asset in a bank account.

Tax on
Voluntary
Disclosure

4. (1) A person to whom this Part applies shall be liable to pay a tax to be called the “Tax on Voluntary Disclosure” to the Commissioner-General prior to making the declaration under section 5 subject to the provisions of subsection (2).

(2) Where a person to whom this Part applies intends to disclose –

- (a) any undisclosed taxable supply, income or asset other than immovable or movable property in the declaration made under subsection (1) of section 5, he is liable to pay the Tax on Voluntary Disclosure at the rate of one per *centum* of such amount or income, or on the cost of such asset invested or deposited under section 3; or
- (b) any immovable or movable property in the declaration made under subsection (1) of section 5, he is liable to pay Tax on Voluntary Disclosure at the rate of one per *centum* on the market value of such property on the date of the declaration.

(3) Any amount of the Tax on Voluntary Disclosure paid by a person to whom this Part applies shall not be deemed to be a tax credit or an expenditure within the meaning of the Inland Revenue Act, No. 24 of 2017 and shall not be refundable.

Disclosure of
undisclosed
taxable supply,
income or asset

5. (1) Any person to whom this Part applies who has invested or deposited any undisclosed taxable supply, income or asset as specified in section 3 and has paid the Tax on Voluntary Disclosure as specified in section 4, shall

on or prior to March 31, 2022, submit to the Commissioner-General a declaration (hereinafter in this Part referred to as the “declarant”) in relation to any undisclosed taxable supply, income or asset, substantially in the relevant form specified in Part I or Part II of Schedule V hereto along with the documents to prove the ownership, date of acquisition and cost or market value of the asset, subject to the guidelines issued by the Commissioner-General under subsection (2).

(2) For the effective implementation of the provisions of this Act, the Commissioner-General may issue necessary guidelines specifying the manner of payment and filing the declaration within one week of the date of coming into operation of this Act.

(3) (a) Upon receipt of a declaration made under subsection (1), the Commissioner-General shall verify whether such declaration is in accordance with this Act.

(b) Where the declaration is in accordance with this Act, the Commissioner-General shall accept the declaration in writing and inform of such acceptance to the declarant within thirty days of the date of receipt of the declaration.

(c) If the declaration is not in accordance with the provisions of this Act, the Commissioner-General shall reject the declaration and inform the declarant in writing the reasons for his rejection within thirty days of the date of receipt of such declaration.

(d) If the Commissioner-General fails to inform the declarant as specified in paragraph (b) and (c) within thirty days the declaration shall be deemed to have been accepted.

(4) Any declarant whose declaration is rejected in terms of subsection (3), shall be entitled to submit a fresh declaration remedying any defects specified in the Commissioner-General’s decision under subsection (3) within thirty days of the receipt of the Commissioner-General’s decision.

(5) Any declarant who provides false or incorrect information in the declaration made under subsection (1) shall not be entitled to the immunity granted under section 6, notwithstanding the acceptance of such declaration by the Commissioner-General under subsection (3).

Immunity
granted to
declarants

6. (1) A declarant whose declaration has been accepted by the Commissioner-General under subsection (3) of section 5 and, who has paid the Tax on Voluntary Disclosure as specified in section 4, shall be entitled to enjoy the full immunity from liability to pay any tax, penalty or interest or from any investigation or prosecution –

- (a) under the provisions of any law specified in Schedule I hereto, other than the Value Added Tax Act, No. 14 of 2002, in relation to any year of assessment ending on or prior to March 31, 2020 in relation to the income or asset disclosed in the declaration made under subsection (1) of section 5;
- (b) under the provisions of the Value Added Tax Act, No. 14 of 2002 in relation to any year of any period ending on or prior to March 31, 2020 in relation to the amount of taxable supplies disclosed in the declaration made under subsection (1) of section 5, unless such tax has been collected by such declarant.

(2) Subject to the provisions of subsection (5) of section 5, the Commissioner-General shall ensure that full immunity as specified above, be granted to any declarant referred to in subsection (1).

Secrecy

7. (1) The Commissioner-General or any officer of the Department of Inland Revenue, shall preserve and aid in preserving official secrecy in respect of the identity of a declarant and any matter or thing contained in a declaration made under subsection (1) of section 5 of this Act.

(2) All provisions of the Inland Revenue Act, No. 24 of 2017 applicable to the maintenance of official secrecy including punishment for the breach of such secrecy under section 100 of such Act, shall *mutatis mutandis* be applicable to a declaration made under this Act.

8. Where any person to whom this Part applies fails to comply with the provisions of this Act, he shall be liable to be dealt with in terms of the provisions of the respective law specified in Schedule I or Schedule IV hereto.

Consequence of failure to comply with the provisions of this Act

9. For the avoidance of doubt it is hereby declared that the provisions of this Part shall apply to any person to whom this Part applies, notwithstanding anything done or any amnesty granted under the provisions of Inland Revenue (Regulation of Amnesty) Act, No. 10 of 2004.

Avoidance of doubt

PART II

PROVISIONS TO WRITE OFF TAX ARREARS UNDER CERTAIN LAWS

10. The provisions of this Part shall apply to any person who, is liable to pay any tax arrears under the provisions of any law specified in Schedule I, Schedule III or Schedule IV or, is liable to pay any penalty imposed under the provisions of any such law, for any year of assessment commencing prior to April 1, 2020 or for any period commencing prior to December 31, 2020 (hereinafter in this Part referred to as the “taxpayer”).

Persons to whom this Part applies

11. Notwithstanding anything to the contrary in any law or any provision of any law specified in Schedule III hereto or Value Added Tax Act, No.14 of 2002, the Commissioner-General shall write off, subject to sections

Tax arrears to be written off in respect of certain taxes

14 and 15, any tax arrears under any law in Part A of Schedule III hereto or under the specific provisions of the Value Added Tax Act, No.14 of 2002 specified in Part B of Schedule III hereto, in respect of any period ending on or prior to December 31, 2020, in relation to a taxpayer.

Tax arrears to be written off in respect of certain individuals

12. The Commissioner-General shall write off, subject to sections 14 and 15, any tax arrears payable under the provisions of any law specified in Schedule I other than Value Added Tax Act, No.14 of 2002, as at December 31, 2020, by any individual whose assessable income, calculated in terms of the provisions of the Inland Revenue Act, No. 24 of 2017, for the year of assessment ending on March 31, 2020, does not exceed rupees three million:

Provided however, the provisions of this section shall not apply to any such individual, under the following circumstances: -

- (a) where the assessable income of the relevant individual exceeds rupees three million without deducting any loss including an unrelieved loss, in terms of the provisions of the Inland Revenue Act, No. 24 of 2017;
- (b) where the assessable income of the relevant individual exceeds rupees three million in aggregate with the income from final withholding payments, gains and profits exempted from income tax in terms of the provisions of the Inland Revenue Act, No. 24 of 2017;
- (c) where the annual gross turnover for the year of assessment ending on March 31, 2020, of a business or partnership of which the relevant individual is a partner, is not less than rupees five hundred million; or

(d) where the assessable income of the relevant individual includes an income earned from conducting a business of betting and gaming or any business of liquor excluding such income which is merely incidental to another business.

13. (1) The Commissioner-General shall write off any penalty or interest, calculated in terms of the provisions of any law specified in Schedule I or Schedule IV hereto, in relation to a taxpayer, in respect of which the payment due date was December 31, 2020 or a date prior to that date, if the taxpayer pays the full amount of the tax outstanding, under the provisions of said laws, on or prior to March 31, 2022.

Penalty on tax in default to be written off

(2) Nothing in subsection (1) shall be read and construed as imposing a liability on the taxpayer to pay any tax, interest or penalty thereon, in respect of any tax arrears written off in terms of the provisions of the Inland Revenue Act, No. 24 of 2017 or the provisions of section 11 or 12 of this Act.

14. Where there is any dispute in relation to any tax arrears referred to in section 11 or 12, in respect of which a decision is pending before or has been made by the Tax Appeals Commission or any court of law, before the commencement of this Act, under the provisions of any respective law specified in Schedule I or Schedule III hereto, on an assessment made in relation to a taxpayer, shall not be written off under the provisions of section 11 and 12, as the case may be.

Tax arrears in dispute not to be written off

15. Any tax refund pending payment on the date of commencement of this Act duly claimed by a taxpayer, under the provisions of any law specified in Schedule I, Schedule III or Schedule IV hereto, for any period ending prior to December 31, 2020 shall be set off against any tax arrears written off under the provisions of section 11 or 12:

Tax refunds to be set off against the tax arrears written off

Provided however, the provisions of this section shall have no application to any penalty imposed by law in a period subsequent to the period in which the refund is due.

Commissioner-General to inform amounts set off against tax arrears

16. (1) The Commissioner-General shall communicate in writing, to every taxpayer, the amount of refund to be set off against the tax arrears in terms of section 15.

(2) If such person is dissatisfied with the amounts of the refund to be set off against the tax arrears so written off, he shall within a period of fourteen days from the date of the communication of the Commissioner-General, make a written request to the Commissioner-General to not to set off the refunds against the tax arrears as specified by the Commissioner-General and shall settle the full amount of the tax arrears on or prior to March 31, 2022.

(3) (a) The Commissioner-General may, upon a request made by the taxpayer under subsection (2), grant approval to such taxpayer to settle the tax arrears referred to in subsection (1) on or prior to March 31, 2022, in accordance with a suitable payment plan submitted along with the request under subsection (2).

(b) The Commissioner-General shall write off any interest or penalty on such tax arrears, if the taxpayer acts in compliance with the payment plan approved under paragraph (a) on or prior to the dates approved by the Commissioner-General in such payment plan.

(4) Where the taxpayer does not make a request under subsection (2) or does not settle the tax arrears according to the payment plan accepted by the Commissioner-General, the Commissioner-General shall proceed to set off the refunds against the tax arrears as specified in his communication under subsection (1).

- 17.** The Commissioner-General shall maintain proper records with regard to the tax arrears and penalties written off under the provisions of sections 11, 12 and 13. Proper records shall be maintained
- 18.** In the event of any inconsistency between the Sinhala and Tamil texts of this Act, the Sinhala text shall prevail. Sinhala text to prevail in case of inconsistency
- 19.** In this Act unless the context otherwise requires- Interpretation
- “asset” means money or any immovable or movable property, including bank balances, financial instruments, shares, derivatives, treasury bills, fixed deposits, time deposits, bonds or other forms of deposits, money given by way of security or loans, cash, gem or gold in hand, any other monetary right but excluding any intangible asset unless such intangible asset has been purchased by the taxpayer from any other person;
- “bank account” means any bank account opened and maintained by a declarant in a bank licensed under the Banking Act, No. 30 of 1988;
- “Commissioner-General” shall have the same meaning as in the Inland Revenue Act, No. 24 of 2017;
- “Central Bank” means the Central Bank of Sri Lanka established under the Monetary Law Act (Chapter 422);
- “Final withholding payments” shall have the same meaning assigned to such payment as provided in section 88 of the Inland Revenue Act, No. 24 of 2017;

“immovable property” includes any building in Sri Lanka or abroad whether constructed or under construction;

“income” means any gain, profit or receipt derived from any source whether in Sri Lanka or abroad;

“loss” shall have the same meaning assigned to such expression under section 19 of the Inland Revenue Act, No. 24 of 2017;

“money” includes local currency and foreign currency whether retained in Sri Lanka or abroad;

“movable property” includes all forms of movable property in Sri Lanka or abroad including gold but does not include money;

“person” shall have the same meaning assigned to such expression under the Inland Revenue Act, No. 24 of 2017;

“return” means a return of income or Value Added Tax return that a person is required to file with the Department of Inland Revenue in terms of the respective law specified in Schedule I, including any certificate, declaration or any other attachment required to be furnished with the return;

“resident company” means a company within the meaning of subsection (4) of section 69 of the Inland Revenue Act, No. 24 of 2017;

“tax” in Part II shall include any tax, surcharge, levy, duty, charge or contribution payable or levied under the respective law specified in Schedule I, III or IV;

“taxable supply” shall have the same meaning assigned to such expression under section 83 of the Value Added Tax Act, No.14 of 2002;

“tax arrears” means a tax that remain unpaid after the payment due date in compliance with the respective law and includes a tax in default or other penalty imposed under any such law and withholding tax or tax deducted on employment income by an employer, that remain unpaid in accordance with the records of the Commissioner-General;

“Tax Appeals Commission” means Tax Appeals Commission established under the Tax Appeals Commission Act, No. 23 of 2011;

“unrelieved loss” shall have the same meaning assigned to such expression under section 19 of the Inland Revenue Act, No. 24 of 2017;

“year of assessment” shall have the same meaning assigned to such expression under section 20 of the Inland Revenue Act, No. 24 of 2017.

SCHEDULE I

(sections 2,6,8,10,12,13,14 and 15)

1. Inland Revenue Act, No. 28 of 1979
2. Inland Revenue Act, No. 38 of 2000
3. Inland Revenue Act, No. 10 of 2006
4. Inland Revenue Act, No. 24 of 2017
5. Value Added Tax Act, No. 14 of 2002

SCHEDULE II

(section 2)

1. Prevention of Money Laundering Act, No. 5 of 2006
2. Convention on the Suppression of Terrorist Financing Act, No. 25 of 2005
3. Bribery Act (Chapter 26)
4. Conventions Against Illicit Traffic in Narcotic Drugs and Psychotropic Substances Act, No. 1 of 2008

SCHEDULE III

(sections 10,11,14 and 15)

Part A

1. Wealth Tax and Gifts Tax imposed under Inland Revenue Act, No. 28 of 1979
2. Turnover Tax Act, No. 69 of 1981
3. Surcharge on Wealth Tax Act, No. 25 of 1982
4. Surcharge on Wealth Tax Act, No. 8 of 1989
5. Surcharge on Income Tax Act, No. 26 of 1982
6. Surcharge on Income Tax Act, No. 12 of 1984
7. Surcharge on Income Tax Act, No. 7 of 1989
8. National Security Levy Act, No. 52 of 1991
9. Save the Nation Contribution Act, No. 5 of 1996
10. Goods and Services Tax Act, No. 34 of 1996
11. Surcharge on Income Tax Act, No. 6 of 2001
12. Debits Tax Act, No. 16 of 2002
13. Social Responsibility Levy imposed under Finance Act, No. 5 of 2005
14. Economic Service Charge Act, No. 13 of 2006

- 15. Nation Building Tax Act, No. 9 of 2009
- 16. Economic Service Charge imposed under Finance Act, No. 11 of 2004

Part B

- 1. Optional Value Added Tax imposed under section 25H of the Value Added Tax Act, No.14 of 2002
- 2. VAT Advance Payment deducted under section 26A of the Value Added Tax Act, No.14 of 2002

SCHEDULE IV

(sections 2,8,10,13 and 15)

- 1. Betting and Gaming Levy Act, No. 40 of 1988
- 2. Finance Act, No. 11 of 2002
- 3. Stamp Duty Act, No. 43 of 1982
- 4. Stamp Duty (Special Provisions) Act, No. 12 of 2006

SCHEDULE V

(section 5)

Part I

Tax on Voluntary Disclosure

Finance Act, No. 18 of 2021

DECLARATION UNDER SECTION 5

To be furnished by an Individual

National Identity Card No.

Passport No.

1. I, Rev./ Mr./ Mrs./ Miss/.....
(full name) holder of NIC No./ Passport No. of
(address) make a declaration with respect to the taxable supply, income or asset in terms of Part I of the Finance Act, No. 18 of 2021.

2. I do hereby declare following taxable supply, income or asset which were held by me as at March 31, 2020 in Sri Lanka or any other country .

| <i>Serial No.</i> | <i>Type of taxable supply, income or asset</i> | <i>Place of the taxable supply, income or asset held / Entity/ Bank invested</i> | <i>Quantity/ Account No.</i> | <i>Amount / Market Value</i> |
|-------------------|--|--|------------------------------|------------------------------|
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | <i>Total Amount / Market Value</i> | | | |

3. Money declared as above are-

(i) invested on -

(a) (quantity) shares/ debt securities of (name of the company), amounting to Rs. on(date).

(b) treasury bills / treasury bonds issued by the Central Bank of Sri Lanka Rs. on(date).

(c)(movable or immovable property such as land, building, motor vehicle, gold etc. please specify) in Sri Lanka Rs. on (date).

(ii) deposited in my account bearing No. at the branch of on (date).

4. I have paid the tax on aggregate amount/ market value referred to in paragraph 2, at the rate of 1% in terms of section 4 of the Finance Act, No. 18 of 2021 amounting to Rs. on(date of payment) under the reference No.to the account of Commissioner-General of Inland Revenue.

5. In relation to the amount of taxable supply, income or asset declared—

- (a) I have no investigations or pending cases or, I have not been convicted of an offence, under the provisions of Prevention of Money Laundering Act, No. 5 of 2006, Convention on the Suppression of Terrorist Financing Act, No. 25 of 2005, Bribery Act (Chapter 26), or Conventions Against Illicit Traffic in Narcotic Drugs and Psychotropic Substances Act, No. 1 of 2008; or
- (b) No assessment has been made under any law referred to in Schedule I or Schedule IV of the Finance Act, No. 18 of 2021.

I do solemnly and sincerely declare that the above particulars given by me herein are, true and correct to the best of my knowledge and belief.

Date:

.....
Signature of the declarant

Note: Where the space in this form is inadequate, a separate sheet of paper may be used and signed by the declarant.

(The declaration shall be submitted, on or prior to March 31, 2022, to the Commissioner-General of Inland Revenue)

Part II (section 5)

Tax on Voluntary Disclosure

Finance Act, No. 18 of 2021

DECLARATION UNDER SECTION 5

To be furnished by an entity
(*company, partnership, fund, society, NGO etc.)

Taxpayer Identification No.

Type of the Entity:

Entity Registration No.

1. I, Mr./ Mrs./ Miss/(full name) holder of NIC No. of(address) being (designation) of..... (name of the entity) is the authorized person to make a declaration with respect to the amount of taxable supply, income or asset of the above(type of entity) in terms of Part I of the Finance Act, No.18 of 2021.

2. I do hereby declare following taxable supply, income or asset which were held as at March 31, 2020 in Sri Lanka or any other country by (name of the entity).

| <i>Serial No.</i> | <i>Type of taxable supply, income or asset</i> | <i>Place of the taxable supply, income or asset held / Entity/ Bank invested</i> | <i>Quantity/ Account No.</i> | <i>Amount / Market Value</i> |
|-------------------|--|--|------------------------------|------------------------------|
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | <i>Total Amount / Market Value</i> | | | |

3. Money declared as above are -

(i) invested on -

(a) (quantity) shares/ debt securities of(name of the company), amounting to Rs.on(date).

(b) treasury bills / treasury bonds issued by the Central Bank of Sri Lanka Rs.on(date).

(c)(movable or immovable property such as land, building, motor vehicle, gold etc. please specify) in Sri Lanka Rs.on (date).

(ii) deposited in (type of entity) account bearing No. at thebranch of on (date).

4. I have paid the tax on aggregate amount/ market value referred to in paragraph 2 on behalf of the*....., at the rate of 1% in terms of section 4 of the Finance Act, No. 18 of 2021 amounting to Rs. on.....(date of payment) under the reference No. to the account of Commissioner-General of Inland Revenue.

5. In relation to the amount of taxable supply, income or asset declared-

- (a) the(name of the company, partnership, fund, society, NGO etc.) has no investigations or pending cases or (the name of the company, partnership, fund, society, NGO etc.) has not been convicted of an offence, under the provisions of Prevention of Money Laundering Act, No. 5 of 2006, Convention on the Suppression of Terrorist Financing Act, No. 25 of 2005, Bribery Act (Chapter 26), or Conventions Against Illicit Traffic in Narcotic Drugs and Psychotropic Substances Act, No. 1 of 2008; or
- (b) No assessment has been made under any law referred to in Schedule I or Schedule IV of the Finance Act, No. 18 of 2021.

I do solemnly and sincerely declare that the above particulars given by me on behalf of (name of the entity) in the capacity of (designation) herein are, true and correct to the best of my knowledge and belief.

Date:

.....
Signature of the Chairman/Managing Director/
Partner/President

Note: Where the space in this form is inadequate, a separate sheet of paper may be used and signed by the declarant.

(The declaration shall be submitted, on or prior to March 31, 2022 to the Commissioner-General of Inland Revenue)

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**PARLIAMENT OF THE DEMOCRATIC
SOCIALIST REPUBLIC OF
SRI LANKA**

**SECURITIES AND EXCHANGE COMMISSION OF
SRI LANKA ACT, No. 19 OF 2021**

[Certified on 21st of September, 2021]

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*Securities and Exchange Commission of
Sri Lanka Act, No. 19 of 2021*

[Certified on 21st of September, 2021]

L.D.—O. 8/2017

AN ACT TO ESTABLISH THE SECURITIES AND EXCHANGE COMMISSION OF SRI LANKA; TO REGULATE MARKET INSTITUTIONS, CERTAIN PUBLIC OFFERS OF SECURITIES, MARKET INTERMEDIARIES; TO PROTECT INVESTORS AND TO PROVIDE FOR ENFORCEMENT MEASURES; TO DEAL WITH MARKET MISCONDUCT; AND TO OVERCOME THE CHALLENGES ENCOUNTERED BY SECURITIES MARKET REGULATORS AND TO REPEAL THE SECURITIES AND EXCHANGE COMMISSION OF SRI LANKA ACT, No. 36 OF 1987 AND FOR MATTERS CONNECTED THEREWITH OR INCIDENTAL THERETO.

BE it enacted by the Parliament of the Democratic Socialist Republic of Sri Lanka as follows: -

1. This Act may be cited as the Securities and Exchange Commission of Sri Lanka Act, No. 19 of 2021. Short title

PART I

CHAPTER 1

PRELIMINARY

2. This Act applies to securities, securities markets and related matters except as otherwise provided in this Act. Application of the Act

3. The object and purpose of this Act shall be – Object and purpose of this Act

(a) to establish the Securities and Exchange Commission of Sri Lanka;

(b) to create, maintain and regulate a fair, orderly, efficient and transparent securities market;

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Sri Lanka Act, No. 19 of 2021*

- (c) to protect the interests of local and foreign investors;
and
- (d) to ensure the maintenance of high professional standards in the provision of services in relation to securities markets.

CHAPTER 2

SECURITIES AND EXCHANGE COMMISSION OF SRI LANKA

Establishment of
the Securities
and Exchange
Commission of
Sri Lanka

4. (1) There shall be established a Commission which shall be called the Securities and Exchange Commission of Sri Lanka (hereinafter referred to as the “Commission”) to administer the provisions of this Act.

(2) The Commission shall, by the name assigned to it by subsection (1), be a body corporate and shall have perpetual succession and a common seal and may sue and be sued in such name.

Constitution of
the Commission

5. (1) The Commission shall consist of –

- (a) six persons possessing professional expertise and standing in respect of matters relating to the securities market, and possessing special knowledge or wide experience and proven competency in the fields of law, finance, accounting, economics, banking or business to be appointed by the Minister as members (hereinafter referred to as “appointed members”) in order to reflect the multidisciplinary character of the Commission, of whom at least five persons shall be from the private sector;

- (b) two nominated members, -
 - (i) a Deputy Secretary to the Treasury nominated by the Secretary to the Treasury; and
 - (ii) a Deputy Governor of the Central Bank of Sri Lanka nominated by the Monetary Board of Sri Lanka; and
- (c) two *ex-officio* members, -
 - (i) the Registrar-General of Companies, appointed under the Companies Act, No. 7 of 2007; and
 - (ii) the President of the Institute of Chartered Accountants of Sri Lanka established by the Institute of Chartered Accountants Act, No. 23 of 1959.

(2) The Minister shall nominate from amongst the appointed members of the Commission, one member to be the Chairman of the Commission.

(3) In appointing persons under subsection (1), the Minister shall have regard to-

- (a) that person's integrity and standing; and
- (b) the likelihood of any conflict between the interests of the Commission and any interest which that person has or represents.

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Conflict of
interest

6. Every appointed or nominated member of the Commission when being appointed shall be required to make a declaration to the Minister on any conflict of interests he may have at the time of his appointment.

Term of office
of appointed or
nominated
members

7. Every appointed or nominated member of the Commission, unless he vacates office earlier by death, by operation of law, resignation or removal, shall hold office for a term of three years and shall be eligible for reappointment subject to a maximum period of any two terms of office whether consecutive or otherwise.

Resignation of
members of the
Commission

8. (1) Any appointed or nominated member of the Commission may at any time resign his office by letter addressed to the Minister and such resignation shall take effect upon it being accepted by the Minister.

(2) In the event of vacation of office of any member other than an *ex-officio* member by reason of death, resignation, removal or the operation of provisions of subsection (4) or (5), the Minister may appoint another person having regard to the provisions of subsection (3) of section 5 to hold office for the unexpired period of the term of office of the member whom he succeeds.

(3) If any member of the Commission other than the Chairman is temporarily unable to perform the duties of his office for a period exceeding three months due to ill health or absence from Sri Lanka or for any other cause, the Minister may appoint some other person to act in his place during such period having regard to the provisions of subsection (3) of section 5.

(4) An appointed or nominated member of the Commission who, without leave of the Commission first being obtained, absents himself from three consecutive meetings of the Commission shall be deemed to have vacated his office.

(5) A member of the Commission being the Chairman, is absent for three consecutive meetings of the Commission shall be deemed to have vacated his office.

9. (1) A person shall be disqualified from being appointed or nominated or from continuing as a member of the Commission if he -

Disqualifications
and grounds for
removal

- (a) is or becomes a member of Parliament, or a member of any Provincial Council or any local authority;
- (b) is or becomes a director, partner or employee of an entity licensed or registered by the Commission;
- (c) is or becomes of unsound mind or incapable of carrying out his duties;
- (d) is or has become an undischarged bankrupt;
- (e) is or has been convicted of an offence which involves moral turpitude;
- (f) has been previously removed from office.

(2) The Minister may by Order published in the *Gazette* remove a member of the Commission from continuing as a member if his continuation in the office is detrimental to the interests of the Commission.

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Meetings of the
Commission

10. (1) The Chairman of the Commission shall, if present, preside at all meetings of the Commission. In the absence of the Chairman from any such meetings, the members present shall elect one amongst themselves to preside at such meeting.

(2) The quorum for any meeting of the Commission shall be five members.

(3) The Commission may regulate the procedure in regard to the meetings of the Commission and the transaction of business at such meetings.

(4) All questions for decision at any meeting of the Commission shall be decided by the vote of the majority of the members present. In the case of an equality of votes the member presiding shall have a casting vote.

Remuneration of
members

11. The members of the Commission may be paid such remuneration out of the Fund of the Commission as may be determined by the Minister, in consultation with the Minister assigned the subject of finance.

Chairman of the
Commission

12. (1) If the Chairman of the Commission is, by reason of illness or absence from Sri Lanka temporarily unable to perform the duties of his office the Minister shall nominate another member of the Commission to act in his place.

(2) The Chairman may at any time resign from the office of Chairman by a letter addressed to the Minister.

(3) Subject to the provisions of subsection (2), the term of office of the Chairman shall be his period of membership of the Commission.

Members to
disclose any
interest

13. A member who is directly or indirectly interested in any decision that is to be taken on any matter by the Commission shall disclose the nature of such interest at the meeting of the Commission where such decision is being

taken, and such disclosure shall be recorded in the minutes of the meetings of the Commission and such member shall not take part in any deliberation or decision of the Commission with regard to that matter, and shall withdraw from such meeting while such deliberation is in progress or such decision is being made.

14. No proceeding, act or decision of the Commission shall be invalidated by reason only of the existence of a vacancy among its members or of any defect in the appointment of a member thereof.

Proceedings, acts or decisions not invalidated by reason of a vacancy

15. (1) The seal of the Commission shall be in the custody of the Commission.

Seal of the Commission

(2) The seal of the Commission may be altered in such manner as may be determined by the Commission.

(3) The seal of the Commission shall not be affixed to any instrument or document except in the presence of one member of the Commission and the Director-General of the Commission or in the absence of the Director-General, in the presence of any two members of the Commission, who shall sign the instrument or document in token of their presence.

CHAPTER 3

POWERS, DUTIES AND FUNCTIONS OF THE COMMISSION

16. The powers, duties and functions of the Commission shall be-

Principal functions, powers and duties of the Commission

- (a) to advise the Government on the development of the securities market and to assist in the effective implementation of the policies and programmes of the Government with respect to the securities market;

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- (b) to encourage and promote the development of securities markets in Sri Lanka including research and training in connection therewith;
- (c) to give general or specific directives or instructions to market institutions, market intermediaries, registered persons, clearing members, trading participants, depository participants, issuers, investors, recognized market operators or such other person or persons as may be necessary to give effect to the provisions of this Act from time to time;
- (d) to give general or specific directives or instructions to supplementary service providers of market institutions, market intermediaries, collective investment schemes or listed public companies from time to time;
- (e) to grant a licence to a body corporate to operate as a market institution and to ensure its proper conduct;
- (f) to grant a licence to any person to operate as a market intermediary and to ensure its proper conduct;
- (g) to register a person advising clients on sale or purchase of securities for and on behalf of a market intermediary as a registered person and to regulate their conduct in the discharge of their duties;
- (h) to register any person as a market operator;
- (i) to issue general or specific directives to listed public companies or listed foreign entities from time to time;
- (j) to issue general or specific directives to an acquirer, an offeror or persons acting in concert with an offeror or an offeree or a target company in relation to a takeover or a merger of a listed public company;

- (k) to issue specific directives to any person to prevent the imminent infringement of this Act, regulations or rules and to restrain infringement;
- (l) to regulate the listing and trading of securities in an exchange;
- (m) to regulate the issuance of securities;
- (n) to prohibit or suspend the listing of any securities or to delist the listed securities or to prohibit or suspend the trading of any securities or to take such steps as the Commission considers necessary or expedient for the protection of investors or for ensuring fair and orderly securities market or for ensuring the integrity of the securities market;
- (o) to employ such officers and servants as the Commission may consider necessary and to fix the salaries and wages or other remuneration and benefits of such officers and servants for the purposes of carrying out the objectives and functions of the Commission;
- (p) to acquire in any manner whatsoever and hold, take or give on lease or hire, mortgage, pledge, sell or otherwise dispose of any immovable or movable property;
- (q) to regulate a takeover or merger of a listed public company or any matter connected therewith or incidental thereto;
- (r) to inquire and conduct investigations into any activity of a market institution, market intermediary, a registered person, a listed public company or a listed foreign entity;

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- (s) to conduct investigations into any alleged violation or contravention of the provisions of this Act or any regulation or any rule or directive made or any instruction given thereunder or by any person and to take any enforcement measures provided under this Act as considered necessary by the Commission;
- (t) to enter into agreements or memoranda of understanding with any organization or a foreign regulatory authority in relation to any matter which comes within the purview of this Act;
- (u) to publish findings of wrongdoing by any market institution, market intermediary or registered person, supplementary service provider, any listed public company or any listed foreign entity;
- (v) to carry out surveillance of securities transactions;
- (w) to levy fees or charges, for any services rendered by the Commission;
- (x) to take such steps as the Commission may deem necessary to mitigate systemic risk to the financial system;
- (y) to give specific or general directions to companies that have made an offer to the public to subscribe for securities;
- (z) to exempt certain public offers or issues from the provisions of this Act;
- (aa) to appoint experts as the Commission deems expedient for the purposes of this Act; and
- (ba) to do all such other acts as may be considered necessary, incidental and ancillary to the performance of the Commission's objects, duties and functions under this Act.

17. The Commission shall in addition to the powers specified in section 16 also have the power to – Additional powers of the Commission

- (a) carry out supervision or inspections of the activities of market institutions or market intermediaries or registered persons or trustees of collective investment schemes in order to ascertain and determine whether they are operating in conformity with the provisions of this Act, regulations, rules or directives made thereunder and to charge the costs incurred in carrying out such inspections from the market institution or a market intermediary or a registered person or a trustee of a collective investment scheme as the case may be;
- (b) require market institutions or market intermediaries to file with the Commission, audited financial statements and the interim financial statements, certified by a qualified auditor in the form and manner specified by the Commission; and
- (c) require the licensed managing company of a collective investment scheme to file reports with the Commission, in respect of every year and at least two reports of the activities of that collective investment scheme for that year. Every such report shall contain such particulars as may from time to time be determined by the Commission. The first report shall be filed not later than the thirtieth of September of that year and the second report shall be filed not later than the thirty-first of March of the subsequent year.

18. The Chairman of the Commission may authorise any officer of the Commission who is an Attorney-at-Law or any officer of the Attorney-General's Department to appear on behalf of the Commission in any legal proceedings by or against the Commission or in any proceedings in which the Commission has a substantial interest. Representation of the Commission in legal proceedings

CHAPTER 4

DIRECTOR-GENERAL AND THE STAFF OF THE COMMISSION

Director-General **19.** (1) The Minister shall on the recommendation of the Commission, appoint a Director-General of the Commission, who shall be its chief executive officer. The conditions of employment including remuneration of the Director-General shall be determined by the Commission.

(2) The Commission shall not recommend the appointment of any person as the Director-General of the Commission, if such person-

- (a) has been previously found guilty of serious misconduct by a court or tribunal or has been subject to a disciplinary action by a regulatory body;
- (b) has been previously dismissed from office; or
- (c) has committed a breach of the provisions of this Act, regulations, rules or directives made thereunder.

(3) The Director-General shall, subject to the general direction and control of the Commission, be charged with the direction of the affairs and transactions of the Commission, the exercise, discharge and performance of its powers, functions and duties, and the administration and control of the officers and servants of the Commission.

(4) The Director-General may, with the approval of the Commission, whenever he considers it necessary to do so, delegate to any officer and servant any power, function or duty conferred or imposed on or assigned to him by this Act and such officer or servant shall exercise, discharge and perform such power, function or duty subject to the general or special directions of the Director-General.

(5) The Minister may on the recommendation of the Commission remove the Director-General appointed under subsection (1), from office if his continuation in office is detrimental to the interests of the Commission:

Provided, that the Commission shall grant an opportunity to the Director-General of being heard, prior to such removal.

20. (1) Notwithstanding anything to the contrary in any other written law, the Commission may create cadre positions and employ officers and servants as it considers necessary for the efficient discharge of its functions and may fix their salaries and wages or other remuneration, benefits and pensions of such servants and officers for the purposes of carrying out its functions and duties under the provisions of this Act.

Staff of the
Commission

(2) The Commission may establish and regulate pension and provident funds and schemes for the benefit of the Director-General and its officers and servants and their dependents and nominees with the concurrence of the Minister assigned the subject of finance and may make contributions to any such fund or scheme.

(3) The Commission shall promote and sponsor the training of technical personnel on the subjects of securities markets, finance, law, money economics and other subjects and for this purpose, the Commission shall be authorised to defray the costs of study, in Sri Lanka or abroad of the officers and servants of the Commission who are of proven merit as determined by the Commission.

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(4) The Commission shall establish a code of conduct which shall be applicable to the officers and servants of the Commission.

(5) The Commission shall not appoint any person to the staff of the Commission where such person-

- (a) has been previously found guilty of serious misconduct by a court or tribunal or has been subject to a disciplinary action by a regulatory body;
- (b) has been previously dismissed from office; or
- (c) has committed a breach of the provisions of this Act, regulations, rules or directives made thereunder.

(6) At the request of the Commission any officer in the public service may, with the consent of the officer and the Public Service Commission established by the Constitution be temporarily appointed to the Commission for such period as may be determined by the Commission or with like consent, be permanently appointed to such staff.

(7) Where any officer in the public service is temporarily appointed to the staff of the Commission, the provisions of subsection (2) of section 14 of the National Transport Commission Act, No. 37 of 1991, shall *mutatis mutandis*, apply to and in relation to such officer.

(8) Where any officer in the public service is permanently appointed to the staff of the Commission, the provisions of subsection (3) of section 14 of the National Transport Commission Act, No. 37 of 1991, shall *mutatis mutandis*, apply to and in relation to such officer.

(9) Where the Commission employs any person who has agreed to serve the Government for a specified period, any period of service to the Commission by that person shall be regarded as service to the Government for the purpose of discharging the obligations of such agreement.

(10) The Commission may with the consent of such officer or servant propose secondment of its officers or servants to other state institutions or regulatory authorities in Sri Lanka or abroad for a period not exceeding three years on an assignment agreed upon between such institution or the authority and the Commission. The period of secondment shall be deemed to be considered as service to the Commission.

21. (1) At the request of the Commission any officer or servant of a public corporation may, with the consent of such officer or servant and the governing board of such corporation, be temporarily appointed to the staff of the Commission for such period as may be determined by the Commission or with like consent be permanently appointed to the staff of the Commission on such terms and conditions, including those relating to pension or provident fund rights, as may be agreed upon by the Commission and the governing board of such corporation.

Appointment of officers of public corporations to the staff of the Commission

(2) Where any person is appointed whether temporarily or permanently under subsection (1) to the staff of the Commission he shall be subject to the same disciplinary control as any other officers or servants of the Commission.

22. All members, the Director General, officers and servants of the Commission shall be deemed to be public servants within the meaning and for the purposes of the Penal Code (Chapter 19) and of the Code of Criminal Procedure Act, No.15 of 1979.

Members, officers and servants of the Commission deemed to be public servants

Commission
deemed to be a
Scheduled
Institution
within the
meaning of the
Bribery Act

23. The Commission shall be deemed to be a Scheduled Institution within the meaning of the Bribery Act (Chapter 26), and the provisions of that Act shall be construed accordingly.

PART II

Markets and Market Institutions

Object and
purpose of this
Part

- 24.** The object and purpose of this Part shall be –
- (a) to promote a fair, orderly, transparent and efficient securities market in Sri Lanka through the establishment of market institutions;
 - (b) to enhance effective and efficient functioning of a securities market; and
 - (c) to mitigate systemic risk associated with securities markets.

CHAPTER 1

EXCHANGES

Prohibition
against
establishing an
unlicensed
exchange

25. (1) A person shall not establish, operate or maintain an exchange except by authority of a licence granted by the Commission.

(2) A person who contravenes subsection (1) commits an offence and shall, on conviction, after summary trial before a Magistrate be liable to a fine not exceeding twenty-five million rupees or to imprisonment for a term not exceeding five years or to both such fine and imprisonment.

Application to
operate an
exchange

26. (1) An application for a licence to operate as an exchange shall be made to the Commission in such manner and form together with such documents as may be specified by rules made by the Commission accompanied by such fees as may be prescribed.

(2) For the purpose of subsection (1), an application shall be made by a body corporate only.

(3) The Commission may grant a licence to the applicant to operate as an exchange, subject to such terms and conditions as it thinks fit, where it is satisfied that –

- (a) the applicant has the capacity to operate an orderly and fair market in relation to securities that are traded through its facilities;
- (b) the applicant has the necessary infrastructure to manage any risks associated with its business and operations prudently;
- (c) the applicant, in discharging its obligations under paragraph (a), shall have the necessary governance structures to ensure that the exchange shall not act contrary to public interest;
- (d) the applicant has sufficient financial, human, automated systems and other resources to ensure the provision of –
 - (i) an orderly and fair market in relation to securities that are traded through its facilities;
 - (ii) adequate and properly equipped premises for the conduct of its business;
 - (iii) competent personnel for the conduct of its business; and
 - (iv) automated systems with adequate capacity, security arrangements and facilities to manage risks and to meet emergencies;
- (e) that the applicant, by rules provide-

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- (i) for an orderly and fair market in relation to the securities that are traded through its facilities;
- (ii) for the admission of trading participants;
- (iii) for the proper regulation and supervision of the business conduct of its trading participants when dealing with clients;
- (iv) for the exclusion of persons who are not of good character and high business integrity from being recognized as trading participants;
- (v) for the expulsion, suspension or disciplining including the imposition of fines on a trading participant and any person acting on behalf of such trading participant, for conduct that is inconsistent with just and equitable principles in the transaction of business or for a contravention of or failure to comply with the rules of the exchange or any provisions of this Act, regulations, rules or directives made thereunder;
- (vi) for the conditions under which securities may be listed or delisted;
- (vii) for the conditions governing trading of such listed securities and rules to be followed by companies or other entities that have listed their securities on the exchange;
- (viii) for the class or classes of securities that may be dealt in or traded on its facilities;
- (ix) for the prohibition of market misconduct and the manner in which investigations are conducted;

- (x) for the conduct of inquiries or investigations into the business conduct of its trading participants;
- (xi) for the suspension of trading of any given security for the protection of investors or for the conduct of orderly and fair trading;
- (xii) for the appointment of a disciplinary committee of which the majority of its members are independent of the trading participants or the exchange, to hear and determine disputes-
 - (A) between trading participants and their clients;
 - (B) between trading participants;
 - (C) between trading participants and an exchange, a central depository or a licensed clearing house;
 - (D) between entities listed on the exchange and the exchange;
- (xiii) generally for the carrying on of the business of the exchange with due regard to the need for the protection of investors; and
- (f) the interests of the public or the proper regulation of the market shall be served by the granting of the licence.

(4) An applicant under subsection (1) shall provide such additional information as the Commission may require in relation to the application.

(5) Notwithstanding the provisions of subsection (3), the Commission may amend, revoke or impose additional terms or conditions, if the Commission is satisfied that it is appropriate to do so for the protection of investors or for the proper regulation of the securities market.

Duties of an
exchange

27. (1) It shall be the duty of an exchange to ensure, an orderly and fair market in securities that are traded through its facilities.

(2) In performing its duty under subsection (1), the exchange shall-

- (a) act in the public interest having particular regard to the need for the protection of investors;
- (b) ensure that where any interest that is required to be served under any law relating to companies conflict with the interest referred to in paragraph (a), the interest referred to in paragraph (a) shall prevail; and
- (c) manage any risks associated with its business and operations prudently.

(3) Notwithstanding the provisions of any other law, a director of an exchange has a duty to act at all times in the public interest having particular regard to the need to protect investors and where there is a conflict between the duty under this Act and a director's duty under any other law, the duty under this Act shall prevail.

(4) It shall be the duty of the exchange to take appropriate action as may be provided for under its rules for the purpose of monitoring or securing compliance with its rules.

(5) An exchange shall immediately notify the Commission if it becomes aware of -

- (a) any matter which adversely affects, or is likely to adversely affect the ability of any trading participant to meet its obligations in respect of its licensed business, including the ability of any trading participant to comply with the minimum financial requirements as may be specified under this Act or regulations, rules or directives made thereunder; or
- (b) any irregularity, breach of any provision of this Act, regulations, rules, directives or any other matter which, in the opinion of the exchange, indicates or may indicate that the financial standing or financial integrity of any trading participant or of the chief executive officer or directors or the key management personnel of the trading participant in question may reasonably be affected.

(6) Where an exchange issues a warning, imposes a penalty, suspends, expels or imposes any other disciplinary measure against any of its trading participants, on the occurrence of activities referred to in subsection (5), it shall, within seven days, give to the Commission in writing the following particulars :-

- (a) the name and address of the business of the trading participant;
- (b) the reason for and the nature of the action taken;
- (c) the period of suspension and the quantum of the penalty, if any; and
- (d) any other disciplinary measure taken.

28. (1) The Commission may, -

- (a) by notice in writing cancel the licence granted under section 26 with effect from the date specified in such notice; or

Cancellation of
licence of an
exchange

- (b) by notice in writing direct the exchange to cease to provide or operate such facilities, or to cease to provide such services, with effect from the date specified in the notice.

(2) The Commission shall not cancel the licence or issue a directive under subsection (1) unless the Commission is satisfied that it is appropriate to do so for the protection of investors, in the public interest or for the proper regulation of the securities market, where any of the following circumstances occur :-

- (a) the exchange ceases to operate its securities market;
- (b) the exchange is being wound up or otherwise dissolved, whether within or outside Sri Lanka;
- (c) the exchange has contravened any term or condition of its licence or is charged with any offence under this Act;
- (d) the exchange has failed to comply with a term or condition of its license or directive issued under this Act or otherwise fails to comply with any provision or requirement under this Act;
- (e) any information provided for the purposes of section 26, was false or misleading in a material particular or from which there is a material omission;
- (f) a judgment debt against the exchange has not been satisfied in whole or in part;
- (g) a receiver, a receiver and manager, liquidator or equivalent person has been appointed, whether within or outside Sri Lanka in relation to or in respect of any property of the exchange;

- (h) the exchange has, whether within or outside Sri Lanka, entered into a compromise or scheme of arrangement with its creditors which has not been satisfied; or
- (i) the exchange on its own accord applies to the Commission to cancel its licence as an exchange, and the Commission thinks it fit to do so.

(3) For the purposes of paragraph (a) of subsection (2) where an exchange has ceased to operate its securities market for a period exceeding two weeks, it shall be deemed to have ceased to operate its securities market without obtaining the prior written approval of the Commission.

(4) Notwithstanding the cancellation of a licence or the issuance of a directive under subsection (1), the Commission may permit the exchange to continue, on or after the date on which the cancellation or directive is to take effect, to carry on such activities affected by the cancellation or directive as the Commission may specify in the notice-

- (a) for the purpose of closing down the operations of the exchange or ceasing to provide the services specified in the notice;
- (b) for the purpose of protecting the interest of investors; or
- (c) in the interest of the public.

(5) Where the Commission has granted permission to an exchange to continue under subsection (4), the exchange shall not, by reason of its carrying on the activities in accordance with such permission, be regarded as having contravened subsection (1).

(6) Where the Commission acts under paragraph (a) of subsection (1), the Commission may, take any steps deemed necessary to ensure the protection of investors or to uphold the interests of the public with notice to the Minister.

(7) The Commission shall not take any action under subsection (1) without giving the exchange an opportunity of being heard.

(8) An exchange which is aggrieved by the decision of the Commission made under subsection (1) may, within fourteen days of receipt of such notice, appeal to the Minister.

(9) Notwithstanding the making of an appeal under subsection (8), any action taken by the Commission under this section shall continue to have effect pending the decision of the Minister.

(10) The Minister may, on an appeal made under subsection (8) after hearing the Commission and the exchange within a period of three months after the receipt of such appeal -

- (a) allow the appeal and direct the Commission to revoke the cancellation of the licence or the directive; or
- (b) disallow the appeal.

(11) The Commission shall give effect to the decision of the Minister.

(12) Subject to subsection (11), the Commission shall give public notice of any cancellation of licence or any directive issued under this section.

Effect of
cancellation of
the licence of an
exchange

29. Any cancellation of a licence or the issuance of a directive under subsection (1) of section 28 shall not operate so as to –

- (a) avoid or affect any agreement, transaction or arrangement entered into on the securities market operated by the exchange, whether the agreement, transaction or arrangement was entered into before

or, where subsection (4) of section 28 applies, after the cancellation of the licence or the issuance of the directive under section 28; or

- (b) affect any right, obligation or liability arising under such agreement, transaction or arrangement.

30. (1) The Commission may, after consultation with the exchange, direct the exchange to close its securities market for a period not exceeding five business days if the Commission is of the opinion that an orderly and fair market for trading in securities on the securities market is being or is likely to be prevented because –

Closure of the exchange in an emergency

- (a) an emergency or natural disaster has occurred within Sri Lanka; or
- (b) there exists an economic or financial crisis or any other similar circumstance within or outside Sri Lanka.

(2) The Commission may extend the closure of the securities market under subsection (1) for any further periods, each not exceeding five business days at a time.

(3) The Commission shall specify the grounds for the closure in the directive given under subsection (1) and the grounds for any extension of closure under subsection (2).

(4) The Commission shall, as soon as may be practicable, give a copy of the directive under subsection (1) or extension under subsection (2) to the exchange and direct the exchange to do all that it is reasonably capable of doing to give effect to the directive under subsection (1) or extension under subsection (2) while the directive or extension remains in force.

(5) Where the Commission exercises its power under this section it shall notify the Minister setting out the reasons for the exercise of the power under this section.

(6) In this section –

“business day” means any day on which there is official trading on the exchange but for the closure;

“fair market” includes a market that reflects the forces of supply and demand.

Listing requirements of a licensed exchange

31. (1) Where an exchange decides to list its own securities on such exchange, it shall obtain the prior approval of the Commission and the Ministry of Finance.

(2) The Commission shall grant approval to the exchange to list its securities on such exchange on being satisfied that the exchange has complied with all the necessary listing requirements of the exchange.

(3) On such approval being granted, such exchange shall enter into an arrangement as the Commission may require-

- (a) for dealing with possible conflicts of interest that may arise from the listing on such exchange;
- (b) for the purpose of ensuring the integrity of trading of securities of such exchange; and
- (c) for compliance with obligations as a listed company if such exchange was to become a listed company,

and such exchange shall comply with such requirements.

(4) The listing requirements of such exchange shall be deemed to allow the Commission, instead of such exchange to make decisions and to take action, relating to-

- (a) the admission to or removal of the exchange from the official list of such exchange;
- (b) the stopping or suspension of the securities of the exchange from being listed or traded on such exchange; or

- (c) the continuing listing requirements or such other matters as the Commission deems fit for the purpose of subsection (1).

(5) An arrangement under subsection (3) may provide for the exchange to pay such fees to the Commission as the Commission may determine for services provided by the Commission under the arrangement or otherwise.

(6) Without prejudice to the powers of the Commission to approve or amend the rules of an exchange, the Commission may by notice in writing-

- (a) modify the listing requirements of such exchange for the purpose of applying for a listing or trading of the securities of such exchange; or
- (b) exempt such exchange from any listing requirement.

CHAPTER 2

CLEARING HOUSE

32. In this Chapter, unless the context otherwise requires – Interpretation

“central counterparty” means a legal person who engages in clearing and settlement of trades on a securities market by becoming the buyer to every seller and the seller to every buyer by guaranteeing each trade;

“default proceedings” mean any proceedings or other action taken by a licensed clearing house under its default rules;

“default rules”, in relation to a licensed clearing house, mean such rules of the licensed clearing house which provide for the initiation of default proceedings if a clearing member has failed to meet

its obligations in respect of all or any unsettled market contracts to which the clearing member is a party;

“defaulter” means a clearing member who is the subject of any default proceedings;

“market charge” means a charge, whether fixed or floating, granted in favour of a licensed clearing house -

- (a) over any property as specified in the rules of a clearing house which is held by or deposited with the licensed clearing house; and
- (b) for the purpose of securing liabilities arising directly in connection with the licensed clearing house ensuring the settlement of a market contract;

“market collateral” means any property or guarantees given in any other form of collateral as specified in the rules of a licensed clearing house held by or deposited with a licensed clearing house for the purpose of securing liabilities arising directly in connection with the clearing house ensuring the performance of market contracts by the licensed clearing house;

“market contract” means -

- (a) a contract which is subject to the rules of a licensed clearing house and entered into by the licensed clearing house with a clearing member pursuant to a novation for the purpose of clearing and settlement of transactions using the clearing facility of a licensed clearing house; or

- (b) a transaction which is or is to be cleared or settled using the clearing facility of a licensed clearing house and in accordance with the rules of the licensed clearing house, whether or not a novation referred to in paragraph (a) is to take place;

“relevant office holder” means –

- (a) any person acting in relation to a company as its liquidator, provisional liquidator, receiver or manager or an equivalent person; or
- (b) any person appointed pursuant to a bankruptcy proceedings.

33. There may be established a licensed clearing house to clear and settle securities transactions which take place in an exchange.

Establishment of a clearing house in an exchange

34. (1) A person shall not establish, operate or maintain a clearing facility for the purpose of clearing or settlement of securities transactions in a licensed exchange or with a market operator unless the person has been licensed by the Commission to establish or operate a clearing house under this Chapter.

Prohibition against establishing an unlicensed clearing facility

(2) Any person who contravenes subsection (1) commits an offence and shall, on conviction after a summary trial before a Magistrate, be liable to a fine not exceeding twenty five million rupees or to imprisonment for a term not exceeding five years or to both such fine and imprisonment.

(3) Subsection (1) shall not apply to any person providing clearing facilities for securities exempted under this Act or any clearing facility provided exclusively by the Central Bank of Sri Lanka or a clearing facility acting as an integrated central counterparty which provides for the settlement and clearing of securities as defined in this Act and securities issued by the Government of Sri Lanka or the Central Bank of Sri Lanka.

Power to grant a
licence

35. (1) The Commission may grant a licence to an applicant to establish and operate as a clearing house subject to such terms and conditions as may be specified therein.

(2) The Commission may amend, revoke or impose new terms and conditions to the licence, if the Commission is satisfied that it is appropriate to do so for the protection of investors, or for the proper regulation of a licensed clearing house.

Application for
a licence to
establish or
operate a
clearing house

36. (1) An application for a licence to establish or operate a clearing house, acting as a central counterparty or otherwise to guarantee clearing and settlement of securities transactions in a licensed exchange or a recognized market operator, shall be made to the Commission in such manner and form as may be specified by the Commission by rules and shall be accompanied by such fee as may be prescribed.

(2) An application for a licence to establish or operate a licensed clearing house shall only be made by a body corporate.

(3) An applicant shall provide all information necessary to satisfy the Commission that the applicant has established, at the time of submitting the application, the necessary arrangements to comply with the requirements of this Act, or regulation or rules made thereunder.

(4) The rules of such clearing house (hereinafter referred to as the “clearing rules”) may provide for -

(a) the efficient provision of clearing facilities in relation to securities that are cleared through its clearing facilities;

(b) the requirement for entering into contracts with clearing members under which they would agree to be bound by the rules of the licensed clearing house;

- (c) the admission of clearing members to the clearing house including transparent and non discriminatory criteria for such admission;
- (d) the effective regulation and supervision of its clearing members that use its clearing facilities;
- (e) conditions relating to the acceptance of guarantees or collateral, from clearing members and for the efficient management of such guarantees or collateral;
- (f) the establishment of a Settlement Guarantee Fund and the implementation of a prudent risk management system;
- (g) the obligations of clearing members and minimum requirements with regard to capital, internal audit and risk management;
- (h) the fair and efficient settlement of disputes -
 - (i) between the clearing house and its clearing members; and
 - (ii) between clearing members;
- (i) the expulsion, suspension, and disciplining of clearing members including the power or authority of the licensed clearing house to impose penalties for the failure of clearing members to comply with the rules of the licensed clearing house;
- (j) the specification of the class or the classes of securities that may be cleared and settled using its facilities;
- (k) the inclusion of default rules to facilitate-

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- (i) the initiation of default proceedings if a clearing member has failed to meet its obligations under the clearing rules and the risk management procedures to deal with a clearing member who appears to be unable, or is likely to become unable to meet its obligations;
- (ii) the governing of collateral including the depositing and efficient creation and realization of guarantees or collateral provided by a defaulting clearing member in the event of default or bankruptcy of such member; and
- (iii) the uninterrupted services of the clearing house under circumstances relating to subparagraphs (i) and (ii) above or any other circumstances that threatens the solvency of a clearing house;
- (l) the time for entering settlement orders into the settlement system and the time when such orders become final and irrevocable;
- (m) the time of counterparty substitution;
- (n) the netting arrangements, the finality of settlements and any other obligations relevant to a licensed clearing house which acts as a central counterparty or otherwise.

Duties of a
clearing house

- 37.** (1) A clearing house to which a licence has been granted under section 35 shall –
- (a) operate a safe, efficient and effective clearing facility for the purposes of clearing or settlement of securities transactions;
 - (b) manage any risks associated with its business and operations prudently;

- (c) maintain an adequate level of capital in accordance with the financial risks undertaken with regard to the securities transactions that are to be cleared and settled using its services;
- (d) undertake financial liability within the limits established in its rules and within the framework of the guarantees to be taken from its clearing members in the form of margins, charges and collateral;
- (e) establish and maintain a data processing infrastructure and other internal controls including internal audit systems for risk management;
- (f) segregate the guarantees and the assets of account holders from the assets of the licensed clearing house;
- (g) not use the guarantees or assets taken from its clearing members for purposes other than those for which they were deposited; and
- (h) act in the public interest having particular regard to the need to protect investors.

(2) Notwithstanding the provisions of any other law, a director of a licensed clearing house has a duty to act at all times in the public interest having particular regard to mitigation of systemic risk and where there is a conflict between the duty under this Act and a director's duty under any other law, the duty under this Act shall prevail.

(3) A licensed clearing house shall at all times -

- (a) have robust governance arrangements, which include a clear organizational structure with well-defined, transparent and consistent lines of responsibility, effective processes to identify, manage, monitor and report the risks to which it is

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or might be exposed, and adequate internal control mechanisms, including sound administrative and accounting procedures;

- (b) adopt policies and procedures which are sufficiently effective so as to ensure compliance with this Act, regulations, rules or directives made thereunder;
- (c) maintain and operate an organizational structure that ensures continuity and orderly functioning in the performance of its services and activities, and shall employ appropriate and proportionate systems, resources and procedures;
- (d) maintain a clear separation between the reporting lines for risk management and those for the other operations of the clearing house;
- (e) maintain information technology systems adequate to deal with the complexity, variety and type of services and activities performed in order to ensure high standards of security to ensure the integrity and confidentiality of the information maintained; and
- (f) make its governance arrangements, the rules governing the licensed clearing house, and its admission criteria for licensed clearing house membership, available to the public free of charge.

Commission's
power to
regulate and
supervise a
licensed
clearing house

38. Without prejudice to the generality of the powers conferred on the Commission under this Act, the Commission shall have the power to regulate and supervise a licensed clearing house in order to satisfy itself that the licensed clearing house carries on its functions in accordance with the provisions of this Act, rules made thereunder and the terms and conditions of the licensed clearing house.

- 39.** (1) The Commission may by notice in writing - Cancellation of licence of a clearing house
- (a) cancel the licence granted under section 35 to a clearing house with effect from the date specified in the notice; or
 - (b) direct the licensed clearing house to cease to provide or operate such facilities or to cease to provide such services, with effect from the date specified in the notice.

(2) The Commission shall not cancel a licence or issue a directive under subsection (1) unless the Commission is satisfied that it is appropriate to do so for the protection of investors, in the public interest or for the proper regulation of the clearing and settlement of transactions in securities, if any of the following circumstances occur:-

- (a) the licensed clearing house ceases to provide clearing facilities;
- (b) the licensed clearing house is being wound up or otherwise dissolved, whether within or outside Sri Lanka;
- (c) the licensed clearing house has contravened any term or condition of its licence or is charged with any offence under this Act;
- (d) the licensed clearing house has failed to comply with a term or condition of its license requirement or directive issued under this Act or otherwise fails to comply with any provision or requirement under this Act;
- (e) any information provided for the purposes of section 36 was false or misleading in a material particular or from which there is a material omission;

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- (f) a judgment debt against the clearing house has not been satisfied in whole or in part;
- (g) a receiver, a receiver and manager, liquidator or an equivalent person has been appointed, whether within or outside Sri Lanka, in relation to or in respect of any property of the licensed clearing house;
- (h) the licensed clearing house has, whether within or outside Sri Lanka, entered into a compromise or scheme of arrangement with its creditors; or
- (i) the licensed clearing house has on its own accord applied to the Commission to cancel the licence granted to it.

(3) For the purposes of paragraph (a) of subsection (2), the clearing house shall be deemed to have ceased to provide clearing facilities if it has ceased to provide such facilities for a period exceeding two weeks without obtaining the prior written approval of the Commission to do so.

(4) Notwithstanding the cancellation of a licence or the issuance of a directive under subsection (1), the Commission may permit the clearing house to continue, on or after the date on which the cancellation or directive is to take effect, to carry on such activities affected by the cancellation or directive as the Commission may specify in the notice for the purpose of –

- (a) closing down the operations of the clearing house or ceasing to provide the services specified in the notice; or
- (b) protecting investors or the public interest.

(5) Where the Commission acts under subsection (1), the Commission may, where it considers necessary, appoint an

interim board of directors for a period of six months which may be extended up to a period of one year to manage the affairs of the licensed clearing house until a new board of directors is appointed.

(6) The Commission shall not take any action under subsection (1) without giving the clearing house an opportunity of being heard.

40. (1) A licensed clearing house which is aggrieved by the decision of the Commission made under subsection (1) of section 39, may, within fourteen days after the clearing house is notified of the decision, appeal to the Minister.

Aggrieved clearing house may appeal

(2) Notwithstanding the lodging of an appeal under subsection (1), any action taken by the Commission under this section shall continue to have effect pending the decision of the Minister.

(3) The Minister may, on an appeal made under subsection (1)-

- (a) allow the appeal and direct the Commission to revoke the cancellation of the licence or the directive; or
- (b) disallow the appeal.

(4) The Commission shall give effect to the decision of the Minister under subsection (3).

(5) Subject to subsection (4), the Commission shall give public notice of any cancellation of a licence or any directive issued under this section.

41. Any cancellation of a licence or the issuance of a directive under subsection (1) of section 39 shall not operate so as to –

Effect of cancellation of a licence to a clearing house

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- (a) avoid or affect any agreement, transaction or arrangement entered into through the licensed clearing house whether the agreement, transaction or arrangement was entered into before, or where subsection (4) of section 39 applies, after the cancellation of the licence or issuance of the directive under section 39; or
- (b) affect any right, obligation or liability arising under such agreement, transaction or arrangement.

Default rules

42. (1) A licensed clearing house shall, for the purpose of risk management, initiate default proceedings under default rules if a clearing member is unable or is likely to become unable to meet the obligations in respect of all or any unsettled market contracts to which the clearing member is a party.

(2) Where a licensed clearing house initiates any default proceedings, all subsequent proceedings or other action taken under its clearing rules for the purposes of the settlement of market contracts of which the defaulter is a party shall be deemed to have been carried out under the default rules of the licensed clearing house.

Default proceedings etc. of a clearing house to take precedence

43. (1) Notwithstanding only of an inconsistency with the provisions of any written law relating to the assets of a person subject to insolvency, bankruptcy or winding up, or on the appointment of a receiver, a receiver and a manager, a liquidator or a person in an equivalent capacity, none of the following shall be invalid to any extent in law :-

- (a) a market contract;
- (b) the rules of a clearing house relating to the settlement of a market contract;
- (c) any proceedings or other action taken under the rules of a clearing house relating to the settlement of a market contract;

- (d) a market charge;
- (e) market collateral;
- (f) the default rules of a clearing house; or
- (g) any default proceedings.

(2) Subject to subsection (1), the powers of a relevant office holder in his capacity as such and the powers of any court under the law of insolvency or the Companies Act, No.7 of 2007 shall not be exercised in such a way as to prevent or interfere with –

- (a) the settlement of a market contract in accordance with the rules of a clearing house; or
- (b) any default proceedings.

44. Nothing in the Companies Act, No. 7 of 2007 nor any other written law, shall prevent or interfere with the default proceedings instituted by a licensed clearing house in the realization and disposition of any market collateral by the licensed clearing house.

Supplementary provisions relating to default proceedings

45. (1) Upon completion of any default proceedings, a licensed clearing house shall provide a report in respect of each defaulter to the person or entity referred to in subsection (2) in respect of the following: -

Duty to report on completion of default proceedings

- (a) the net sum, if any, certified by the licensed clearing house to be payable by or to the defaulter;
- (b) the fact that no sum is so payable to the defaulter; and
- (c) such other particulars in respect of such default proceedings as it thinks fit.

(2) A certified copy of the report prepared under subsection (1) shall be provided forthwith-

- (a) to the Commission;
- (b) to the defaulter to whom the report relates or to the relevant office holder acting for the defaulter to whom the report relates or to the defaulter's estate; and
- (c) to such other person as the Commission deems fit.

(3) Where the licensed clearing house has made a report pursuant to subsection (1), relevant office holder of the defaulter shall publish a notice of that fact to bring it to the attention of creditors of the defaulter to whom the report relates.

(4) Where a relevant office holder or defaulter receives a report pursuant to subsection (1), it shall, at the request of any of his creditors-

- (a) make the report available for inspection by the creditor within two days from the receipt of such request; or
- (b) on payment of a relevant fee as determined by the relevant office holder or the defaulter, provide to the creditor a certified copy of such report or any part of that report as requested.

Net sum payable
on completion
of default
proceedings

46. (1) Upon the completion of default proceedings, the net sum certified under paragraph (a) of subsection (1) of section 45 by a licensed clearing house shall be payable by or to the defaulter.

(2) Notwithstanding any provision of the Companies Act, No. 7 of 2007, where an order for a receiver or winding up has been made or a resolution for voluntary winding up has

been passed, the net sum referred to in subsection (1) shall be taken into account in relation to winding up proceedings under the Companies Act, No. 7 of 2007.

47. (1) If a clearing member (“the first clearing member”) sells securities at an overvalue to, or purchases securities at an undervalue from, another clearing member (“the second clearing member”) in circumstances as described in subsection (3) and thereafter a relevant office holder acts for-

Right of relevant office holder to recover certain amounts arising from certain transactions

- (a) the second clearing member;
- (b) the principal of the second clearing member in the sale or purchase; or
- (c) the estate of the second clearing member or the person referred to in paragraph (b),

the relevant office holder may recover, from the first clearing member, or the principal of the first clearing member, an amount equal to the identified gain obtained by the sale or purchase by the first clearing member, or the principal of the first clearing member unless a court orders otherwise.

(2) The amount equal to the identified gain is recoverable even if the sale or purchase may have been discharged according to the rules of the clearing house and replaced by a market contract.

(3) The circumstances referred to in subsection (1) for a sale or purchase shall be where-

- (a) an identified event has occurred in relation to the second clearing member or the principal of the second clearing member; and
- (b) either-

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- (i) the first clearing member knew, or could reasonably have known that an identified event was likely to occur in relation to the second clearing member or the principal of the second clearing member; or
- (ii) the principal of the first clearing member knew or could reasonably have known that an identified event was likely to occur to the second clearing member or the principal of the second clearing member, and the identified event occurs within the period of six months immediately following the date on which the sale or purchase was entered into.

(4) In this section-

- (a) “identified event”, in relation to a second clearing member or a person who is or was in respect of a sale or purchase referred to in subsection (1) means-
 - (i) an act of bankruptcy committed by the second clearing member or the principal of the second clearing member, as the case may be;
 - (ii) a meeting of creditors summoned in relation to the second clearing member or the principal of the second clearing member, as the case may be, pursuant to the Companies Act, No.7 of 2007; or
 - (iii) the presentation of a petition for the winding up of the second clearing member or the principal of the second clearing member, as the case may be, to a court;
- (b) “identified gain” in relation to a sale or purchase referred to in subsection (1), means the difference between –

- (i) the market value of the securities which is the subject of the sale or purchase; and
- (ii) the value of the consideration for the sale or purchase, as at the time the sale or purchase was entered into.

48. Notwithstanding the provisions of any other law, a clearing member who enters into any transaction including a market contract with a licensed clearing house, notwithstanding the fact that he is party to that transaction as an agent shall for all purposes including any civil action, claim or demand by or against a licensed clearing house be deemed to be a party to that transaction as a principal and not as an agent.

Clearing member to be party to certain transactions as principal

49. Notwithstanding the provisions of any other law, where market collateral is delivered in settlement of a market contract or under a market charge to a licensed clearing house by a clearing member in accordance with the rules of the licensed clearing house, no civil action, claim or demand in respect of any right, title or interest in market collateral delivered to a licensed clearing house shall be allowed against the licensed clearing house.

Market collateral delivered to a clearing house

50. The licensed clearing house shall be entitled to execute the collateral subject to a market contract or market charge in accordance with the procedure specified in the rules of a licensed clearing house.

Application of collateral subject to a market charge

51. (1) A central depository shall give effect to an instruction from a licensed clearing house to effect a transfer of securities into or out of a securities account of an account holder provided such instruction shall be for the purposes of settlement of a market contract or otherwise dealing with a market contract in accordance with the rules of the licensed clearing house.

Transfer of securities in settlement

(2) An instruction under subsection (1) shall be given by a licensed clearing house only in relation to a securities account which relates to an account holder who is a party to a market contract or an account holder who had instructed a clearing member to effect a trade which results in a market contract to which a clearing member has become a party.

(3) Where any transfer of securities pursuant to a market contract is effected by the central depository to or from a securities account of an account holder pursuant to subsection (1), no title in such securities shall pass to an account holder except as provided under the rules of a licensed clearing house.

(4) Where a transfer of securities has been effected into or out of a securities account of an account holder pursuant to subsection (1), a central depository shall not be subject to any action or claim by or be liable to any damages to that account holder.

Purchase and
sale of securities

52. (1) A licensed clearing house may require an exchange to effect on behalf of the licensed clearing house a sale or purchase of securities if such sale or purchase, as the case may be, is effected for the purposes of settlement of any market contract or to facilitate default proceedings or to enable the clearing house to realize any asset comprised in any market charge or provided as market collateral, and the exchange shall give effect to any such instruction.

(2) Where a sale or purchase of securities has been effected on behalf of the licensed clearing house pursuant to subsection (1) by an exchange, the exchange shall not be subject to any action or claim by or be liable to any damages to any person.

(3) A clearing or settlement transaction of securities carried out by a clearing house or a payment by or to a licensed clearing house shall not be reversed, undone or cancelled other than in accordance with the clearing and settlement rules of the licensed clearing house.

53. (1) It shall be a defence to a person in any civil or criminal proceedings to prove that in discharging his duties by virtue of delegation of powers under the default rules of a licensed clearing house in connection with any default proceeding in respect of anything done or omitted to be done that he exercised reasonable care and acted in good faith in the course of or in connection with the discharge or purported discharge of that duty.

Defences in criminal or civil liability

(2) The person referred to in subsection (1) shall include –

- (a) any member of the board of directors of the person; and
- (b) any member of any committee established by such person.

(3) Where a relevant office holder takes action in relation to any property of any defaulter which is liable to be dealt with in accordance with the default rules of a licensed clearing house, and where the relevant office holder reasonably believes or has reasonable grounds for believing that he is entitled to take that action, the relevant office holder shall not be liable to any person for any loss or damage resulting from any action of the relevant office holder unless such loss or damage was caused by the negligence of the relevant office holder.

CHAPTER 3

CENTRAL DEPOSITORY

54. (1) A person shall not establish, operate or maintain a central depository for handling of securities, without obtaining a licence from the Commission whether such securities are listed or not listed on an exchange.

Prohibition against operating an unlicensed central depository

(2) Any person who contravenes the provisions of subsection (1), commits an offence and shall on conviction

after summary trial before a Magistrate be liable to a fine not exceeding twenty five million rupees or to imprisonment for a term not exceeding five years or to both such fine and imprisonment.

(3) Subsection (1) shall not apply to-

- (a) a central depository operated or established by the Central Bank of Sri Lanka;
- (b) a central depository operated in respect of securities issued by the Government of Sri Lanka or the Central Bank of Sri Lanka; or
- (c) any person providing a Central Depository for any issue of securities which have been exempted by the Commission.

Application to
operate a central
depository

55. (1) An application for a licence to establish or operate a central depository shall be made to the Commission in such manner and form as may be specified by the Commission and shall be accompanied by such fee as may be prescribed.

(2) An application for a licence to establish or operate a central depository shall only be made by a body corporate.

(3) The central depository shall make rules which have satisfactory provisions with regard to –

- (a) conditions under which securities may be deposited, held by, withdrawn from or transferred to and recorded in the register of securities;
- (b) the processing of dealings in deposited securities;
- (c) facilitating the settlement of deposited securities;

- (d) the protection of the interests of account holders and the protection and control of information on deposited securities and dealings therein;
- (e) transparent and non discriminatory criteria for the admission of depository participants and the categories of depository participants;
- (f) the monitoring and supervision of depository participants and for the enforcement of the rules of the applicant company;
- (g) the expulsion, suspension, imposition of penalties or disciplining of depository participants for failure to comply with the rules of the central depository;
- (h) the settlement of disputes between the central depository and the depository participants and between depository participants; and
- (i) ensuring the segregation of the securities belonging to investors from those of the depository participants.

(4) An applicant under subsection (1) shall provide such information as the Commission considers necessary in relation to the application.

(5) The proposed central depository shall at all times have sufficient financial, human and other resources to ensure the provision of –

- (a) adequately and properly equipped premises for the conduct of its business;
- (b) competent personnel for the conduct of its business; and
- (c) automated systems with adequate capacity, security arrangements and facilities to mitigate risks and to meet emergencies.

(6) Where the Commission is satisfied that it is appropriate to do so in the public interest or for the proper regulation of the securities market, it may, grant a licence to the applicant to establish or operate a central depository subject to such terms or conditions as the Commission thinks fit.

(7) Without limiting the generality of the terms and conditions attached to the licence referred to in subsection (6), the Commission, may amend or revoke any of the terms and conditions imposed or impose new terms and conditions, if the Commission is satisfied that it is appropriate to do so in the interest of the investors, or for the proper regulation of a central depository.

Duties of a
central
depository

56. (1) A central depository shall –

- (a) operate a safe, effective and efficient system for the handling of securities;
- (b) manage any risks associated with its business and operations prudently; and
- (c) act in the public interest having particular regard to the need for the protection of account holders.

(2) Notwithstanding the provisions of any other written law, it shall be the duty of a director of a central depository to act at all times in the public interest having particular regard to the need for the protection of account holders, and where there is a conflict between such duty and a director's duty under the provisions of any other written law the duty under this Act shall prevail.

Cancellation of a
licence of a
central
depository

57. (1) The Commission may by notice in writing -

- (a) cancel the licence granted under section 55 with effect from the date specified in the notice; or

- (b) direct the central depository to cease to provide or operate such facilities, or to cease to provide such services, as are specified in the notice, with effect from the date specified in the notice.

(2) The Commission shall not cancel a licence or issue a directive under subsection (1), unless the Commission is satisfied that it is appropriate to do so for the protection of investors or in the public interest or for the proper regulation of the securities market where any of the following circumstances occur: -

- (a) the central depository ceases to operate a system for the central handling of securities;
- (b) the central depository is being wound up or otherwise dissolved, whether within or outside Sri Lanka;
- (c) the central depository has contravened any term or condition of its licence or is charged with any offence under this Act;
- (d) the central depository has failed to comply with a condition, requirement or directive that is issued under this Act;
- (e) any information provided for the purposes of section 55 was false or misleading in a material particular or from which there is a material omission;
- (f) a judgment debt against the central depository has not been satisfied in whole or in part;
- (g) a receiver, a receiver and manager, liquidator or an equivalent person has been appointed, whether within or outside Sri Lanka, in relation to or in respect of any property of the central depository;

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- (h) the central depository has, whether within or outside Sri Lanka, entered into a compromise or scheme of arrangement with its creditors; or
- (i) the central depository has on its own accord applied to the Commission to cancel the licence granted to it and the Commission, thinks it fit to do so.

(3) For the purposes of paragraph (a) of subsection (2), the central depository shall be deemed to have ceased to operate a system for the central handling of securities if it has ceased to operate such system for a period exceeding two weeks without obtaining the prior written approval of the Commission.

(4) Notwithstanding the cancellation of a licence or the issuance of a directive under subsection (1), the Commission may permit the central depository to continue, on or after the date on which the cancellation or directive is to take effect, to carry on such activities affected by the cancellation or directive as the Commission may specify in the notice—

- (a) for the purpose of closing down the operations of the central depository or ceasing to provide the services specified in the notice;
- (b) for the purpose of protecting the depositors; or
- (c) in the public interest.

(5) Where the Commission acts under subsection (1), the Commission may where it deems necessary appoint an interim board of directors for a period of six months and be extended for a period of one year to manage the affairs of the central depository until a new board of directors is appointed.

(6) Where the Commission has granted permission to the central depository under subsection (4), the central depository shall not, by reason of its carrying on the activities

in accordance with the permission, be regarded as having contravened subsection (1).

(7) The Commission shall not take any action under subsection (1) without giving the central depository an opportunity of being heard.

(8) A central depository which is aggrieved by the decision of the Commission made under subsection (1) may, within fourteen days after the central depository is notified of the decision, appeal to the Minister.

(9) Notwithstanding the making of an appeal under subsection (8), any action taken by the Commission under this section shall continue to have effect pending the decision of the Minister.

(10) The Minister may, on an appeal made under subsection (8)-

- (a) allow the appeal and direct the Commission to revoke the cancellation of the licence or the directive; or
- (b) disallow the appeal.

(11) The Commission shall give effect to the decision of the Minister.

(12) Subject to subsection (11), the Commission shall give public notice of any cancellation of the licence or any directive issued under this section.

58. Any cancellation of a licence or the issuance of a directive under subsection (1) of section 57 shall not operate so as to –

- (a) avoid or affect any agreement, transaction or arrangement entered into by the central depository,

Effect of
cancellation of
licence of a
central
depository

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whether the agreement, transaction or arrangement was entered into before or, where subsection (4) of section 57 applies after the cancellation of the licence or issuance of the directive under subsection (1) of section 57; or

- (b) affect any right, obligation or liability arising under such agreement, transaction or arrangement.

Securities
account

59. A central depository may establish different types of securities accounts and every such securities account opened with a central depository shall be in the name of the beneficial owner of the deposited securities or in the name of a nominee. Where a securities account is opened in the name of a nominee, the name of the beneficial owner shall be disclosed to the central depository by the person opening such account.

Book entry
securities lodged
with the central
depository

60. All dealings of securities held in a central depository shall be made by means of book entries in the accounts of the central depository without the physical delivery of scrips.

Record of entry
in depositor's
account

61. A record of an entry in an account maintained by the central depository shall be prima facie evidence of the authenticity of such matter.

Effect of
securities held in
trust by the
central
depository

62. (1) Where the central depository holds securities in trust for its holders of securities, the person for whose benefit those securities are held in trust-

- (a) shall be deemed to be the holder of such securities;
and
- (b) shall in respect of those securities, enjoy all such rights and privileges and be subject to all such duties and obligations in respect of, or arising from, such securities, under the Companies Act, No. 7 of 2007 as the case may be, as if he is the holder of those securities.

(2) The rights and duties attached to the securities maintained in the accounts of the central depository held by a nominee shall be exercised by the beneficial owner identified in the respective account held in the central depository as if he is the holder of those securities.

(3) The appointment of a receiver, a receiver or manager, liquidator or any equivalent person in respect of any insolvency or bankruptcy proceedings of a depository participant shall not affect the rights of holders of securities held in trust by the central depository of that depository participant.

63. Any registration of securities by the central depository prior to the enactment of this Act shall not be invalid only for the reason that such registration has been done other than in accordance with the provisions of this Act, regulations, rules or directives made thereunder. Validation

CHAPTER 4

GENERAL PROVISIONS

64. (1) The rules of a market institution shall be approved by the Commission and such approved rules shall operate as a binding contract- Rules of a market institution

- (a) between the market institution and each issuer of securities;
- (b) between the market institution and each trading participant, clearing member or depository participant as the case may be;
- (c) between each issuer of securities and each trading participant; and
- (d) between trading participants, clearing members or depository participants.

(2) The market institution, each issuer of securities, each trading participant, clearing member and depository participant respectively shall observe and perform the obligations under the provisions of the rules so far as those provisions are applicable to the market institution, issuer, trading participant, clearing member or depository participant as the case may be.

(3) The rules of a market institution in so far as they have been approved by the Commission, shall not be amended, varied or rescinded without the prior approval of the Commission.

(4) Where a market institution proposes to amend its rules, the market institution shall forward to the Commission in writing the proposed amendment.

(5) The Commission shall, after hearing the market institution within ninety days of receipt of the proposed amendment give written notice to the market institution as to whether such amendments to the rules are-

- (a) allowed;
- (b) disallowed; or
- (c) allowed with amendments, variations or modifications.

(6) Where the proposed amendment is disallowed, the Commission shall give reasons for such disapproval.

(7) Where the Commission fails to revert to the market institution within ninety days, proposed amendments to such rules under subsection (4) shall take effect immediately on the expiration of ninety days.

(8) Upon receipt of notice under subsection (5), the market institution shall give immediate effect to such rule.

(9) Notwithstanding the provisions contained in subsections (5) and (8), the Commission may amend the rules of any market institution at any time and such rules shall take effect with immediate effect or on such date as specified by the Commission.

65. (1) Where any person who is under a duty to comply, observe, enforce or give effect to the rules of a market institution fails to do so, the Commission shall direct such person to comply with such rules or to give reasons for such failure upon the market institution referring such matter to the Commission.

Power of Court to order observance or enforcement of rules of market institutions

(2) Where the Commission is not satisfied with the reasons given by such person, the Commission may direct such person referred to in subsection (1) to comply with the rules and any other direction given by the Commission which the Commission deems necessary.

(3) Any person who violates a directive of the Commission issued under subsection (2) commits an offence.

(4) Where any person fails to comply with a directive issued by the Commission under subsection (1), the Commission may proceed as provided for under subsection (2) or make an application to court for an order under subsection (5).

(5) The Court may, make an order directing the first mentioned person to comply, observe, enforce or give effect to the rules of a market institution.

66. (1) A person other than a representative of the government, shall not enter into any agreement or arrangement to acquire any voting shares of a market institution either individually or together with any other person acting in concert with him, exceeding five *per centum* or more of the aggregate of all the voting shares in a market institution, without obtaining the prior written approval of the Commission.

Control of substantial shareholders of a market institution

(2) The Commission may impose restrictions on the maximum proportion of voting shares that may be held directly or indirectly by a group of persons representing a particular interest as may be determined by the Commission by way of an Order published in the *Gazette*.

(3) The Commission may, at any time by publishing a notification in the *Gazette*, vary the threshold referred to in subsection (1) after taking into consideration the stage of securities market development or the public interest.

(4) An application for the purpose of obtaining approval under subsection (1) shall be made by the person intending to acquire voting shares referred to therein and shall be sent to the Commission in the form and manner as may be specified by the Commission.

(5) The Commission may require the applicant –

- (a) to give further information in connection with an application; and
- (b) to have any information submitted in support of an application verified at the cost of the applicant, in such manner and by such persons as it may specify.

(6) The Commission may grant its approval subject to such terms and conditions as it thinks fit to impose.

Power of the
Commission to
make a
preliminary
order to impose
prohibition

67. (1) Where the Commission is satisfied that any person has contravened the provisions of section 66, the Commission may issue a directive imposing one or more of the following prohibitions as may be applicable or appropriate in the circumstances of the contravention in respect of any shares:-

- (a) prohibit the buying of, or the carrying out of the agreement or arrangement to buy, such voting shares, or in the case of unissued shares, the carrying out of the agreement or arrangement to buy or the buying of the right to be issued with unissued shares;
- (b) prohibit the exercise of any voting rights in respect of such shares;
- (c) prohibit the issue of any further shares in right of such shares or in pursuance of any offer made to the holder of such shares; or
- (d) except in liquidation, prohibit the payment of any sums due from the market institution, on such shares, whether in respect of capital, dividends or otherwise.

(2) A directive issued under subsection (1) shall be served on the person who contravenes subsection (1) as soon as is practicable, and may be publicised in such manner as the Commission thinks fit.

(3) A directive issued under subsection (1) shall be binding on the person who contravenes subsection (1) or any person for the time being holding the voting shares to which such directive relates and on any other person specified in the directive.

(4) Any person against whom a directive has been issued under subsection (1), or any other person prejudicially affected by such directive, may within fourteen days of the issuance of the directive, make an appeal in writing to the Commission for the setting aside of the directive on the ground that he had not contravened the provisions in relation to which the directive has been issued, or for a variation of the directive on the ground that it would be just and proper to vary it for reasons to be specified in the appeal.

(5) The Commission may, within forty five days of receiving an application under subsection (4) after considering the appeal made by such application either confirm, set aside or vary the directive issued under subsection (1).

(6) Where the Commission confirms the directive made under subsection (1) the Commission may direct the holder of the shares to which the directive applies to dispose of the shares.

(7) The Commission may issue any instruction or a directive to the directors or officers of the market institution, as may be necessary to give effect to any decision of the Commission made under this section, or as may be incidental, ancillary or consequential to such decision.

(8) Any transaction, including any agreement or arrangement in relation to any shares which is in contravention of any directive issued or of any decision made under subsection (5) or of any instruction given or directive issued by the Commission under subsection (7), shall be deemed to have no effect in law.

(9) A person who contravenes any directive or decision made under subsection (5), or any instruction given or directive issued under subsection (7), commits an offence and shall, on conviction after summary trial by a Magistrate, be liable to a fine not exceeding twenty five million rupees or to imprisonment for a term not exceeding five years or to both such imprisonment and fine.

Appointment of
directors to a
market
institution

68. (1) Notwithstanding the provisions of the Companies Act, No. 7 of 2007, a person shall not accept appointment, reappointment, election or re-election as a director, chief executive officer or chief regulatory officer of a market institution except with the prior approval of the Commission.

(2) Where the approval of the Commission is required under subsection (1), the Commission shall not approve, as the case may be if -

- (a) any proposed director, chief executive officer or chief regulatory officer is an undischarged bankrupt, whether within or outside Sri Lanka;
- (b) a judgment debt against the proposed director, chief executive officer or chief regulatory officer has not been satisfied in whole or in part;
- (c) the proposed director, chief executive officer or chief regulatory officer—
 - (i) has been convicted, whether within or outside Sri Lanka, of an offence, involving fraud or dishonesty or the conviction for which involved a finding that he has acted fraudulently or dishonestly;
 - (ii) has been convicted of an offence under this Act;
 - (iii) during a period of three years immediately preceding such appointment has been subject to any administrative sanction by the Commission under this Act;
 - (iv) has been convicted of an offence involving moral turpitude; or
 - (v) is likely to have a conflict of interest.

Alteration of material particulars of a market institution

69. Where a market institution proposes to alter its Articles of Association or any other material particulars already furnished or effects or intends to effect a change from the state specified in the application or renewal of a licence, the market institution shall obtain the approval of the Commission before such alteration or change is effected.

Rights of an exchange or a clearing house

70. Nothing in any written law relating to contracts to the extent of its inconsistency with the provisions of this Act or any rules made thereunder shall affect -

- (a) any rights to be conferred on an exchange or a clearing house in relation to securities under this Act, regulations, rules or directives made thereunder;
- (b) any rights to be conferred on a party to securities transaction entered into by an exchange under this Act, regulations, rules or directives made thereunder, or the rules of an exchange or a licensed clearing house or a licensed central depository as the case may be; or
- (c) anything done or omitted to be done under or in relation to securities transaction entered into by an exchange or a licensed clearing house or a licensed central depository under this Act, regulations, rules or directives made thereunder, as the case may be.

Defence in criminal or civil liability

71. It shall be a defence in any criminal or civil proceeding for anything done or omitted to be done by-

- (a) an exchange; or
- (b) any person acting on behalf of an exchange including-

- (i) any director of the exchange; or
- (ii) any member of any committee established by the exchange,

to prove that the exchange or the person under paragraph (b) took all reasonable care and acted in good faith in the course of or in connection with the discharge of its obligations under this Act, regulations, rules or directives made thereunder or the rules of such exchange.

72. (1) A market institution shall provide such assistance to the Commission, or to a person acting on behalf of or with the authority of the Commission, as the Commission or such person reasonably requires, including the furnishing of such returns, and the provision of such information relating to the operations of the market institution as the Commission or such person may require for the proper administration of this Act.

Provision of assistance to the Commission

(2) A person acting on behalf of or authorised by the Commission shall be entitled at all reasonable time to full and free access to the trading facility of an exchange for any of the purposes of this Act.

(3) A person who refuses or fails without lawful excuse to allow a person acting on behalf of or a person who is authorised by the Commission access in accordance with subsection (2) to the trading facility of an exchange commits an offence under this Act.

73. (1) A market institution shall file with the Commission an annual report, within five months of the date of its balance sheet, which shall include-

Annual reports

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- (a) a report on the corporate governance policy of the market institution and any other information required by the Commission;
- (b) audited financial statements prepared in accordance with Sri Lanka's Accounting Standards and such other requirements as may be specified in the rules; and
- (c) consolidated financial statements, where the market institution is a holding company or a subsidiary where appropriate.

(2) The financial statements to be included in an annual report under subsection (1) shall be audited in accordance with Sri Lanka's Auditing Standards.

(3) The annual report of a clearing house and a central depository shall also include an audited report on risk management procedures and their application and any other information required by the Commission.

(4) The information required under subsections (2) and (3) which is required to be included in an annual report shall be in addition to the requirements imposed under the Companies Act, No.7 of 2007.

Duties of an
auditor of a
market
institution

74. (1) If an auditor of a market institution, in the ordinary course of performing his duties, becomes aware of-

- (a) any matter which, in his opinion, adversely affects or may adversely affect the financial position of the market institution, to a material extent;

- (b) any matter which, in his opinion, constitutes or may constitute a breach of any provision of this Act, regulations, rules or directives made thereunder or an offence involving fraud or dishonesty affecting the financial stability of the market institution to a material extent; or
- (c) any irregularity that has or may have a material effect on the accounts of the market institution, including any irregularity that adversely affects or may adversely affect, the funds or property of investors in securities,

the auditor shall immediately send to the board of directors a written report of the matter or the irregularity with a copy to the Commission.

(2) An auditor of a market institution shall not be liable to any suit by any person in respect of any statement made in his report under subsection (1) provided the auditor has acted in good faith.

(3) The Commission may impose all or any of the following duties on an auditor of a market institution: –

- (a) a duty to submit such additional information and reports in relation to his audit as the Commission considers necessary;
- (b) a duty to enlarge, extend or alter the scope of his audit of the business and affairs of the market institution;
- (c) a duty to carry out any other examination or establish any procedure in any particular case; or

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- (d) a duty to submit a report on any matter arising out of his audit, examination or establishment of procedure referred to in paragraph (b) or (c), and the auditor shall carry out such duties, as an extension to his ordinary audit scope for issuing an independent opinion on the financial statements.

(4) The market institution shall remunerate the auditor in terms of the schedule of fees published by the Commission in respect of the discharge by him of all or any of the duties referred to in subsection (3) and in circumstances where further investigation is necessary, remuneration to auditors shall be paid out of the Fund of the Commission.

Obligation to submit periodic reports

75. A market institution, shall submit to the Commission such reports including a risk management audit in such form, manner and frequency as may be specified by the Commission. The Commission in addition shall subject the market institution to supervision and an annual audit by the Commission to ascertain compliance by the market institution with the provisions of this Act and of rules, regulations, directives that may be issued by the Commission from time to time.

Payment of annual fee

76. A market institution shall pay to the Commission an annual fee as may be prescribed.

Prohibition against holding out

77. (1) A person shall not hold out as a stock exchange, a derivatives exchange, a licensed clearing house or a central depository and shall not take or use or by inference adopt the name, title or description of “stock exchange”, “derivatives exchange”, “futures exchange”, “stock market”,

“derivatives market”, “futures market”, “licensed clearing house”, “clearing facility”, “central depository”, “securities trading market”, “derivatives trading market” or “ futures trading market”, or take or use or have attached to or exhibited at any place any name, title or description implying or tending to create the belief that such person is a stock exchange , derivatives exchange, licensed clearing house or a central depository.

(2) A person who contravenes the provisions of subsection (1) commits an offence.

78. (1) A person who is aggrieved by a decision of the Commission may make an application to the Commission to review its decision within thirty days after the aggrieved person is notified of such decision.

Power of the Commission to review its own decision

(2) The Commission shall communicate its decision to the applicant in writing not later than ninety days from the date of the receipt of the application.

PART III

Issue of Securities

- 79.** The object and purpose of this Part shall be—
- (a) to regulate the issue of securities by way of public offers;
 - (b) to ensure the disclosure of financial information by listed public companies;

Object and purpose of this Part

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- (c) to require auditors to disclose financial irregularities of listed public companies;
- (d) to licence market intermediaries and register their representatives; and
- (e) to protect assets of the clients.

CHAPTER I

PUBLIC OFFER OF SECURITIES

Public Offer of
Securities

80. A listed public company or any public company which has applied to obtain a listing in an exchange shall not make a public offer of securities either directly or through a third party by way of a prospectus or a similar document or otherwise for the purposes of solicitation of funds from the public unless approved by the Commission or a person authorised by the Commission:

Provided however, the Commission having taken into consideration the volume of securities, class of securities, the number and type of investors, the nature of the issuer or the nature of the securities market may by rules made under this Act require that the approval of the Commission be obtained prior to certain types of public offers of unlisted companies.

Approval of the
Commission for
issue of
securities

81. (1) A listed public company shall obtain the approval of the Commission or any person authorised by the Commission to grant approval in respect of—

- (a) any new issue or offer for sale of securities to the public, whether such issues or offers for sale are by way of a public offer or otherwise;

- (b) private placement of securities;
- (c) rights issues of securities;
- (d) bonus issues of securities; or
- (e) schemes of arrangements, schemes of reconstruction, take over schemes, share option schemes and acquisition of assets by way of issues of securities.

(2) A listed foreign entity seeking a listing on an exchange licensed by the Commission shall apply to the Commission or any person authorised by the Commission for approval to make a public offer of securities.

(3) The board of directors of every listed public company and listed foreign entity shall ensure that the company or the entity shall comply with the rules and requirements of the exchange in which it is listed at all times so long as the company or the entity remains listed on the exchange.

82. (1) The prospectus or similar document prepared by a person making an offer to the public shall comply with the requirements specified in the Companies Act, No. 7 of 2007, and any other requirements specified by the Commission and the rules of an exchange.

Prospectus or similar document

(2) A person making an issue of securities to the public shall lodge a copy of the prospectus or a similar document with the Commission or with any person authorised by the Commission for that purpose prior to registration of the prospectus as required under the Companies Act, No. 7 of 2007.

(3) The Commission may examine any prospectus or similar document when a person makes a public offer of securities for the purpose of solicitation of funds from the public.

Commission to
issue stop orders

- 83.** (1) Where the Commission is of the opinion that—
- (a) a prospectus or similar document submitted to a licensed stock exchange under its listing rules or in respect of public offers falling within section 80 does not comply with or is not prepared in accordance with the provisions of this Act or the rules of the exchange as the case may be;
 - (b) a prospectus or similar document contains a statement or information that is false or misleading or from which there is a material omission; or
 - (c) an issuer has contravened any provision of this Act, regulations, rules or directives made thereunder or has not complied with the requirements imposed under this Act,

the Commission may issue an order to the issuer not to allot, issue, offer or make an invitation to subscribe for or purchase or sell further securities relating to public offers.

(2) The Commission shall not make an order under subsection (1) unless the Commission has given a reasonable opportunity to be heard to any affected person as to whether such an order should be made.

(3) If the Commission considers that any delay in making an order under subsection (1) by giving an opportunity to be heard would be prejudicial to the interest of investors, the Commission may make an interim order without giving an opportunity to be heard.

(4) An interim order under subsection (3) shall, unless previously revoked have effect until the end of twenty one days after the day on which it is made or the conclusion of the hearing in subsection (2), whichever date is later.

(5) An order made under subsection (1) or an interim order made under subsection (3) may be revoked by the Commission by way of a directive if the Commission becomes satisfied that the circumstances that resulted in the making of the order no longer exist.

(6) Where applications to subscribe for or purchase securities to which the prospectus or similar document relates has been made prior to an order under subsection (1) being made—

- (a) but before the securities have been issued to the applicants, the applications shall be deemed to have been withdrawn and cancelled and the issuer or such other person who receives the monies, shall, forthwith repay without interest all monies received from the applicants and if the money is not repaid within fourteen days of the order, the issuer shall be liable to repay the monies with interest as may be specified by the Commission from the expiration of that period; or

- (b) where the securities have been allotted to the applicants, the allotment of securities shall be deemed to be void and the issuer or any other person shall forthwith repay without interest all monies received from the applicants and if such money is not repaid within fourteen days of the date of service of the order the issuer shall be liable to repay such monies with interest at the rate as may be specified by the Commission from the expiration of that period.

(7) Provisions of this section shall not apply in respect of any issuer if any of the securities to which the prospectus or similar document relates have been issued or listed on an exchange and trading in them has commenced.

Purchase, sale or
transfer of
securities

84. (1) A person holding securities in a company listed on an exchange shall buy, sell, gift or otherwise deal in such securities in compliance with the trading procedure adopted by such licensed exchange:

Provided however, where no express trading procedure has been adopted by such exchange, the approval of the Commission shall be obtained.

(2) A person as referred to in subsection (1) may gift any such securities to a relation otherwise than in compliance with such trading procedure, if he gives prior notice to the Commission and the licensed exchange, of the particulars relating to the proposed gift.

(3) In this section “relation” means a parent, spouse, child including step children, brother or sister including step brother or step sister of that person or the spouse of a child of that person.

85. (1) Where it appears to the Commission from the disclosures made to the public that -

Power of the Commission to require the production of documents

- (a) there exist circumstances that the business of a listed public company has been conducted—
 - (i) in a manner that contravenes the provisions of this Act, regulations, rules or directives made thereunder or rules of a market institution; or
 - (ii) in a manner, prejudicial to interest of investors;
- (b) there exist circumstances that the company was listed for a fraudulent or unlawful purpose;
- (c) there exist circumstances that the persons concerned with the listing of a company or the management of its affairs in relation to the listing have been guilty of fraud, wrongdoing or other misconduct; or
- (d) there exist circumstances that the director or management of a listed public company have intentionally suppressed information with respect to the affairs of the company that is required to be provided under this Act, regulations, rules or directives made thereunder or as may reasonably be expected to be released to the public,

the Commission may issue directives to the listed public company requiring such company to produce the documents, electronic records or other information specified in the directive at a specified time and place in order to conduct an inquiry or investigation into the matters specified in the preceding provisions.

(2) The Commission may delegate its authority under subsection (1) to any person to require the submission of documents, electronic records or any other information for the purposes of subsection (1).

(3) The Commission or an authorised person may also require the production of such documents and electronic records in relation to the listed public company which is the subject of an inquiry or investigation, from any person who is in possession of them.

(4) Where such documents or electronic records referred to in subsections (1), (2) and (3) are produced, the Commission or the authorised officer shall require the listed public company–

- (a) to require that person or any other person who is a present or past officer of the listed public company or was at any time employed by the listed public company to provide an explanation of such documents and electronic records; and
- (b) where the records and documents and electronic records are not produced as required, the person required to produce such records, documents or electronic records to give reasons for such failure; or
- (c) where the documents and electronic records are not produced, the person required to produce them shall disclose its location to the best of his knowledge and belief.

(5) Where any listed public company fails to comply with this section, the Commission shall issue a directive to the listed public company under section 86 of this Act.

86. Where the Commission after due inquiry or investigation determines that a listed public company has contravened or failed to comply with any provision of the Act, regulations, rules or directives made thereunder or has furnished the Commission with information that is false, inaccurate or misleading, the Commission may take any enforcement action provided under this Act as deemed appropriate.

Power of the Commission to issue directives to listed public companies

87. (1) A person who furnishes information or cause information to be furnished to the Commission under this Act, regulations, rules or directives made thereunder shall exercise due care to ensure that the information is not false or misleading in any material particular.

Duty not to furnish false information to the Commission

(2) A person who –

- (a) signs a document lodged with the Commission; or
- (b) submits to the Commission a document by electronic means using any identification or other authentication method or procedure assigned to him by the Commission,

shall exercise due care to ensure that the document is not false or misleading in a material particular.

(3) A person who contravenes subsection (1) or (2) commits an offence under this Act.

Duty not to
make false
statements to
market
institutions

88. A person with intent to deceive, makes or furnishes, or knowingly and willfully authorises or permits the making or furnishing of any misleading statement or report to a market institution licensed under this Act in relation to any information that a listed public company is required to furnish under this Act, regulations, rules or directives made thereunder commits an offence under this Act.

Appointing
directors or
chief executive
officer

89. (1) The board of directors of every listed public company shall ensure that the company and its directors comply with the rules and requirements of the exchange on which it is listed on a continuous basis as long as the company remains listed on such exchange.

(2) The directors or chief executive officer of a listed public company shall comply with the fit and proper criteria specified by the Commission by rules or in the rules of an exchange approved by the Commission.

Duties of an
auditor of a
listed public
company

90. (1) If an auditor of a listed public company in the ordinary course of the performance of his duties, becomes aware of-

- (a) any contravention or non compliance with any requirement or provision of this Act, any regulation, rule or directive made thereunder or a breach of any rule of an exchange or any offence involving fraud or dishonesty; or
- (b) any matter which may in his opinion adversely affects or is likely to adversely affect the financial position of the listed public company to a material extent; or
- (c) any irregularity that has or may have a material effect upon the accounts of a listed public company including any irregularity that affects or jeopardizes or may affect or jeopardize the funds or property of any investor in securities,

the auditor shall immediately report such matters referred to in paragraphs (a), (b) or (c) to the audit committee in writing for rectification and if no remedial measure is taken within

two weeks thereof, refer such matters to the board of directors in writing to rectify such matters or deter the commission of a breach where it has not yet occurred.

(2) If no action is taken under subsection (1) by the board of directors to rectify such matters referred to in paragraphs (a), (b) or (c) within two weeks, the auditor shall submit a written report on the matters immediately thereupon—

- (a) in the case of a contravention or non compliance with any requirement or provision of this Act, any regulation, rule or directive issued thereunder or an offence involving fraud or dishonesty, to the Commission; or
- (b) in the case of a breach of or non compliance with any rules of an exchange, to the relevant exchange and the Commission.

(3) No auditor shall be liable to be sued in any court for any report submitted by the auditor in good faith and in the performance of any duty imposed on the auditor under this section.

(4) The Commission may at any time during or after an audit, require an auditor of a listed public company to—

- (a) submit such additional information in relation to his audit as the Commission may specify;
- (b) enlarge or extend the scope of his audit of the business and affairs of the listed public company in such manner or to such extent as the Commission may specify;
- (c) carry out any specific examination or establish any procedure in any particular case; or
- (d) submit a report including an interim report on any matter referred to in paragraphs (a) to (c),

and the Commission may specify the time within which such requirements shall be complied with by the auditor.

(5) The auditor shall comply with any requirement of the Commission under subsection (4) and the listed public company shall remunerate the auditor at the rates specified by the Commission in respect of the discharge by him of all additional duties under this section.

(6) The listed public company shall provide such information and access to such information as the auditor shall require in respect of the discharge by him of all of the additional duties under this section.

Prohibition
against undue
influence

91. (1) A person shall not influence, coerce, mislead or authorise any person engaged in –

- (a) the preparation of the financial statements of a listed public company or any of its related companies; or
- (b) the performance of an audit of the financial statements of a listed public company or any of its related companies,

to do anything which he knows or could reasonably have known may cause the financial statements or audited financial statements to be false or misleading in a material particular.

(2) Any person who contravenes subsection (1) commits an offence.

CHAPTER 2

MARKET INTERMEDIARIES

Prohibition
against holding
out as a market
intermediary

92. (1) A person shall not hold out as a market intermediary without obtaining a licence from the Commission.

(2) Any person who contravenes subsection (1) commits an offence and shall on conviction after summary trial by a Magistrate be liable to a fine not exceeding twenty five million rupees or to imprisonment for a term not exceeding five years or to both such fine and imprisonment.

93. (1) Any person who carries on business as a market intermediary shall hold a licence issued for that purpose by the Commission.

Requirement to be licensed with the Commission

(2) Any person who contravenes subsection (1) commits an offence and shall on conviction after summary trial by a Magistrate be liable to a fine not exceeding twenty five million rupees or to imprisonment for a term not exceeding five years or to both such fine and imprisonment.

94. (1) An application for the purpose of a licence under this section or renewal of the licence under subsection (4) of this section shall be made to the Commission in such form together with such documents as may be specified by the Commission by way of rules accompanied by such fee as may prescribed.

Application for a licence or renewal of a licence as a market intermediary

(2) The Commission may require an applicant –

- (a) to furnish further information in connection with an application as it may specify; and
- (b) to have any information submitted in support of an application verified at the cost of the applicant in such manner and by such persons as it may specify.

(3) An application for renewal of a licence under this section shall be made three months prior to the expiry of the licence, accompanied by the renewal fee as may be prescribed.

(4) Where an application for renewal of a licence is made after the expiry of the licence, the Commission may in addition to the renewal fee, impose a late fee not exceeding five *per centum* of the licensing fee as may be prescribed for each day of delay until the renewal is made.

(5) The Commission may grant or renew a licence for the purposes of this Chapter, subject to such conditions or restrictions as it deems fit.

Refusal to grant
or renew a
licence

95. (1) Where an application is made for the grant or renewal of a licence to act as a market intermediary, the Commission may refuse the application on any of the following grounds:-

- (a) the application was not made in accordance with this Chapter;
- (b) the applicant has failed to comply with any requirement of this Act, regulations and the rules made thereunder;
- (c) any information or document that is furnished by the applicant to the Commission is false or misleading or from which there is a material omission;
- (d) the applicant is in the course of being wound up or otherwise dissolved or is an undischarged bankrupt;
- (e) execution against the applicant in respect of a judgment debt has been returned unsatisfied in whole or in part;
- (f) a liquidator or receiver or manager or an equivalent person has been appointed within or outside Sri Lanka in respect of any property of the applicant;
- (g) the applicant has, whether within or outside Sri Lanka entered into a compromise or scheme of arrangement with its creditors, being a compromise or scheme of arrangement that is still in operation;
- (h) the applicant or any of its directors, chief executive officer, managers or controller—
 - (i) has been convicted, whether within or outside Sri Lanka of an offence involving fraud or dishonesty or the conviction of which involved a finding that he acted fraudulently or dishonestly;

- (ii) has been subjected to any administrative sanction under this Act;
- (iii) has been convicted or has been compounded of an offence for which he has been charged under this Act or under the laws governing securities outside Sri Lanka;
- (iv) has contravened any provision made under any law whether within or outside Sri Lanka enacted for protecting members of the public against financial loss, due to dishonesty, incompetence or malpractice by persons, concerned in the provision of financial services or the management of companies or against financial loss due to the conduct of discharged or undischarged bankrupts; or
- (v) is an undischarged bankrupt whether within or outside Sri Lanka;
- (i) the Commission has reason to believe that the applicant or any of its directors, chief executive officer or controller may not be able to act in the best interest of its clients having regard to their reputation, character, financial integrity and reliability;
- (j) the Commission is not satisfied as to the financial standing of the applicant or the manner in which the applicant's business is to be conducted;
- (k) the Commission is not satisfied as to the record of past performance or expertise of the applicant, having regard to the nature of the business which the applicant may carry on in connection with the holding of the licence and there exists circumstances which are likely to -

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- (i) lead to the improper conduct of business by the applicant or by any of its directors, chief executive officer or controller; or
- (ii) reflect discredit on the manner of conducting the business of the applicant; or
- (l) the Commission is of the opinion that it would be contrary to the interests of the investors to grant or renew the licence.

(2) The Commission shall not refuse to grant or renew a licence without giving the applicant an opportunity to be heard.

Minimum financial requirements

96. A market intermediary shall not carry on business for which it is licensed under this Chapter, without the written consent of the Commission if it does not meet the minimum financial requirements as may be specified by the Commission or as may be provided in the rules of an exchange.

Requirement to register with the Commission

97. (1) The Commission may specify by way of rules that a person who deals with clients for and on behalf of a market intermediary to register with the Commission and for that purpose such person shall be known as a “registered person”.

(2) For the purposes of seeking registration under subsection (1), a market intermediary shall submit an application to the Commission on behalf of that person referred to in subsection (1) (hereinafter referred to as the “applicant”).

Application for registration or renewal of registration

98. (1) An application for the purpose of registration or renewal of the registration as a registered person under section 97 shall be made to the Commission in such form accompanied by such documents as may be specified by the Commission by rules together with such fee as may be prescribed.

- (2) The Commission may require an applicant—
- (a) to furnish further information in connection with an application as it may specify; and
 - (b) to have any information submitted in support of an application verified at the cost of the applicant in such manner and by such persons as it may specify.

(3) An application for renewal of registration under this section shall be made three months prior to the expiry of the registration.

(4) Where an application for renewal of registration is made after the expiry of its registration, the Commission may in addition to the renewal fee impose a late fee not exceeding five *per centum* of the registration fee as may be prescribed for each day of delay until the renewal is made.

(5) The Commission may grant or renew a registration for the purposes of this Chapter, subject to such conditions or restrictions as it thinks fit.

99. (1) Where an application is made for the grant or renewal of registration as a registered person under this Part, the Commission may refuse the application on any of the following grounds: —

Grounds for refusal to register or renew registration

- (a) the application was not made in accordance with section 98;
- (b) the applicant has failed to comply with any requirement of section 98;
- (c) any information or document that is furnished by the applicant to the Commission is false or misleading or from which there is a material omission;

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- (d) the applicant is an undischarged insolvent or an undischarged bankrupt whether within or outside Sri Lanka;
- (e) execution against the applicant in respect of a judgment debt has been returned unsatisfied in whole or in part;
- (f) the applicant has –
 - (i) been convicted, whether within or outside Sri Lanka of an offence involving fraud or dishonesty or of an offence the conviction for which involves a finding that he had acted fraudulently or dishonestly;
 - (ii) been subjected to any administrative sanction under this Act;
 - (iii) been convicted or compounded in respect of an offence under this Act or under any laws governing securities outside Sri Lanka; or
 - (iv) contravened any provision made under any written law whether within or outside Sri Lanka appearing to the Commission to be enacted for protecting members of the public against financial loss due to dishonesty, incompetence or malpractice by persons, concerned in the provision of financial services or the management of companies or against financial loss due to the conduct of discharged or undischarged bankrupts;
- (g) the Commission is not satisfied as to the educational or other qualification or experience of the applicant having regard to the nature of the duties to be performed for and on behalf of the market intermediary;

- (h) the Commission has reason to believe that the applicant may not be able to act in the best interests of the clients of the market intermediary having regard to his reputation, character, financial integrity and reliability;
- (i) the Commission is not satisfied as to the record of past performance or expertise of the applicant having regard to the nature of the duties to be performed for and on behalf of the market intermediary;
- (j) the Commission has reason to believe that the applicant has not acted honestly or fairly; or
- (k) the Commission is of the opinion that it would be contrary to the interests of investors to grant or renew the registration.

(2) The Commission shall not refuse to grant or renew the registration without giving the applicant an opportunity of being heard.

100. The Commission may, at any time by notice in writing to a market intermediary and the registered person, vary any condition or restriction or impose such further condition or restriction as it considers necessary for the protection of investors.

Power to vary conditions or restrictions

101. (1) A licence that has been granted under this Part shall be valid for a period of twelve months from the date of issue of the licence.

Duration of licence or registration

(2) A licence that has been renewed under this Part shall continue to be in force for a further period of twelve months or such later date as may be specified by the Commission commencing on the date upon which it would have expired but for its renewal.

(3) Where a licence is renewed for a period of more than twelve months, in terms of subsection (2), the market intermediary shall pay to the Commission the prescribed licence fee.

(4) The provisions of subsections (1) to (3) of this section shall, *mutatis mutandis*, apply to, and in relation to the duration of the registration granted to a registered person under this Part.

False and misleading statements to the Commission

102. (1) A person shall not, in connection with an application submitted to the Commission under this Part –

- (a) make or procure the making of a statement to the Commission which he knows or could reasonably be expected to know is false or misleading; or
- (b) omit to state any matter to the Commission where he knows or could reasonably be expected to know that because of the omission, the statement is misleading in a material respect.

(2) Any person who contravenes subsection (1) commits an offence.

Duty to notify the Commission

103. (1) Where a market intermediary proposes to alter material particulars already furnished or undergoes or intends to alter the particulars specified in the application for a licence or the renewal of a licence, it shall be the duty of such market intermediary to inform the Commission and obtain its prior consent before such alteration or change is effected.

(2) Where a registered person proposes to alter any particulars already furnished or intends to change or alter the status specified in the application for registration or renewal of a registration as a registered person, it shall be the duty of such registered person and the market intermediary for whom the registered person is acting for or employed, to forthwith inform the Commission of such alteration or change.

104. A person shall not act as an agent in carrying on the business of a licensed market intermediary or hold himself out as doing so unless he is duly authorised by the Commission or a person authorised by the Commission to carry on such activity.

Prohibition against holding out as an agent

105. (1) The Commission shall, cancel or suspend a licence granted to a market intermediary under this Part, where the Commission is satisfied that-

Cancellation or suspension of a licence or a registration

- (a) there exists any ground on which the Commission may refuse an application for a licence;
- (b) the market intermediary has contravened any condition or restriction in respect of its licence or any directive issued to him by the Commission under this Act; or
- (c) the market intermediary has contravened any provision of this Act or any rule binding upon him as the case may be.

(2) Before the cancellation or suspension of a licence granted to a market intermediary in terms of subsection (1) of this section, the market intermediary shall be given an opportunity of being heard.

(3) Where the licence granted to a market intermediary is cancelled, it shall be the duty of the market intermediary to forthwith surrender its licence to the Commission.

(4) The cancellation of a licence by the Commission under subsection (1) shall not affect or prejudice the institution or maintenance of any action against such market intermediary under this Act.

(5) The Commission shall have the power to suspend or cancel the registration granted to a registered person under this Part –

- (a) if it transpires that there exists any ground that would disentitle him to registration;
- (b) if the registered person has contravened any condition or restriction in respect of its registration or any directive issued to him by the Commission under this Act; or
- (c) if the registered person has contravened any provision of this Act or any of the rule which are binding on him as the case may be.

(6) The provisions of subsections (2) to (4) of this section shall, *mutatis mutandis*, apply to, and in relation to, any suspension or cancellation as the case may be, of a registration granted to a registered person under this Part.

Trading in securities by market intermediaries

106. A market intermediary or registered person shall not –

- (a) trade in or otherwise deal in securities outside the exchange of which he is a trading participant without the prior approval of the Commission;
- (b) trade in securities in contravention of such rules of the Commission or the rules of a market institution;
- (c) effect any transaction in a margin account in a manner contrary to the requirements set out by the market institution of which he is a trading participant; or
- (d) effect any transaction by means of any manipulative, deceptive or other fraudulent device or contrivance in order to induce or attempt to induce the purchase or sale of any securities.

Lending and borrowing of securities without the consent of the client

107. A market intermediary shall not lend or arrange for lending of any securities carried for the account of any client without the client's written consent or borrow or arrange to borrow, using the securities carried for the account of any client as collateral without the client's written consent.

108. (1) If an auditor of a market intermediary, in the ordinary course of the performance of his duties as an auditor, is of the opinion that there has been a breach of or non compliance with any provision of this Act, regulations, rules or directives made thereunder or a breach of any rule of a market institution or any matter which may adversely affect the financial position of the market intermediary to a material extent, the auditor shall immediately submit a written report to the board of directors on the matter with a copy to—

Duty of an auditor of a market intermediary

- (a) in the case of a contravention or non compliance with any provision of this Act, regulation, rule or directive made thereunder or any offence involving fraud or dishonesty, to the Commission;
- (b) in the case of a breach or non compliance of any of the rules of a market institution, to the relevant market institution and to the Commission; or
- (c) in any other case, which adversely affects the financial position of the market intermediary to a material extent, to the relevant market institution and to the Commission.

(2) No auditor shall be liable to be sued in any court for any report submitted by the auditor in good faith and in the performance of any duty imposed on the auditor under this section.

(3) The Commission may at any time during or after an audit, require an auditor of a market intermediary to—

- (a) submit such additional information in relation to his audit as the Commission may specify;
- (b) enlarge or extend the scope of his audit of the business and affairs of the market intermediary in such manner or to such extent as the Commission may require;

- (c) carry out any specific examination or establish any procedure in any particular case; or
- (d) submit a report or an interim report as the case may be on any matter referred to in paragraphs (a) to (c),

and the Commission may specify the time within which such requirements shall be complied with by the auditor.

(4) The auditor shall comply with any requirement of the Commission under subsection (3) and the market intermediary shall remunerate the auditor at the rates specified by the Commission in respect of the discharge by him of all additional duties under this section.

(5) The market intermediary shall provide such information and access to such information as the auditor shall require in respect of the discharge by him of all of the additional duties under this section.

CHAPTER 3

PROTECTION OF CLIENTS' ASSETS

Interpretation

109. For the purposes of this Chapter, unless the context otherwise requires—

“client” in relation to a market intermediary means a person on behalf of whom the market intermediary trades or from whom the market intermediary accepts instructions to deal in securities;

“money or other assets” means money received or retained by, or any other asset deposited with a market intermediary in the course of its business for which it is liable to account to its client, and any money or other assets accruing therefrom.

110. (1) A market intermediary shall, to the extent that it receives money or other assets from or on account of a client— Protection of client's assets

- (a) do so on the basis that the money or other assets shall be applied solely for such purpose as may be agreed to by the client when or before it receives the money or other assets;
- (b) shall hold money and other assets received on account of a client in trust for the benefit of such client;
- (c) shall not commingle money received on account of a client with its own funds or use such money as margin or guarantee for, or to secure any transaction of or to extend credit of any person other than the client; and
- (d) record and maintain a separate book entry for each client in accordance with the provisions of this Part or any rules that may be specified under subsection (2) in relation to that client's money or other assets.

(2) The Commission may, make rules in respect of all or any of the matters in subsection (1), including the handling of money or other assets by a market intermediary.

(3) Except as otherwise provided in this section or the rules made under subsection (2), all money or other assets received from or on account of clients or deposited with a market intermediary—

- (a) shall not be available for payment of debts of the market intermediary; and
- (b) shall not be liable to be paid or taken in execution under an order or a process of any court in respect of any liability of that market intermediary.

(4) Any market intermediary who, contravenes subsection (1), subsection (3) or any rule made under subsection (2), shall commit an offence.

Rules on
business conduct

111. (1) The Commission may make rules regulating the business conduct of a market intermediary or a registered person as the Commission considers necessary in the interest of client protection and for the purpose of raising professional standards of a market intermediary and a registered person.

(2) Any person who contravenes the rules made under subsection (1) commits an offence.

Duty in making
recommendations

112. (1) A market intermediary or a registered person shall not make a recommendation with respect to any securities to a client where such client may reasonably be expected to rely on the recommendation, if the market intermediary or registered person does not have a reasonable basis for making the recommendation to the client.

(2) For the purposes of subsection (1), a market intermediary or registered person does not have a reasonable basis for making a recommendation to a client unless—

- (a) he has, for the purposes of ascertaining that the recommendation is appropriate, having regard to the information possessed by him concerning the investment objectives, financial situation and particular needs of the client, given such consideration to, and conducted such analysis or investigation of the subject matter of the recommendation as is reasonable in all the circumstances; and
- (b) he has based the recommendation on the consideration, analysis or investigation referred to in paragraph (a).

113. (1) Where a market intermediary or a registered person sends a circular or other similar written communication in which he makes a recommendation, with respect to any securities, he shall include in the circular or other written communication in print not less legible than that used in the remainder of the circular or other written communication, a concise statement of the nature of any interest in the securities, or any interest in the acquisition or disposal of the securities that he or a person associated with or connected to him, has at the date on which the circular or other communication is sent.

Disclose certain interests in securities

(2) Where a market intermediary or registered person is charged with an offence in respect of a contravention of subsection (1), it shall be a defence for the market intermediary or registered person to prove that at the time the circular or other communication was sent, he was not aware and could not reasonably be expected to have been aware —

- (a) that he had an interest in the securities, or an interest in the acquisition or disposal of the securities; or
- (b) that the person associated with or connected to him had an interest in the securities, or an interest in the acquisition or disposal of the securities as the case may be.

(3) For the purposes of subsections (1) and (2) -

- (a) an interest of a person in the acquisition or disposal of any securities includes any financial benefit or advantage that will or is likely to accrue directly or indirectly to the person upon or arising out of the acquisition or disposal of the securities;
- (b) without limiting the generality of paragraph (a), a person who has entered into an underwriting agreement in respect of any securities shall be

deemed to have an interest in the acquisition or disposal of the securities; and

- (c) notwithstanding subsection (1) or paragraph (b) of subsection (2), a person is not connected to or associated with another person unless the person and the other person are acting jointly or otherwise acting under or in accordance with an arrangement made between them, in relation to the sending of the circular or other communication.

(4) When a market intermediary sends to a person a circular or other written communication to which subsection (1) applies, the market intermediary shall preserve a copy of the circular or other written communication for six years from the date on which the circular or other written communication is sent.

(5) For the purposes of this section, a circular or other written communication sent to a person shall, if it is signed by an officer of a market intermediary, be deemed to have been sent by the market intermediary.

(6) Any person who contravenes this section commits an offence under this Act.

Internal
procedures and
processes

114. A market intermediary shall establish and maintain procedures and processes for the purpose of monitoring compliance by such market intermediary and its employees, with the provisions of the Act, regulations, rules or directives made thereunder which will enable the market intermediary to monitor risk to its business.

Register of
market
intermediaries
and registered
persons

115. (1) The Commission shall keep in such form and manner as it may determine, a register of market intermediaries and registered persons which shall be made available for public inspection in such manner as the Commission may determine.

(2) The register shall be in electronic form and the Commission shall update the register at all times.

(3) The register for the market intermediary and the registered person shall contain –

- (a) the name of the market intermediary or the registered person;
- (b) the business address of the market intermediary or the registered person;
- (c) the type of licence held by the market intermediary or the type of registration held by the registered person;
- (d) the date the licence was granted to the market intermediary or the date the registration was granted to the registered person;
- (e) the names of registered persons acting for or employed by the market intermediary; and
- (f) any other matter that the Commission considers appropriate.

(4) The Commission may make necessary amendments in the register with respect to a market intermediary or a registered person where the licence held by the market intermediary is cancelled or suspended or where the registration held by the registered person is cancelled or suspended under this Act.

PART IV

Trade In Unlisted Securities

116. The object and purpose of this Part shall be –

- (a) to provide a platform through a recognised market operator for sale and purchase of unlisted securities in Sri Lanka to local and overseas investors in a transparent manner; and

Object and
purpose of this
Part

- (b) to facilitate the disclosure of information relating to unlisted securities to local and overseas investors through a recognised market operator in a transparent manner.

CHAPTER 1

ESTABLISHMENT OF A RECOGNISED MARKET OPERATOR

Establishment of a market operator **117.** A person shall not act as a market operator under this Part unless such person is registered with the Commission or exempted from such registration by the Commission.

Requirement to register a market operator **118.** (1) For the purposes of section 117, the Commission may upon application made by a person, register the person as a recognised market operator or exempt from such registration subject to any terms and conditions as the Commission considers necessary.

(2) The Commission may exempt a market operator from registration under section 117 having regard to the criteria specified under section 119 subject to such terms and conditions as may be specified by the Commission.

(3) The Commission may, from time to time, vary, amend or revoke any terms and conditions imposed under subsection (1).

(4) The Commission may notwithstanding the exemption granted under subsection (2), withdraw such exemption and may require such person to be registered if the Commission deems it necessary in the interests of investors.

Application for registration **119.** (1) An application to be registered as a recognised market operator shall be accompanied by such documents and information and in such form as the Commission may specify by rules.

(2) An application by such person for registration under this section shall provide documents to prove that such person has experience in trades executed on a platform to the satisfaction of the Commission.

(3) An application by such person for registration under this Chapter shall provide documents to prove that the arrangements are made by such platform for the clearance and settlement of the trades executed on the platform to the satisfaction of the Commission.

CHAPTER 2

ROLE OF A RECOGNISED MARKET OPERATOR

120. The functions and duties of a recognised market operator shall be-

Functions and duties of a recognized market operator

- (a) to provide a platform for the sale and purchase of unlisted securities in Sri Lanka;
- (b) to provide information relating to unlisted securities in Sri Lanka to the local and international financial community;
- (c) to provide criteria for admission and regulatory standards of its trading members;
- (d) to comply with any directive issued by the Commission, whether of a general or specific nature; and
- (e) to provide such assistance to the Commission, or to a person acting on behalf of or with the authority of the Commission, as the Commission or such person reasonably requires.

121. Any person buying and selling securities on a platform shall execute their orders through trading members admitted by the platform.

Trading on a platform

122. The Commission may make rules or require the market operator to make rules subject to the approval of the Commission -

Rules to be made by the Commission or the market operator

- (a) to determine the type of unlisted securities that can be traded on a platform;
- (b) to determine the type of issuers who can report trades to a platform;
- (c) to determine the type of investors that may trade on the platform;
- (d) to determine the type of trading members that may trade on the platform;
- (e) for the admission of trading members on the platform;
- (f) to determine the level of disclosures required to be made by the platform; and
- (g) to determine the standard of business conduct in the sale or purchase of unlisted securities.

Cancellation of
registration

123. (1) Subject to subsection (3), where the Commission is satisfied that it is appropriate to do so in the interest of the investors or for the maintenance of an orderly and fair market, the Commission may, by notice in writing, cancel the registration of a recognised market operator with effect from a date that is specified in the notice.

(2) The grounds for the cancellation of the registration shall be stated in the notice referred to in subsection (1).

(3) Notwithstanding the cancellation under subsection (1), the Commission may permit the person to continue on or after the date on which the cancellation is to take effect, to carry on such activities affected by the cancellation as the Commission may specify in the notice for the purpose of –

- (a) closing down the operations of the recognised market operator to which the cancellation relates;
or
- (b) protecting the interest of the investors.

(4) Where the Commission has granted permission to a person under subsection (3), such person shall not, by reason of its carrying on the activities in accordance with the permission, be regarded as having contravened any provision of this Act.

(5) The Commission shall not exercise its power under subsection (1) in relation to a recognised market operator unless it has given the recognised market operator an opportunity of being heard.

(6) Any cancellation of registration made under this section shall not operate so as to –

- (a) avoid or affect any agreement, transaction or arrangement entered into by the recognised market operator whether the agreement, transaction or arrangement was entered into before or where subsection (3) applies, after the cancellation of the registration under subsection (1); or
- (b) affect any right, obligation or liability arising under such agreement, transaction or arrangement.

124. (1) The Commission may from time to time review the performance of a recognised market operator under this Part.

Review of the performance of a recognised market operator

(2) The Commission may have regard to the following when reviewing the status of the recognised market operator:-

- (a) the systemic risk inherent in a platform;
- (b) the public interest;
- (c) the size and structure of the platform;
- (d) the class of unlisted securities traded on the platform; and
- (e) the nature of the investors and the participants using the platform.

(3) The Commission shall not exercise its powers under subsection (1) without giving the recognised market operator an opportunity of being heard.

Application of the provisions of the Act to unlisted securities

125. The rules relating to unlisted securities applicable to such trading platform made by the Commission or the recognised market operator under this Part shall prevail over any other rules relating to unlisted securities.

PART V

Market Misconduct

Object and purpose of this Part

126. The object and purpose of this Part shall be to facilitate for the deterrence and the taking of enforcement action against –

- (a) all types of market manipulation including false trading, market rigging and securities fraud; and
- (b) insider trading,

with a view to establishing a fair, orderly and transparent securities market.

Application of this Part

127. This Part shall apply unless specified otherwise therein-

- (a) in respect of securities-
 - (i) to acts or omissions occurring within Sri Lanka in relation to securities of any listed public company or any unlisted company that has made a public offer of securities in accordance with section 80 which is established or is carrying on business within or outside Sri Lanka;
 - (ii) to acts or omissions occurring outside Sri Lanka in relation to securities of any listed public

company or any unlisted company that has made a public offer of securities in accordance with section 80 which is established or is carrying on business within Sri Lanka;

- (iii) to acts or omissions occurring in relation to any securities issued by any Government outside Sri Lanka which are traded using the facilities of an exchange licensed by the Commission; or
- (iv) to acts or omissions occurring in relation to securities traded on a platform operated by a recognised market operator; and

(b) in respect of derivatives-

- (i) to acts occurring within Sri Lanka in relation to derivatives, traded on an exchange licensed by the Commission; and
- (ii) to acts occurring outside Sri Lanka in relation to derivatives traded on an exchange licensed by the Commission.

CHAPTER 1

PROHIBITED CONDUCT

128. (1) A person shall not create or cause the creation of or do anything that is intended to create –

- (a) a false or misleading appearance of active trading of securities traded on an exchange licensed by the Commission or a platform operated by a recognised market operator; or

False trading
and market
rigging
transactions

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(b) a false or misleading appearance with respect to the market for or the price of any such securities referred to in paragraph (a).

(2) A person shall not maintain, inflate or depress or cause inflation in the market price for any such securities –

(a) by means of any purchase or sale of any security that does not involve a change in the beneficial ownership of those securities; or

(b) by means of any fictitious transaction or device.

(3) Without prejudice to the generality of subsection (1), a person who –

(a) effects, takes part in, is concerned in or carries out, either directly or indirectly, any transaction of sale or purchase of any securities, being a transaction that does not involve any change in the beneficial ownership of the securities; or

(b) makes or causes to be made an offer to buy or sell such number of securities at a specified price where he has colluded with another or caused such collusion to be made with another or knows that a person associated with him has made with him or caused to be made with him an offer to purchase the same number or substantially the same number, of the same securities at a price that is substantially the same as the first mentioned price,

shall be deemed to have created a false or misleading appearance of active trading in such securities.

(4) In dealing with a contravention of subsection (1) it shall be a defence if the person establishes that the purpose or purposes for which he purchased or sold the securities was not, or did not include, the purpose of creating a false or misleading appearance with respect to the market for or the price of such securities.

(5) For the purposes of subsection (3), it is a defence for a person to establish that–

- (a) the purpose for which he did the act was not or did not include, the purpose of creating a false or misleading appearance of active trading on an exchange or a platform operated by a recognised market operator; and
- (b) he did not act recklessly, whether or not he created a false or misleading appearance of active trading on an exchange or a platform operated by a recognised market operator.

(6) For the purposes of this section, a purchase or sale of securities does not involve a change in the beneficial ownership, if a person or a person associated with such person had an interest in such securities before the purchase or sale and continues to have an interest in such securities after the purchase or sale.

(7) The reference in paragraph (a) of subsection (3) to a transaction of sale or purchase of securities includes -

- (a) the making of an offer to sell or purchase securities; and
- (b) the making of an invitation, that expressly or impliedly invites a person to offer to sell or purchase securities.

129. (1) A person shall not carry out or be involved in carrying out, either directly or indirectly, one or more transactions in securities of a company being transactions that have or are likely to have the effect of artificially-

Stock market manipulations

- (a) raising;
- (b) lowering; or
- (c) pegging, fixing, maintaining or stabilizing,

the price or volume of securities of that company traded on an exchange licensed by the Commission or a platform operated by a recognised market operator, for the purpose of inducing other persons whether or not such person is actually induced to acquire or dispose of the securities of the company or of a related company.

(2) A reference in this section to a transaction in relation to securities of a company traded on an exchange licensed by the Commission or a platform operated by a recognised market operator includes—

- (a) the making of an offer to sell or purchase such securities of the company; and
- (b) the making of an invitation, that expressly or impliedly invites a person to offer to sell or purchase such securities of the company.

False or misleading statements

130. A person shall not make a statement, or disseminate information that is false or misleading in a material particular and which is likely to have the effect of raising, lowering, maintaining or stabilizing the market price or volume of securities traded on an exchange licensed by the Commission or a platform operated by a recognised market operator, -

- (a) without taking reasonable care to check the accuracy of the statement or information; or
- (b) if he knows or could reasonably be expected to have known that the statement or information is false or misleading in a material particular.

131. (1) A person shall not induce or attempt to induce another person to trade in securities traded on an exchange licensed by the Commission or a platform operated by a recognised market operator, -

Fraudulently inducing persons to deal in securities

- (a) by making or publishing any statement or by making any forecast that he knows to be misleading, false or deceptive;
- (b) by any dishonest concealment of material facts;
- (c) by the reckless making or publishing, dishonestly or otherwise of any statement or forecast that is misleading, false or deceptive; or
- (d) by recording or storing in, or by means of, any mechanical, electronic or other device, information that he knows to be false or misleading in a material particular.

(2) For the purposes of paragraph (d) of subsection (1), it shall be a defence if the person referred to therein establishes that when the information was recorded or stored, that such person had no reasonable grounds for believing that the information would be available to any other person.

132. A person shall not directly or indirectly in connection with the subscription, purchase or sale of any securities traded on an exchange licensed by the Commission or a platform operated by a recognised market operator, -

Use of manipulative and deceptive devices

- (a) use any device, scheme or artifice to defraud;
- (b) engage in any act, practice or course of business which operates or would operate as a fraud or deceit upon any person; or
- (c) make any false statement of a material fact or omit to disclose in a statement a material fact which results in making such statement false or misleading.

CHAPTER 2

INSIDER TRADING

Information **133.** In this Chapter unless otherwise provided, “information” includes –

- (a) information relating to listed public companies that are not sufficiently definite to warrant being made known to the public;
- (b) matters relating to the intended decisions, of a person;
- (c) matters relating to negotiations or proposals with respect to –
 - (i) commercial dealings; or
 - (ii) dealings in securities;
- (d) information relating to the financial performance of a company;
- (e) information that a person proposes to enter into or has entered into one or more transactions or agreements in relation to securities or has prepared or proposes to issue a statement relating to such securities; and
- (f) matters related to the listed public company that have been decided to be executed in the future.

Information becoming generally available **134.** (1) In this Chapter, information generally available means information-

- (a) that has been published or made known in a manner that would or would tend to bring it to the attention of a reasonable person who invests or trades in securities of a kind whose price or value might be affected by such information; and

(b) which since it was made known a reasonable period for it to be disseminated among such persons has lapsed.

(2) The information referred to in subsection (1) includes information that consists of deductions or conclusions made or drawn from such information.

135. For the purpose of this Chapter, information which has a material effect on the price or value of securities means such information which would or would tend to, on becoming generally available influence a reasonable person who invests in securities in deciding whether or not to acquire or dispose of such securities or enter into an agreement with a view to acquire or dispose of such securities.

Material effect on price or value of securities

136. For the purposes of section 137, a person is deemed to procure an act or omission to be done or omitted to be done by another person if the first named person incites, counsels, induces, encourages or directs the said act or omission by such other person.

Reference to "procure"

137. (1) For the purpose of this Part, an 'insider' means a person, whether or not such person is connected to the respective company, if that person—

Prohibited conduct of persons in possession of information not generally available

(a) possesses information that is not generally available which on becoming generally available a reasonable person would expect it to have a material effect on the price or the value of securities; and

- (b) knows or could reasonably be expected to know that the information is not generally available.

(2) An insider shall not whether as principal or agent in respect of any securities to which the information in subsection (1) relates -

- (a) sell or buy or enter into an agreement or transaction for the sale or purchase of such securities; or
- (b) procure directly or indirectly, an acquisition or disposal of or enter into an agreement or transaction with a view to the acquisition or disposal of such securities.

(3) Where trading in the securities to which the information in subsection (1) relates is permitted on a securities market of an exchange or a platform operated by a recognised market operator, the insider shall not directly or indirectly, communicate the information referred to in subsection (1) or cause such information to be communicated to another person, if the insider knows or could reasonably be expected to know that the other person would or would tend to -

- (a) acquire, dispose of or enter into an agreement with a view to the acquisition or disposal of any securities to which the information referred to in subsection (1) relates; or
- (b) procure or direct a third person to acquire, dispose of or enter into an agreement with a view to the acquisition or disposal of any securities to which the information referred to in subsection (1) relates.

138. (1) In this Chapter, a company is deemed to possess any information-

Information in possession of an officer of a company

- (a) which an officer of the company-
 - (i) possesses and which came into his possession in the course of his duties as an officer of the company; or
 - (ii) knows or could reasonably be expected to know because he is an officer of the company;
- (b) which an officer of the company possesses and which came into his possession in the course of his duties as an officer of a related company of the first mentioned company where-
 - (i) the officer is an insider by reason of being in possession of the information;
 - (ii) the officer is involved in the decision, transaction or agreement of the first mentioned company in acquiring or disposing of securities in relation to which the officer is an insider or entering into an agreement to acquire or dispose of such securities, procuring another person to acquire or dispose of such securities or enter into an agreement to do so or communicating the information in circumstances referred to in subsections (2) and (3) of section 137; or

- (iii) it is reasonable to expect that the officer would communicate the information to another officer of the first mentioned company acting in his capacity as such unless it is proved that the information was not in fact so communicated.

(2) In this section “information” refers to information which a company is deemed to possess and “insider” means a person in possession of such information.

(3) It shall be a defense for a company accused of contravening subsections (2) or (3) of section 137 by entering into a transaction or agreement if the company proves that-

- (a) the decision to enter into the transaction or agreement was taken on behalf of the company by a person or persons other than an officer of the company in possession of the information;
- (b) the company had in operation at that time arrangements that could reasonably be expected to ensure that-
 - (i) the information was not communicated to a person or one of the persons who was involved in or made the decision to enter into or be involved in the transaction or agreement;
 - (ii) no advice with respect to the decision to enter into or be involved in the transaction or agreement was given to that person by the person in possession of the information; or
 - (iii) the person in possession of the information would not be involved in the decision to enter into or be involved in the transaction or agreement; and

- (c) the information was not communicated, no such advice was given and the person in possession of the information was not involved in the decision to enter into or be involved in the transaction or agreement.

139. (1) In this Chapter, a partner of a partnership is deemed to possess any information –

Information in possession of a partner or an employee of partnership

- (a) if a partner possesses information and it came into another partner's possession in his capacity as a partner of the partnership;
- (b) if an employee of the partnership possesses such information and it came into the employee's possession in the course of his duties; or
- (c) if a partner or an employee of a partnership knows or could reasonably be expected to know any matter or thing because of another partner or employee who knows or possess the information, it is presumed, unless the contrary is proved that every partner of the partnership knows or could reasonably be expected to know that matter or thing.

(2) It shall be a defense for a partnership which is accused of entering into a transaction in contravention of subsection (2) or (3) of section 137 to prove that -

- (a) the decision to enter into the transaction or agreement was taken on behalf of the partnership by -
 - (i) a partner who was not in possession of the information; or
 - (ii) an employee of the partnership who was not in possession of the information;

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- (b) the partnership had in existence at that time agreements that could reasonably be expected to ensure that-
 - (i) the information was not communicated to the partner or employee who was or were involved in or made to enter into the transaction or agreement in question;
 - (ii) no advice with respect to the decision to enter into the transaction or agreement was tendered to that partner or employee by a partner or an employee who was in possession of the information; or
 - (iii) the partner or employee in possession of the information would not be involved in the decision to enter into or be involved in the transaction or agreement; and
- (c) the information was not communicated, no advice was given and the partner or employee in possession of the information was not involved in the decision to enter into or be involved in the transaction or agreement.

(3) A partner of a partnership does not contravene subsection (2) of section 137 by entering into the transaction or agreement referred to in that subsection otherwise than on behalf of the partnership merely because the partner is deemed to possess information that is in possession of another partner or employee of the partnership.

(4) In this section “information” refers to information which a partnership is deemed to possess and where a partner or an employee of the partnership in possession of that information is an insider.

140. (1) Subsection (2) of section 137 shall not apply in respect of –

Exceptions in relation to underwriting and sub underwriting

- (a) the entering into of an underwriting agreement or a sub underwriting agreement; or
- (b) the acquisition of securities under an obligation to do so in an agreement referred to in paragraph (a).

(2) Subsection (3) of section 137 shall not apply in respect of the communication of information in relation to securities to a person solely for the purpose of procuring the person–

- (a) to enter into an underwriting agreement or a sub underwriting agreement in relation to such securities; or
- (b) to acquire such securities under an obligation to do so in an agreement referred to in paragraph (a).

141. (1) Section 137 shall not apply to an acquisition or disposal of securities or the communication of information that is carried out under any other written law relating to schemes of arrangement, reconstruction and takeover of companies.

Exceptions in relation to schemes of arrangement, reconstruction and takeover of companies

(2) Subsection (2) of section 137 shall not apply to a clearing house which acquires or disposes of securities for the purpose of settlement of a market contract or in relation to any proceedings or other action relating to the settlement of a market contract where the acquisition or disposal of securities is made in accordance with the rules of a licensed clearing house.

(3) Subsection (2) of section 137 shall not apply to an exchange or a central depository in relation to a sale or purchase of securities where the exchange or central depository acts on an instruction from a licensed clearing house.

Exception for a
company with
knowledge

142. (1) A company does not contravene subsection (2) of section 137 by entering into a transaction or an agreement in relation to securities other than the securities of such company merely because the company is aware that it proposes to enter into or has previously entered into one or more transactions or agreements in relation to those securities.

(2) Subject to subsection (3), a company does not contravene subsection (2) of section 137 by entering into a transaction or an agreement in relation to securities other than the securities of such company because an officer of the company is aware that it proposes to enter into or has previously entered into one or more transactions or agreements in relation to those securities.

(3) Subsection (2) shall not apply unless the officer of the company becomes aware of the matter referred to in that subsection in the course of his duties.

(4) Subject to subsection (5) a person does not contravene subsection (2) of section 137 by entering into a transaction or an agreement on behalf of a company in relation to securities other than the securities of such company merely because the person is aware that the company proposes to enter into or has previously entered into one or more transactions or agreements in relation to those securities.

(5) Subsection (4) shall not apply unless the person becomes aware of the matters referred to that subsection in the course of his duties as an officer of the first mentioned company or in the course of acting as an agent of the first mentioned company.

Exception in
relation to an
individual

143. An individual does not contravene subsection (2) of section 137 by entering into a transaction or an agreement in relation to securities merely because he is aware that he proposes to enter into or has previously entered into one or more transactions or agreements in relation to those securities.

144. (1) A market intermediary who carries on the business of buying and selling of securities on behalf of investors or its representative shall not contravene subsection (2) of section 137 by entering into a transaction or an agreement as an agent for another person, being a transaction or an agreement entered into on the securities market of an exchange if –

Unsolicited transaction by market intermediaries

- (a) the transaction or agreement is entered into under a specific instruction by the other person and was not solicited by a market intermediary or its representative carrying on the business of buying and selling of securities;
- (b) the market intermediary carrying on the business of buying and selling of securities or its representative has not given any advice to the other person in relation to the transaction or agreement or otherwise sought to procure the other person's instructions to enter into the transaction or agreement; and
- (c) the other person is not associated with the market intermediary or its representatives carrying on the business of buying and selling of securities.

(2) Nothing in this section shall affect the responsibility of the market intermediary in relation to subsection (1) of this section with respect to the business of buying and selling of securities in his capacity as the principal.

145. Subsection (2) of section 137 shall not apply in respect of the redemption by a trustee under a trust deed relating to a collective investment scheme in accordance with a buyback covenant contained or deemed to be contained in the trust deed at a price that is required by the trust deed to be calculated, so far as is reasonably practicable, by reference to the underlying value of the assets less any liabilities of the collective investment scheme to which the units of the collective investment scheme relates and less any reasonable charge for purchasing the units of the collective investment scheme.

Exception in relation to collective investment schemes

Parity of
information
defence

146. (1) A person does not contravene subsection (2) of section 137 if-

- (a) the other party to the transaction or agreement knew, or could reasonably have known, of the information before entering into the transaction or agreement; and
- (b) that person acquires or disposes of such securities on such terms and in such circumstances, that –
 - (i) he does not obtain any gain or avoid any loss, including an unrealized gain or unrealized avoidance of loss in price or value of the securities, as the case may be, for himself or any other person by reason of the effect that the information is likely to have when it becomes generally available; and
 - (ii) the purpose of the acquisition or disposal of the securities does not include any purpose of securing a gain or avoiding a loss, as the case may be, for himself or any other person by reason of the effect that the information is likely to have when it becomes generally available.

(2) It shall be a defense for a person accused of a contravention of subsection (3) of section 137 to prove -

- (a) that the information came into the possession of the person so communicating the information solely as a result of it being made known in a manner likely to make it generally available pursuant to section 134; or
- (b) that the other party knew or could reasonably be expected to have known the information before the information was communicated.

147. (1) A person who contravenes sections 128, 129, 130, 131, 132 or subsections (2) and (3) of section 137 commits an offence and shall be liable on conviction to a fine of not less than ten million rupees or to imprisonment for a term not exceeding ten years or to both such fine and imprisonment.

Offences under this Part and punishment

(2) Any person who abets or conspires to commit an offence under subsection (1), commits an offence and shall be punishable in the same manner as provided for in subsection (1).

148. Every offence committed under this Part shall be triable upon indictment by the High Court.

Jurisdiction of the Courts

149. Every prosecution in respect of an offence under this Part shall be instituted and conducted by the Attorney General.

Prosecution of offences under this Part

150. In a prosecution or in an action made by the Commission under section 152 against any person for an offence under section 137, it is not necessary for the prosecution or the Commission to prove the non-existence of facts or circumstances which, if existed would by virtue of sections 138, 139, 140, 141, 142, 143, 144, 145 and 146 preclude the act from constituting a contravention of subsections (2) and (3) of section 137.

Prosecution need not disprove the defences

151. (1) A person who suffers loss or damage by reason of or by relying on the conduct of another person who has contravened sections 128, 129, 130, 131, 132 or subsections (2) and (3) of section 137 under this Part may recover the amount of loss or damage by instituting an action in the court against the other person whether or not the other person has been charged with an offence in respect of the contravention or whether or not a contravention has been proved in a prosecution.

Right of the aggrieved party to claim damages

(2) This section shall not affect any liability under any other law in respect of the conduct constituting the contravention.

Right of the
Commission to
recover damages
and seek civil
penalties

152. (1) Whenever it appears to the Commission that any person has contravened sections 128, 129, 130, 131, 132 or subsections (2) and (3) of section 137 and where the Commission considers it necessary having taken into consideration the nature and manner of the contravention, the impact it has on the market and the extent of the loss caused to any investor, the Commission may institute Civil Proceedings in the court against that person.

(2) In a proceeding instituted by the Commission under subsection (1), the court may if it is satisfied on a balance of probabilities, that the person has contravened the provisions of sections 128, 129, 130, 131, 132 or subsections (2) and (3) of section 137, make an order against that person-

- (a) to pay to the Commission an amount equal to three times the gross amount of the pecuniary gain made or loss avoided by such person; and
- (b) for the payment of a civil penalty as the court considers appropriate having regard to the severity or gravity of the contravention, being an amount not less than ten million rupees and not exceeding one hundred million rupees.

(3) Notwithstanding anything to the contrary in any other written law, the court shall exercise jurisdiction in respect of the matters set out in subsection (2), and proceedings under subsection (2) shall be instituted by way of a plaint filed by the Commission and the provisions contained in the Civil Procedure Code (Chapter 101) shall apply *mutatis mutandis* regarding regular actions instituted by way of a plaint.

(4) Nothing in this section shall be construed to prevent the Commission from entering into an agreement with any person to pay with or without admission of liability an amount equal to three times the gross amount of the pecuniary gain made or the loss avoided by such person as determined by the Commission.

(5) An amount recovered by the Commission in an action under subsection (1) or in terms of the agreement referred to in subsection (4), each one third of that amount shall be -

- (a) applied to reimburse the Commission for all costs of the investigation and proceedings in respect of the contravention;
- (b) applied to compensate persons who have suffered loss or damage as a result of the contravention; and
- (c) credited to the Compensation Fund:

Provided that, if the Commission considers that it is not practicable to compensate the persons referred to in paragraph (b) in view of the amount of any potential distribution to each person or the difficulty of ascertaining or notifying the persons to whom it is appropriate to compensate, as the case may be, the Commission may decide not to distribute to the persons referred to in paragraph (b) and credit such sums to the Compensation Fund of the Commission.

(6) If the person fails to pay the civil penalty imposed on him within the time specified in the order made by the court referred to in subsection (2) or the sum to be paid in terms of the agreement as referred to in subsection (4), the Commission may recover the civil penalty or such sum as the case may be, as if it were a judgment debt owing to the Commission.

153. An action under section 152 shall not be commenced after the expiration of six years from the date of the contravention of any of the provisions in this Part. Prescription

PART VI

Finance

Object and
purpose of this
Part

154. The object and purpose of this Part shall be-

- (a) to establish various funds for the proper functioning of the Commission; and
- (b) to establish a fund to provide limited compensation to investors who have no other remedy.

CHAPTER 1

FUNDS OF THE COMMISSION

Levy of a Cess

155. (1) There shall be charged, levied and paid a cess at such rates as may be prescribed by the Minister by regulations published in the *Gazette* on every purchase and sale of securities recorded in an exchange or notified to it under its rules by both the purchaser and the seller. Different rates may be prescribed in respect of different classes of securities.

(2) The cess imposed under this section shall be in addition to any other tax or cess levied under any other law.

Cess Fund

156. (1) There shall be established a fund called the “Cess Fund” to be administered by the Commission to which shall be credited the proceeds of the cess imposed under section 155.

(2) The monies lying to the credit of the Cess Fund shall only be utilized for the purpose of –

- (a) developing the securities market;
- (b) enhancing monies lying to the credit of the Compensation Fund or the Fund of the Commission established under this Part;

- (c) meeting all expenditure incurred by the Commission in the management, administration, and operation of the Commission in the exercise, performance and discharge of its duties and functions;
- (d) granting loans for housing, educational, health and transport purposes to the staff of the Commission as the Commission deems appropriate;
- (e) to make contributions to pension and provident funds and other schemes established for the benefit of the Director General and its officers and servants and their dependents and nominees; and
- (f) to defray the costs of study, in Sri Lanka or abroad of the officers and servants of the Commission who are of proven merit as determined by the Commission.

(3) Any excess money lying to the credit of the Cess Fund may be invested by the Commission in such manner as may be determined by the Commission for the purpose of developing the Cess Fund.

157. (1) The Commission shall have its own Fund.

Fund of the
Commission

(2) There shall be paid into the Fund –

- (a) all such sums of money as may be voted upon from time to time by Parliament for the use of the Commission;
- (b) all sums of money as may be charged as costs incurred in carrying out all inspections under the provisions of this Act or paid as fees under the provisions of this Act;

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- (c) such sums of money that are recovered, as reimbursements for costs incurred in carrying out investigations and institution of legal proceedings in respect of contraventions under the provisions of this Act;
- (d) all such sums of money as may be received by the Commission by way of donations, gifts or grants from the Consolidated Fund, the Government or a foreign Government, State Agencies and from multilateral and bilateral agencies whether within or outside Sri Lanka; and
- (e) such sums of money as may be credited from the Cess Fund.

(3) There shall be paid out of the Fund all such sums of money required to defray the expenditure incurred by the Commission in the exercise, discharge and performance of its powers, functions and duties.

(4) Monies belonging to the Fund of the Commission may be invested by the Commission in such manner as may be determined by the Commission.

CHAPTER 2

FUND TO PROVIDE COMPENSATION TO INVESTORS

Compensation
Fund

158. (1) There shall be established a fund called the “Compensation Fund,” by the Commission for the purpose of granting limited compensation to any investor who suffers pecuniary loss as a result of any licensed stock broker or stock dealer being found by the Commission as being incapable of meeting its contractual obligations.

(2) The Compensation Fund shall consist of -

- (a) such sums of money as may be voted upon by Parliament;

- (b) such sums of money as may be credited to the fund under the provisions of this Act; and
- (c) such sums of money as may be credited from the Cess Fund as approved by the Commission.

(3) Monies belonging to the Compensation Fund may be invested by the Commission in such manner as may be determined by the Commission.

159. (1) The Commission shall appoint from amongst the members of the Commission, three members who shall comprise the Compensation Committee (hereinafter referred to as the “Committee”) of the Commission.

Appointment of a Compensation Committee

(2) The Committee appointed under subsection (1) shall be responsible for assessing and awarding compensation in respect of any application made under section 162 and the decision of such Committee on any such assessment or award shall be final and conclusive for the purpose of this Act.

160. (1) Any investor who has suffered pecuniary loss as a result of any licensed stock broker or stock dealer being found incapable of meeting his contractual obligation towards such investor may make an application to the Committee in the specified form claiming compensation from the Compensation Fund.

Application for compensation

(2) The Committee may from time to time, require an applicant to produce any document or other evidence in support of the claim of the applicant for compensation. Where the applicant fails to comply with such request, the Committee may disallow the claim of the applicant.

(3) If at any time the Committee considers it necessary so to do, it may hold an inquiry into the claim of the applicant and shall by notice in writing, inform the applicant to be present on such date, and at such time and place as may be specified in the notice. Where the applicant fails to appear for such inquiry on the date set out in the notice, the Committee may disallow the claim of the applicant.

Payment of
compensation

161. (1) The Committee may, after examination of the documents and other evidence produced in support of the claim by an applicant or in any case where an inquiry was held on the conclusion of such inquiry allow or disallow such claim for compensation.

(2) Where the Committee allows any claim it shall make an assessment of the limited compensation payable and shall make an award in relation thereto. Notice of such award shall be given in writing to the applicant.

CHAPTER 3

FINANCIAL YEAR AND AUDIT OF ACCOUNTS

Financial Year

162. The financial year of the Commission shall be the period of twelve months commencing on the first day of January each year.

Audit of
Accounts

163. (1) The Commission shall cause proper books of accounts to be kept of the income and expenditure, assets and liabilities and all other transactions of the Commission.

(2) The provisions of Article 154 of the Constitution relating to the audit of accounts of public corporations shall apply to the audit of the accounts of the Commission.

PART VII

General

Object and
purpose of this
Part

164. The object and purpose of this Part shall be to ensure effective implementation of provisions in this Act relating to production of documents, disclosure of information, establishment of a Complaints Resolution Committee, conducting inquiries and investigations, sharing of information and the protection of whistleblowers.

CHAPTER 1

PROVISIONS RELATING TO IMPLEMENTATION

165. (1) The Commission or a person authorised by the Commission may by notice in writing require any person within such period as specified in the notice to furnish any information or produce any document or electronic record (other than any information or document which is prohibited from being disclosed or produced under any law relating to the imposition and recovery of any tax) as specified in such notice and as the Commission may consider necessary for the proper exercise of its powers or the discharge of its functions under this Act.

Production of documents and disclosure of information

(2) It shall be the duty of any person who receives a notice under subsection (1) to comply with the requirements of such notice within the period specified therein and, where in compliance with such notice such person discloses any information or produces any document or electronic record which he is prohibited from doing under any law, such disclosure or production shall notwithstanding anything to the contrary in such law not be deemed to be a contravention of the provisions of such law.

(3) Any information furnished or the contents of a document or an electronic record produced in compliance with a notice issued under this section shall not be published or communicated by the Commission to any other person except—

- (a) by an order of court; or
- (b) in the course of the discharge of the functions of the Commission; or
- (c) with the consent of the person furnishing such information, document or electronic record.

(4) The consent under paragraph (c) of subsection (3) is not required when the person furnishing the information, document or electronic record is being investigated by the Commission for a breach of any provision of this Act or any regulation, rule or directive made thereunder.

Inquiries and
investigations

166. (1) Notwithstanding anything to the contrary contained in the Code of Criminal Procedure Act, No. 15 of 1979, the Commission or any person duly authorised by the Commission, may hold inquiries or carry out investigations as it may consider necessary or expedient for the exercise, performance and discharge of the powers, duties and functions of the Commission under this Act.

(2) For the purposes of subsection (1), the Commission or any person authorised by the Commission may, summon and call upon any person to appear before it or him to give evidence or to produce any book or document in the possession or control of such person as are required for the purpose of such investigation or inquiry, where the Commission has reasonable grounds to believe that—

- (a) the transactions in securities are being dealt with in a manner detrimental to investors or the securities market by any person; or
- (b) any market institution, market intermediary, investor or any other person has violated any of the provisions of this Act, regulations or the rules made thereunder or the directives issued by the Commission.

(3) Any person summoned or called upon to appear before the Commission or any person duly authorised by the Commission under subsection (2) may be examined orally and any statement made by the person so examined may be in writing. Every such statement in writing shall be signed by the person so examined provided that prior to signing the same, such person shall be required to read such statement or if he does not understand the language in which it is written it shall be interpreted to him in a language he understands and he shall be at liberty to explain or add to such statement.

(4) Every person who fails to appear before the Commission or the person authorised, when required to do so under subsection (2) or who refuses to answer any question put to him by the Commission or a person duly authorised by the Commission or any person who refuses to produce or allow the Commission or any person duly authorised to take copies of any book, document or electronic record in his possession or control when required to do so or knowingly gives any false answer to any question put to him by the Commission or a person duly authorised by the Commission commits an offence.

(5) (a) For the purpose of carrying out an inquiry or investigation under subsection (1), the Commission may authorise in writing any officer and any expert recognised under the Computer Crimes Act, No. 24 of 2007, as may be required to enter at all reasonable hours of the day any premises of a market institution or market intermediary or listed public company to inspect and take copies of any document or electronic record or take into possession any electronic device required to be kept under this Act or under any regulation or rule or directive made thereunder or any other law in respect of such business and where the Commission has reasonable grounds to believe that such information may be required in discharging its duties under the Act, to access their computer systems to collect evidence.

(b) For the purpose of carrying out an inquiry or an investigation under subsection (1), it shall be lawful for the Commission or any person authorised by the Commission upon an order issued by Magistrate's court to have access to any other premises not specified in paragraph (a) and inspect any property, book, document, article, thing or electronic record or device or otherwise in any form whatsoever and seize or take possession of the copies of such book, document, article, thing or electronic record or otherwise in any form whatsoever provided it is deemed by such authorised persons to be material evidence for a successful investigation or inquiry under subsection (1).

(6) Every authorised officer under subsection (1) shall be deemed to be a peace officer within the meaning and for the purposes of the Code of Criminal Procedure Act, No. 15 of 1979.

(7) The provisions of the Computer Crimes Act, No. 24 of 2007 shall *mutatis mutandis* apply in carrying out an inquiry or investigation under subsection (5) or any other section in this Act relating to electronic records or documents.

(8) Notwithstanding anything to the contrary in any other written law where the Commission on a consideration of material collected in the course of an investigation or inquiry or both an inquiry and investigation as the case may be is satisfied that any person has committed an offence under this Act other than an offence under Part V, it may authorise the Director General to initiate criminal proceedings against such person or to take any other enforcement action as provided for under this Act.

(9) Notwithstanding anything to the contrary in any other written law the Commission may if it deems appropriate forward the material collected and received under this Part to the Attorney General or any other authority to take any appropriate action under any other written law.

Issue of freezing
orders

167. (1) On reasonable suspicion of a contravention of any provision of this Act, regulations, rules or directives made thereunder, the Commission may, at any time where an inquiry is being carried out or a person is being investigated in terms of section 165, issue a directive (hereinafter referred to as a “freezing order”)-

- (a) prohibiting a person from disposing assets of such person or any part thereof which is related to the matter under inquiry or investigation; or
- (b) prohibiting a person from entering into any transaction or a class of transactions as may be determined by the Commission.

(2) A freezing order made under subsection (1) shall not be in force for a period exceeding seven market days from the date of issue of such order.

(3) The Commission after issuing a freezing order under subsection (1), shall within the period during which the freezing order is in force, make an application to court seeking confirmation of such freezing order and also if circumstances so necessitates, request an extension thereto as required after giving the aggrieved person an opportunity of being heard.

(4) Where the court is satisfied that there are sufficient reasons for issuance of such freezing order, the court may confirm the freezing order and if it is satisfied that there are sufficient reasons for extension thereof may, grant extensions for such periods as it considers appropriate.

(5) On an application made by the Commission to court in terms of subsection (3), the court shall make an appropriate order in respect of the management of the asset under a freezing order.

168. (1) The Commission shall establish a Complaints Resolution Committee to hear complaints by any person relating to the professional misconduct or the breach of any provision of this Act, regulations, rules made thereunder or directives issued on a market institution, market intermediary, listed public company or a registered person or any other person who comes under the regulatory purview of the Commission.

Inquiry by
Complaints
Resolution
Committee

(2) The Commission or any person duly authorised by the Commission may hold such inquiries as it or he may consider necessary or expedient for the exercise, performance and discharge of the powers, duties and functions of the Commission under this Act and for such purpose summon and call upon any person to appear before the Complaints Resolution Committee to give evidence or to produce any books or documents in the possession or control of such person as are required for the purpose of such inquiries.

(3) The Commission shall establish appropriate processes and procedures for handling such complaints, and all matters related thereto by rules.

(4) The Complaints Resolution Committee may on receipt of any written complaint made by a person, examine the evidence produced to find whether any provision of this Act, regulations, rules or directives made thereunder or any rules of a market institution has been contravened.

(5) Where the Committee finds that a market institution, market intermediary, listed public company or registered person has contravened a provision under this Act, regulation, rule or directive issued thereunder or rules of a market institution, the Complaints Resolution Committee shall convey such finding with a recommendation to the Commission and the Commission shall have the discretion to either give effect to such recommendation or take any other action as it may deem expedient.

(6) The Commission shall not take any action under this section without affording such market institution, market intermediary, listed public company or registered person an opportunity of being heard.

Supplementary
Service
Providers

169. (1) The Commission shall be entitled to seek information, clarification or explanation from supplementary service providers in relation to professional services carried out in respect of a market institution, market intermediary or listed public company or an unlisted company which has made a public offer of securities in accordance with section 81.

(2) Where the Commission is of the view that the services rendered in terms of subsection (1) is likely to cause harm to the interest of investors, the Commission may issue a directive to such supplementary service provider to take corrective action as may be determined by the Commission.

(3) The Commission may make guidelines or rules to provide for the duties and obligations of supplementary service providers where the Commission considers it necessary.

170. The Commission may enter into agreements or memoranda of understanding with such other organisations in connection with the sharing of information on regulatory functions relating to securities and investors in securities markets.

Implementation of agreements or memoranda of understanding

171. (1) The Commission may on its own motion or upon an order issued by a competent court of law-

Sharing of information and cooperation

- (a) permit a police officer or any public officer to have access to and inspect any property, book, document, article, thing or electronic record or otherwise in any form whatsoever which has been produced before, seized, detained or taken possession of by the Commission under this Act; or
- (b) provide to a police officer or any public officer a copy of any book, document or electronic record or otherwise in any form whatsoever seized, detained or taken possession of by an investigating officer or by any officer of the Commission in the course of any inspection carried out by the Commission in the exercise of its powers or in the discharge of his duties in respect of any person.

(2) The Commission may, where it deems necessary, enter into regulatory arrangements to cooperate with any domestic or foreign supervisory authority which may include –

- (a) obtaining any information or document or electronic record from any domestic or foreign supervisory authority; and
- (b) share any information or document or electronic record with any domestic or foreign supervisory authority.

(3) The Commission may, upon receiving a written request from a foreign supervisory authority for assistance in respect of any regulatory matter which the foreign supervisory authority enforces or administers, provide such assistance to such foreign supervisory authority as the Commission deems fit for the purpose.

(4) In determining whether to render assistance under subsection (3), the Commission shall have regard to-

- (a) whether the foreign supervisory authority shall pay the Commission any cost and expenses incurred for providing the foreign supervisory authority with the assistance; and
- (b) whether the foreign supervisory authority shall be able and willing to provide reciprocal assistance in response to a comparable request for assistance from the Commission.

(5) In this section –

“domestic supervisory authority” means the Central Bank of Sri Lanka established under the Monetary Law Act, Registrar General of Companies appointed under the Companies Act, No. 7 of 2007, the Police and any other regulatory authority under any written law;

“foreign supervisory authority” means a foreign authority which exercises functions corresponding to the functions of the Commission under this Act or any person or international organisation outside Sri Lanka

exercising regulatory functions and in respect of which the Commission considers desirable and necessary in the interest of the public to enter into such arrangement or to render such assistance; and

“Public Officer” shall have the meaning assigned to that expression by Article 170 of the Constitution.

172. (1) An employer shall not discharge, terminate, demote or cause harassment to a person in employment on account of having provided information to the Commission concerning violations or potential violations of this Act, regulations, rules or directives made thereunder or any rule of a market institution.

Whistleblower protection

(2) Any employer who retaliates against such person for providing information to the Commission in terms of subsection (1) may be subjected to such administrative penalty as may be determined by the Commission by rules, after affording such person an opportunity of being heard.

(3) For the purposes of this section, a “person in employment” includes a director, partner, chief executive officer, chief financial officer, company secretary, internal auditor or any other employee.

(4) The Commission may grant a reward in terms of rules made in that regard, to a whistleblower who is the first to provide such information which leads to the successful prosecution or any other sanction by the Commission against a person for a contravention of the provisions of this Act.

173. The Minister may, from time to time, request the Commission in writing to furnish to him in such form as he may require returns, accounts and other information with

Furnishing of information to the Minister

respect to the work of the Commission and the Commission may furnish such information other than information deemed confidential by the Commission, on the grounds that providing such information –

- (a) would cause grave prejudice to an ongoing investigation under the Act;
- (b) would cause grave prejudice to the prevention or detection of any offence under the Act; or
- (c) expose the identity of a confidential source of information in relation to any inquiries or investigations that are being conducted by the Commission under the Act.

Protection for
action taken
under the Act

174. (1) No suit or prosecution shall be instituted against any member of the Commission or against any officer of the Commission for any acts done or purported to be done or omitted to be done in good faith under this Act or on the direction of the Commission.

(2) Any expense incurred by the Commission in any suit or prosecution brought by or against it before any court shall be paid out of the Fund of the Commission and any cost paid to or recovered by the Commission in any such suit or prosecution shall be credited to such fund of the Commission.

(3) Any expenses incurred by a person referred to in subsection (1) in any suit or prosecution brought against him before any court in respect of any act which is done or purported to be done by him under this Act or on the direction of the Commission shall, if the court holds that such act was done in good faith be paid out of the Fund of the Commission unless such expenses are recovered by him in such suit or prosecution.

CHAPTER 2

PROVISIONS RELATING TO PUNISHMENTS AND ENFORCEMENT
MECHANISMS

175. (1) Other than offences under Part V, any person who— Offences

- (a) contravenes any provision of this Act or any requirement imposed under the provisions of this Act or any regulation or rule or directive made thereunder;
- (b) furnishes or produces, for the purposes of this Act or any requirement imposed under the provisions of this Act or any regulation, or any rule or directive made thereunder, any information or any return, document or electronic record or statement the contents of which are, to his knowledge, untrue, incorrect or misleading;
- (c) threatens or intimidates or willfully obstructs, makes any derogatory remarks and publishes any statement with a view to bringing disrepute or defaming any member of the Commission or the Director-General or an officer or servant of the Commission or any person with whom the Commission has entered into an agreement in the course of discharging his duties under this Act or under any regulation or rule made thereunder;
- (d) in any manner falsify any information or electronic record or store any misleading or false information in any book or electronic record in relation to the business of a market institution, market intermediary or a listed public company or any of its related companies; or
- (e) destroys, conceals, mutilates, alters, sends or attempts to send or conspires with any other person to remove from its premises or send out of Sri Lanka

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any book, document or electronic record or accounts required to be kept or maintained under this Act, regulations, rules or directives made thereunder with intent to defraud any person, or to prevent, delay or obstruct the exercise of any power under this Act,

commits an offence.

(2) Any person who abets or conspires to commit an offence as stated in subsection (1) hereof, commits an offence and shall be punishable in the same manner as punishable for an offence under subsection (1).

(3) All offences under this Act other than offences in Part V shall be triable in the Magistrate's court and any person who is found guilty of an offence under this Act for which no penalty is expressly provided for under this Act shall be liable on conviction after summary trial to a fine not less than ten million rupees and not exceeding one hundred million rupees or to imprisonment of either description for a period not exceeding ten years or to both such fine and imprisonment.

(4) Where any offence under this Act is committed by a body corporate, any person who is at the time of the commission of the offence, a director, manager or other similar officer of the body corporate shall be deemed to be guilty of that offence unless he proves that such offence was committed without his knowledge or connivance or that he exercised all due diligence to prevent the commission of that offence as he ought to have exercised having regard to the nature of his functions and all the circumstances of the case.

Acts applicable
to the criminal
process

176. (1) The Code of Criminal Procedure Act, No. 15 of 1979 shall be applicable in the conduct of all prosecutions made under this Act and except for offences under Part V, proceedings on behalf of the Commission shall be instituted by the Director-General.

(2) In prosecutions and in civil actions under this Act, the provisions of the Electronic Transactions Act, No. 19 of 2006 shall apply to and in relation to the admissibility of evidence of electronic records or other documents.

177. Other than offences listed in Part V of this Act, the Commission may having regard to the circumstances in which the offence under this Act was committed, compound such offence for a sum of money not exceeding one half of the maximum fine imposable for such offence and all such sums of money received by the Commission in the compounding of an offence under this section shall be credited to the Compensation Fund of the Commission.

Compounding of offences

178. (1) Except in relation to offences under Part V, if any person –

Power of the Commission to impose administrative sanctions

- (a) contravenes any provision of this Act or commits a breach of any regulation or rule made thereunder;
- (b) contravenes or fails to comply with any condition or restriction of a licence or registration granted under this Act;
- (c) fails to comply with any provision of the rules of a market institution; or
- (d) fails to comply with any written notice, guideline, directive or condition imposed by the Commission,

the Commission may, having regard to the nature and manner of the contravention, non-compliance or breach and the impact of such contravention, non-compliance or breach on the market referred to in paragraphs (a), (b), (c) and (d) of subsection (1), take any one or more of the following administrative actions: -

- (i) direct the person who has committed the contravention, non-compliance or breach to comply, observe, enforce or give effect to such provisions, regulations, rules, written notice, condition, directive or guideline;

- (ii) impose a penalty on the person who has committed the contravention, non-compliance or breach, in proportion to the severity or gravity of the contravention, non-compliance or breach and such penalty in any event shall not exceed fifty million rupees;
- (iii) reprimand the person who has committed the contravention, non-compliance or breach;
- (iv) require the person who has committed the contravention, non-compliance or breach to take such steps as the Commission may direct to remedy the contravention, non-compliance or breach to mitigate the effect of such contravention, non-compliance or breach, including making restitution to any other person aggrieved by the contravention, non-compliance or breach;
- (v) in the case of a promoter or a director of a listed public company, in addition to the actions that may be taken under paragraphs (i) to (iv), the Commission may impose a moratorium on or prohibit any trading of or any dealing in, the listed public company's securities or in any other securities which the Commission thinks fit, by the promoter or director or any person connected with the promoter or director.

(2) The Commission shall not take any action under subsection (1) without giving the person in contravention, non-compliance or breach an opportunity of being heard.

(3) For the purposes of paragraph (iv) of subsection (1) in determining whether or not restitution is to be made by a person in contravention, non-compliance or breach, the Commission shall have regard to—

- (a) the profits that have accrued to such person in contravention, non-compliance or breach; or

- (b) whether one or more persons have suffered loss or been otherwise adversely affected as a result of the contravention, non-compliance or breach.

(4) Where the Commission takes an action under subsection (1) against any person under the rules of a market institution the Commission shall notify the market institution of the action taken by the Commission.

(5) Nothing in this section shall preclude the Commission from—

- (a) directing a market institution to take any disciplinary action against its trading participants, clearing members or depository participants, a listed public company and a director of a listed public company for the contravention, non-compliance or breach of the rules of the market institution including the imposition of a penalty; or
- (b) taking any other action that it is empowered to take under this Act against the person who has committed the contravention, non-compliance or breach.

(6) (a) Any person aggrieved by a decision made under paragraph (ii) of subsection (1) may within fourteen days of receipt of such decision may appeal to the Minister.

(b) Notwithstanding the making of an appeal to the Minister under paragraph (a), any administrative sanction imposed by the Commission shall continue to have effect until the Minister makes his decision.

(c) The Minister may, on an appeal made under paragraph (a), after hearing the Commission and the person who made the appeal under paragraph (a), within a period of one month after receipt of such appeal,-

- (i) allow the appeal and mitigate the penalty;
- (ii) disallow the appeal.

(d) The Commission shall give effect to the decision of the Minister.

(7) Where a person has failed to pay a penalty imposed by the Commission under subsection (2), the sum of money due as such penalty may, on application being made by the Commission to the Magistrate's court, be recovered in like manner as a fine imposed by such court, notwithstanding that such sum may exceed the amount of a fine which that court may, in the exercise of its ordinary jurisdiction impose and notwithstanding the provision of any written law to the contrary the sum so recovered shall be paid to the Commission.

(8) Without prejudice to any other remedy, where an administrative sanction under paragraph (iv) of subsection (1) requires the person in contravention, non-compliance or breach to make restitution in the form of monetary payment and the person in contravention, non-compliance or breach fails to retribute, on application being made by the Commission, to the Magistrate's court, be recovered in like manner as a fine imposed by such court, notwithstanding that such sum may exceed the amount of a fine which that court may, in the exercise of its ordinary jurisdiction impose and notwithstanding the provision of any written law to the contrary the sum so recovered shall be paid to the Commission.

(9) Where the monies received under subsection (1) has not been distributed due to the difficulty of ascertaining or notifying the aggrieved persons, such amount shall be—

- (a) credited to the Compensation Fund of the Commission maintained under Part VI; or
- (b) retained by the Commission to defray the costs of regulating the securities market as the Commission may determine.

Power of the
Commission to
protect
investors' assets

179. (1) The Commission may take one or more of the following actions where a market intermediary who handles or is entrusted with monies of clients or assets in the course of his business contravenes any provision of this Act,

regulation, rule or directive issued thereunder or is no longer fit and proper and the Commission is of the view that interests of investors, the clients of a market intermediary or unit holders of collective investment schemes are likely to be jeopardized, or are jeopardized—

- (a) direct the market intermediary not to deal with monies and properties of any investor or its clients in such manner as the Commission thinks appropriate or to transfer the monies and properties of such investors or its clients or any document or electronic record in relation to such monies or properties to any other person as may be specified by the Commission;
- (b) direct a trustee to transfer any document or electronic record in relation to monies or properties to any other person as may be specified by the Commission;
- (c) prohibit the market intermediary from entering into transactions, soliciting business from persons or require the market intermediary or trustee to engage in business in such manner as may be specified by the Commission; or
- (d) require a market intermediary or trustee to maintain property within Sri Lanka or at a place outside Sri Lanka as determined by the Commission.

(2) The Commission shall not take any action under this section without giving such market intermediary an opportunity of being heard prior to taking any action under subsection (1).

(3) Subsection (2) shall not apply if the Commission considers that any delay in taking an action under this section would be prejudicial to the interest of investors, the interest of clients of the market intermediary or the public interest.

Power of the
Commission to
apply to court
for certain
orders

180. (1) On an application made to the court by the Commission, the court may on being satisfied that there is a reasonable likelihood that any person has contravened or is likely to contravene a provision of this Act, regulations or any rule made thereunder or that a person has failed or is likely to fail to comply with any directive issued by the Commission, the court may make an order—

- (a) restraining or requiring the cessation of the contravention;
- (b) restraining a person from dealing or trading in securities in respect of any class of securities mentioned in the order;
- (c) declaring a securities transaction to be void;
- (d) restraining the person from acquiring, disposing of or otherwise dealing with assets which the court is satisfied that such person is reasonably likely to acquire, dispose of or otherwise deal with;
- (e) directing a person to dispose of any securities that are specified in the order;
- (f) restraining the exercise of any voting or other rights attached to any securities that are specified in the order;
- (g) restraining a person from making available, offering for subscription or purchase or issuing an invitation to subscribe for or purchase or allotting any securities that are specified in the order;
- (h) appointing a receiver or liquidator over the property of a market intermediary or the property that is held by such person for or on behalf of another person whether on trust or otherwise;

- (i) vesting securities or such other property that is specified in the order in a trustee appointed by court;
- (j) requiring a person to do such act or comply with such directive where a person has refused or failed or is refusing or failing or is proposing to refuse or fail to do any act or comply with any directive that such person is required to do under this Act;
- (k) requiring that person or any other person who appears to have been knowingly involved in the contravention to take such steps as the court may direct to remedy it or to mitigate its effect including making restitution to any other person aggrieved by such contravention;
- (l) directing a person to do or refrain from doing a specified act for the purpose of securing compliance with any other order under this section;
- (m) directing a person to comply with a directive that is issued by the Commission;
- (n) on any ancillary matter deemed to be desirable in consequence of the making of an order under any of the preceding provision of this subsection.

(2) If an application is made to court for an order under subsection (1), the Court may, make an interim order *ex parte* pending the final determination of the application.

(3) The court may before making an order under subsection (1), direct that notice of the application be given to such persons as it thinks fit or direct that notice of the application be published in such manner as it thinks fit or both.

(4) Where an application for an order under subsection (1) is made by the Commission or any person duly authorised by the Commission, the court shall not as a condition of the grant of the order require any undertaking as to damages to be given by or on behalf of the Commission.

(5) A person appointed by order of the court under subsection (1) as a receiver of the property of a market intermediary—

- (a) may require the market intermediary to deliver to him any property of which he has been appointed receiver or to give to him all information concerning that property that may reasonably be required;
- (b) may acquire and take possession of any property of which he has been appointed receiver;
- (c) may deal with any property that he has acquired or of which he has taken possession in any manner in which the holder might lawfully have dealt with the property; and
- (d) has such other powers in respect of the property as the court specifies in the order.

(6) In this section, “property”, in relation to a market intermediary includes monies, securities or other property and documents of title to securities or other property entrusted to or received on behalf of any other person by the market intermediary or another person in the course of or in connection with the business of the market intermediary.

(7) The trustee appointed by an order of the court under this section—

- (a) may require any person to deliver to the trustee any security or such other property specified in the order or to give to the trustee all information concerning the securities that may reasonably be required;

- (b) may acquire and take possession of the securities or such other property;
- (c) may deal with the securities or such other property in any manner as it thinks fit; and
- (d) shall have such other powers in respect of the securities or such other property as may be specified by the court in the order.

(8) The proceeds of the dealing in or disposal of securities under subsection (1) shall be paid to court and any person claiming to be beneficially entitled to the whole or any part of such proceeds may within thirty days of such payment to court apply to the court for payment out of the proceeds due to such person.

(9) The court may rescind, vary or discharge an order made by it under this section or suspend the operation of such an order on the application of a party aggrieved by such order with prior notice to the Commission of such application of an aggrieved party.

181. The Commission may, where it thinks necessary or expedient in the interest of the public or for the protection of investors and in such form or manner as it thinks fit, publish any information in relation to any decision made or any action taken by the Commission under this Act, regulations, rules or directives.

Power of the Commission to publish information

182. (1) The Minister on the recommendation of the Commission may make regulations in respect of matters required by this Act to be prescribed or in respect of which regulations are authorised to be made.

Regulations

(2) Without prejudice to the generality of the provisions contained in subsection (1), the Minister may make regulations in regard to –

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- (a) the fees, terms and conditions to be satisfied for the purpose of granting a licence to a market institution;
- (b) giving effect to any memorandum of understanding between the Commission and its foreign counterpart or any other organization in respect of listing of a foreign entity in Sri Lanka or sharing of information;
- (c) product or class of products which are not classified as securities.

(3) Every regulation made by the Minister shall be published in the *Gazette* and shall come into operation on the date of such publication or on such later date as may be specified in the regulation.

(4) Every regulation made by the Minister shall, as soon as it is convenient after its publication in the *Gazette* be brought before Parliament for approval. Any regulation which is not so approved shall be deemed to be rescinded as from the date of such disapproval but without prejudice to anything previously done thereunder.

Rules

183. (1) The Commission may make rules on any matter in respect of which rules are authorised to be made under this Act or which is stated or required to be made under this Act including but not limited to the following:-

- (a) listing and trading of securities in an exchange and the subsequent issue of any additional securities by way of rights or bonus or otherwise by listed public companies or delisting of such companies;
- (b) regulation of listed foreign entities in respect of listing and trading in an exchange and other related matters arising therefrom;

- (c) disclosures by market intermediaries about security transactions by persons who acquired or disposed of securities and by an exchange about security transactions;
- (d) proper maintenance of books, records, accounts and audits by a market institution, market intermediary and regular reporting by such market institution and market intermediary to the Commission of their affairs;
- (e) the procedure to be followed in the cancellation or suspension of a licence issued or a registration granted under this Act;
- (f) the annual audit of the books, records, accounts and the preparation of financial statements by a market institution and market intermediary;
- (g) regulation of takeovers or mergers where the target of such takeover or merger is a listed public company;
- (h) a code of conduct to be observed by the trustee and an issuer of securities and a managing company of a collective investment scheme and a code on the operation and approval of a collective investment scheme;
- (i) matters in respect of which rules are required by this Act to be made;
- (j) the prudential requirements, fit and proper criteria, record keeping and other documentation systems to be followed by a market institution and market intermediary;
- (k) the form and contents of prospectus proposed to be issued by a listed public company or a public company which has applied for a listing or a listed foreign entity;

- (l) the operation of securities in a margin account by a stock broker or by a margin provider;
- (m) the business affairs and activities of a market institution and market intermediaries, in relation to listed securities and exchange traded derivatives;
- (n) the disclosure and reporting and the provision of information by listed public companies, listed foreign entities and other unlisted companies coming within the purview of this Act;
- (o) the rejection of applications for listing made to an exchange and the suspension and cancellation of listing by an exchange;
- (p) in relation to the trading of derivative contracts carried out by utilizing the facilities of a licensed derivatives exchange;
- (q) the regulation of the activities of market makers, stock lenders and stock borrowers and on the regulation of short selling;
- (r) the establishment and operation of a fidelity fund or compensation fund for an exchange; and
- (s) provision for settlement of disputes between client and market intermediary and between the respective participants or members and market institutions.

(2) Every rule made under subsection (1) shall be published in the *Gazette* and shall come into operation on the date of such publication or on such later date as may be specified therein.

Derivatives not
gaming or
wagering
contracts

184. Notwithstanding anything to the contrary in any other law, a derivative contract traded through an exchange shall not be taken to be a gaming or wagering contract.

185. Notwithstanding anything to the contrary in this Act a market maker licensed as a market intermediary shall not be considered as committing an offence under section 128 or 129 of this Act when carrying out the functions relating to its licensed activity.

Market maker

186. Any person aggrieved by a decision of the Commission may invoke the Jurisdiction of the Court of Appeal conferred under Article 140 of the Constitution.

Recourse against decisions of the Commission

187. (1) The Securities and Exchange Commission of Sri Lanka Act, No. 36 of 1987 is hereby repealed (hereinafter referred to as the “repealed Act”).

Repeals, savings and transitional provisions

(2) Notwithstanding the repeal of the Securities and Exchange Commission of Sri Lanka Act, No. 36 of 1987—

- (a) (i) the Commission established under the repealed Act and functioning as such on the day immediately preceding the date of operation of this Act shall be deemed to be the Commission for the purposes of this Act until a new Commission is established under Part I of this Act and continue accordingly; and
- (ii) the appointed members holding office immediately preceding the date of operation of this Act, shall be deemed to have been appointed as such under this Act and continue to hold office until the end of their tenure or until new members are appointed under this Act;
- (b) every licence issued to any exchange, stock broker or stock dealer or a managing company for the purpose of operating an unit trust under the repealed Act and which is in force immediately preceding the date of operation of this Act, shall be deemed to be a licence issued by the Commission under this Act;

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Sri Lanka Act, No. 19 of 2021*

- (c) every certificate of registration issued to any clearing house or any market intermediary under the repealed Act and which is in force immediately prior to the date of operation of this Act shall be deemed to be a licence issued by the Commission under this Act;
- (d) all regulations, rules and directives made, approvals granted and any other action taken or notices issued under the repealed Act and which are in force on the day immediately prior to the date of commencement of this Act and not inconsistent with the provisions of this Act shall be deemed to be regulations, rules and directives made, approvals granted and any other action taken or notices issued by the Commission under this Act and shall continue to be valid;
- (e) all contracts, agreements and other instruments made under the repealed Act and subsisting on the day immediately prior to the date of commencement of this Act shall be deemed to be contracts, agreements or other instruments entered into by the Commission under this Act;
- (f) all suits, actions, and other legal proceedings instituted by or against the Securities and Exchange Commission of Sri Lanka established under the repealed Act and pending on the day, immediately prior to the date of commencement of this Act, shall be deemed to be suits, actions and other legal proceedings instituted by or against the Commission under this Act;
- (g) all rules of the market institutions made under the repealed Act and are in force on the day immediately prior to the date of commencement of this Act and not inconsistent with the provisions of this Act, shall be deemed to be rules made by such

market institutions under this Act until new rules are made by such market institutions under this Act;

- (h) every application for a licence made under the provisions of the repealed Act shall with effect from the date of commencement of this Act be deemed to be an application made to the Commission established under this Act and shall be dealt with accordingly;
- (i) all movable and immovable property vested in the Securities and Exchange Commission of Sri Lanka established under the repealed Act and existing on the day immediately preceding the date of commencement of this Act, shall, with effect from the date of commencement of this Act, be vested with the Commission;
- (j) all sums of money lying to the credit of the funds of the Securities and Exchange Commission of Sri Lanka established under the repealed Act and existing on the day immediately preceding the date of commencement of this Act, shall stand transferred, with effect from the date of commencement of this Act, to the respective funds of the Commission established under Part VI of this Act;
- (k) all offences or proceedings initiated under the provisions of the repealed Act, regulations, rules or directives made thereunder prior to the commencement of this Act, shall be offences committed or proceedings initiated under the repealed Act and be tried accordingly;
- (l) all interests, rights, assets, obligations, debts and liabilities of the Securities and Exchange Commission of Sri Lanka established under the repealed Act prior to the date of commencement of this Act, shall be deemed with effect from the date

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Sri Lanka Act, No. 19 of 2021*

of commencement of this Act to be the interests, rights, assets, obligations, debts and liabilities of the Commission;

- (m) the Director-General, all officers and servants of the Securities and Exchange Commission of Sri Lanka established under the repealed Act holding office prior to the date of commencement of this Act, shall be deemed with effect from the date of commencement of this Act to be Director-General, the officers and servants of the Commission, on terms not less favourable than the terms and conditions of employment to which they were entitled under the repealed Act.

(3) Notwithstanding the repeal of the Securities and Exchange Commission of Sri Lanka Act, No. 36 of 1987—

- (a) every reference to Securities and Exchange Commission of Sri Lanka Act, No. 36 of 1987 in any other written law shall be construed as a reference to this Act; and
- (b) every reference to the Securities and Exchange Commission of Sri Lanka Act, No. 36 of 1987 in any other written law shall be construed as referring to the corresponding provisions contained in this Act.

Interpretation

188. In this Act, unless the context otherwise requires –

“accredited investor” includes-

- (a) an individual -
- (i) whose net personal assets, excluding primary residential property, exceeds two hundred million rupees in value or a higher value as may be determined by the Commission; or

- (ii) whose average annual income in the preceding three years is not less than thirty million rupees or a higher value as may be determined by the Commission; and
 - (iii) who makes a declaration on his experience, ability and sophistication to take on the investment risk;
- (b) a corporate entity with net assets exceeding one thousand million rupees in value as determined by-
- (i) the most recent audited balance sheet of the entity; or
 - (ii) in the absence of the audited balance sheet, the most recent balance sheet of the corporate entity certified by the entity as giving a true and fair view of the state of affairs of the entity as of the date of the balance sheet, which date shall be within the preceding twelve months;
- (c) the trustee of a trust as the Commission may specify when acting in that capacity; or
- (d) any entity licensed by the Commission under this Act or such other institution or entity as the Commission may specify by rules;

“Central Bank of Sri Lanka” means the Central Bank of Sri Lanka established by the Monetary Law Act (Chapter 422);

“central depository” means a body corporate licensed by the Commission under this Act in order to establish

and operate a system for the central handling of securities on an exchange –

- (a) whereby all such securities are deposited with and held in custody by, or registered in the name of the depositor or account holder or his or its nominee for the purpose of dealing in those securities or are effected by means of entries in securities, accounts without the physical delivery of scrips; or
- (b) which permits or facilitates the settlement of securities transactions or dealings in securities without the physical delivery of scrips; and
- (c) to provide other facilities and services incidental thereto,

but does not include –

- (i) a central depository operated or established by the Central Bank of Sri Lanka;
- (ii) a central depository operated or established in respect of securities issued by the Government of Sri Lanka or the Central Bank of Sri Lanka; or
- (iii) any person providing, or holding out as providing, a central depository for exempted securities;

“clearing facility” means a facility for the clearing or settlement of transactions in securities;

“clearing or settlement” in relation to a clearing facility includes any arrangement, process, mechanism or service provided by a person in respect of securities transactions by which —

- (a) information relating to the terms of those securities transactions are verified by such person with a view to confirming such transactions;
- (b) parties to those securities transactions substitute, through novation or otherwise, the credit of such person for the credit of the parties;
- (c) the obligations of parties under those securities, transactions are calculated, whether or not such calculations include multilateral netting arrangements; or
- (d) parties to those securities transactions meet their obligations under such transactions, including the obligation to deliver securities or the transfer of funds or the transfer of title to securities between the parties,

but does not include -

- (i) the back office operations of a party to the securities transactions referred to in the above;
- (ii) the services provided by a person who has, under an arrangement with another person (hereinafter referred to as the “customer”), who is in possession or control of securities of the customer, where those services are solely incidental to the settlement of transactions relating to the securities; or
- (iii) any other services as may be specified by the Commission;

“clearing member” means a person who is admitted as a clearing member by the licensed clearing house for clearing and settlement of securities on his own behalf or on behalf of others under the rules of a licensed clearing house;

“collective investment scheme” includes any scheme or arrangement that satisfies the conditions under which a scheme or arrangement made or offered to the public by a company for which–

- (a) the contribution or payments made by the investors, by whatever name called, are pooled and utilized solely for the purpose of the scheme or arrangement;
- (b) the contributions or payments are made to such scheme or arrangement by investors with a view to receive profits, income, produce or property whether movable or immovable from such scheme or arrangement;
- (c) the investors share the risk and the benefit of investment in proportion to their participatory interest in a portfolio of a scheme or on any other basis as may be determined by the parties;
- (d) the property, contribution or investment forming part of the scheme or arrangement, whether identifiable or not, is managed on behalf of the investors; and
- (e) the investors do not have day to day control over the management and operation of the scheme or arrangement,

but does not include pools of funds relating to–

- (i) individual investment management arrangements;

- (ii) enterprise initiative schemes;
- (iii) pure deposit based schemes;
- (iv) schemes not operated by way of business;
- (v) debt issues, such as debentures, bonds and loan stock;
- (vi) employee share schemes;
- (vii) franchise arrangements;
- (viii) timeshare schemes;
- (ix) provision of clearing services;
- (x) contracts of insurance;
- (xi) individual pension accounts;
- (xii) occupational and personal pension schemes;
- (xiii) certain body corporates including building societies, cooperative societies, industrial and provident societies and registered friendly societies; or
- (xiv) any similar arrangement to the aforementioned schemes;

“controller” means a person who –

- (a) is entitled to exercise or control the exercise of not less than twenty *per centum* of the votes attached to the voting shares in the holder;

- (b) has the power to appoint or cause to be appointed a majority of the directors of such holder; or
- (c) has the power to make or cause to be made, decisions in respect of the business or administration of the market institution, collective investment scheme and market intermediary, and to give effect to such decisions or cause them to be given effect to;

“court” means a High Court established under Article 154P of the Constitution for a Province, empowered with civil jurisdiction by Order published in the *Gazette* under section 2 of the High Court of the Provinces (Special Provisions) Act, No.10 of 1996, within the Province for which such High Court is established, or where no such High Court vested with civil jurisdiction is established for any Province, the High Court established for the Western Province;

“delist” means to remove listed securities from the official list of an exchange;

“depository participant” means a person who has access to the facilities of a central depository and is admitted as a depository participant under the rules of a central depository;

“derivatives” include futures contracts consisting of an adjustment agreement, futures, options and eligible exchange traded option or any other agreement in a class of agreements specified to be a derivative by the Commission, but shall exclude an agreement which is specified to be a derivative agreement that is not traded on a futures market of a derivatives exchange;

“derivatives exchange” means a body corporate licensed as a derivatives exchange under this Act;

“electronic record” means a written document or other record created, stored, generated, received or communicated by electronic means;

“exchange” means a stock exchange or derivatives exchange licensed under this Act;

“Insurance Regulatory Commission of Sri Lanka” means the Insurance Regulatory Commission of Sri Lanka established by the Regulations of Insurance Industry Act, No. 43 of 2000;

“issuer” means a person who issues or proposes to issue securities by way of a public offer for sale;

“licensed clearing house” means a body corporate licensed under this Act and whose activities or objectives include the provision of clearing facilities;

“listed foreign entity” means an entity which is not incorporated in Sri Lanka and has been admitted to the official list of a stock exchange licensed by the Commission under this Act by way of a secondary listing;

“listed public company” means any company which has its securities listed on a stock exchange, and includes any public corporation which has its securities listed on a stock exchange licensed by the Commission under this Act;

“listed securities” mean, any security listed on an exchange licensed by the Commission under this Act;

“manager” in relation to a body corporate means a person who is appointed by the body corporate to manage any part of its business and includes an employee of the body corporate (other than the chief executive officer) who under the immediate authority of a director or chief executive officer of the body corporate, exercises managerial functions or is responsible for maintaining accounts or other records of the body corporate;

“margin account” means, a brokerage account that allows an investor to buy or sell listed securities generally serving as collateral to purchase listed securities for credit;

“market institution” means, an exchange, clearing house or central depository licensed by the Commission under Part II of this Act;

“market intermediary” includes any person licensed as a credit rating agency, corporate finance advisor, derivatives broker, derivatives dealer, investment manager, managing company, margin provider, market maker, stock broker, stock dealer, underwriter or any other person who undertakes similar activity and described by rules for the purpose of issuing such licence by the Commission:

For the purposes of this definition-

(a) “corporate finance advisor” means any person who for a fee or commission engages in the business of providing advice, on-

(i) compliance with or in respect of fund raising requirements as provided for under this Act;

- (ii) compliance with the listing requirements of an exchange licensed under this Act;
 - (iii) structuring of financial products; or
 - (iv) schemes of arrangement, schemes of restructuring or takeovers of a listed public company, but shall not include –
 - (A) any attorney-at-law in practice who engages in giving advice in relation to any of the above solely incidental to the practice of his profession;
 - (B) any accountant in practice who engages in corporate finance advice solely incidental to the practice of his profession; or
 - (C) any company which engages in corporate finance advice solely for its benefit or for any of its related companies;
- (b) “credit rating agency” means a body corporate engaged in the business of assessing and evaluating the credit-worthiness of any issuer or a specific issue of securities;
- (c) “derivatives broker” means any person engaged in the business of buying or selling of derivatives on behalf of investors in return for a commission;
- (d) “derivative dealer” means any person engaged in the business of trading in derivative contracts on his own account;

- (e) “investment manager” includes a person who for a fee or commission engages in the business of managing a portfolio of securities on behalf of an investor but shall not include the manager of a collective investment scheme;
- (f) “managing company” means a company by which a unit of a unit trust scheme, a real estate investment trust, an exchange traded fund or collective investment scheme –
 - (i) has been or is proposed to be issued or offered for subscription; or
 - (ii) in respect of which an invitation to subscribe or purchase has been made, and includes any person for the time being performing the functions of a managing company.
- (g) “margin provider” means a person who is in the business of providing credit to investors to purchase securities traded on an exchange licensed by the Commission under this Act;
- (h) “market maker” means a person who enters bid and offer prices in the order book maintained in the automated trading system of an exchange licensed by the Commission for a specified security based on the requirements or rules stipulated by such exchange;
- (i) “stock broker” means any person engaged in the business of buying or selling of securities other than derivatives on behalf of investors in return for a commission;

- (j) “stock dealer” means a body corporate in the business of buying or selling of securities other than derivatives for his own account;
- (k) “underwriter” means any body corporate which in connection with a public offer of securities, guarantees to purchase unsubscribed portion of such securities for a fee or commission or who negotiates with an issuer of securities to purchase such securities in the event of the offer being not fully subscribed;

“market operator” means a person who establishes market infrastructure that facilitates trading, clearing or settlement of unlisted securities as provided in Part IV;

“Minister” means the Minister assigned the subject of Securities and Exchange Commission of Sri Lanka under Article 44 or 45 of the Constitution;

“Monetary Board of Sri Lanka” means the Monetary Board of the Central Bank of Sri Lanka established under the Monetary Law Act, (Chapter 422);

“offer” or “offering” includes any attempt to sell or dispose of any securities or interest in such security for value by means of a prospectus or otherwise to the public, but does not include a bona fide invitation to any person, to enter into an underwriting agreement in respect of any such securities;

“private placement” means an issue of securities to an identified investor or category of investors other than by way of a rights issue which is offered pro-rata to the existing shareholders or a general offer to the public for subscription;

“persons acting in concert” means persons who pursuant to an agreement or understanding, whether formal or informal, co-operate, through the acquisition by any of them of any interests in shares in a company, or any other company, or to frustrate the successful outcome of an offer for a company. Without prejudice to the general application of this definition, the following persons shall be presumed to be persons acting in concert with each other unless the contrary is established to the satisfaction of the Commission: -

- (a) a company, its parent, subsidiaries and fellow subsidiaries, and each of their associate companies, and any person who has provided financial assistance (other than a bank licensed or a finance company registered by the Central Bank of Sri Lanka in the ordinary course of business) to any of the aforesaid persons for the purchase of voting rights, all with each other;

For the purposes of this paragraph, an “associate company” is a company as defined in terms of the Sri Lanka Accounting and Auditing Standards made under Sri Lanka Accounting and Auditing Standards Act, No.15 of 1995;

- (b) a company with any of its directors together with their close relatives, related trusts as well as companies controlled by any of the directors, their close relatives and related trusts;
- (c) a company with any of its pension funds and employee share schemes;

- (d) a fund manager with any investment company, unit trust or other person whose investments such fund manager manages; and
- (e) a person, a person's relation and the related trusts of any of them, all with each other;

For the purposes of this paragraph "relation" means a parent, spouse, child including step children, brother or sister including step brother or step sister of that person or the spouse of a child of that person;

"prospectus" shall have the same meaning as in the Companies Act, No. 7 of 2007;

"public notice" means a notice of any matter that is required to be given under this Act, which shall be given by publishing a notice of that matter in at least one issue of the *Gazette* and in at least one issue of a daily newspaper in Sinhala, Tamil and English languages, circulating within Sri Lanka;

"registered person" means any person dealing with clients for and on behalf of a market intermediary and who is registered by the Commission under this Act;

"related company" means any subsidiary, associate or holding company or a subsidiary of the holding company of a body corporate;

"rights issue" means an issue of any share or shares to be issued in the future, of a listed public company to existing shareholders of such company, howsoever such issue is described or referred to, for consideration, and in proportion to the class of securities held by them in such company on the date of such offer;

“securities” include-

- (a) debentures, stocks, shares, funds, bonds, units in a collective investment scheme or any right, options or interests therein; or
- (b) derivatives including futures and options, whatever the nature of the underlying asset relied on; or
- (c) notes issued or proposed to be issued by any Government or any other incorporate or unincorporate body,

but does not include bills of exchange or promissory notes or certificates of deposits issued by a bank, securities issued by the Government of Sri Lanka or the Central Bank of Sri Lanka or such other product or class of products prescribed as not being securities under section 182;

“securities market” means a market or other place or facility where –

- (a) offers to sell, purchase or exchange of securities are regularly made or accepted;
- (b) Offers or invitations that are intended, or may reasonably be expected to result, whether directly or indirectly, in the making or acceptance of offers to sell, purchase or exchange securities, are regularly made; or
- (c) information concerning the prices at which or the consideration for which, particular persons, or particular classes of persons, propose, or may reasonably be expected to sell, purchase or exchange securities is regularly provided,

but shall not include a securities market regulated by the Central Bank of Sri Lanka for the purpose of this Act;

“share” shall have the same meaning as is given in the Companies Act, No.7 of 2007 or as recognised in another jurisdiction as a share under its laws;

“stock borrower” means a person who is engaged in the business of borrowing securities;

“stock exchange” means a body corporate licensed as a stock exchange by the Commission under this Act;

“supplementary service provider” includes an actuary, auditor, custodian, trustee, valuer or such person as may be specified by the Commission who provides professional services to a market institution, market intermediary or listed public company or to a collective investment scheme;

“trading participant” means a person who has access to the facilities of an exchange and is admitted as a trading participant under the rules of an exchange licensed by the Commission under this Act;

“whistleblower” means any individual or group of persons who provides, information relating to a violation or potential violation of the provisions of this Act, regulations, rules or directives made thereunder or any rule of a market institution.

189. In the event of any inconsistency between the Sinhala and Tamil texts of this Act, the Sinhala text shall prevail.

Sinhala text to prevail in case of inconsistency

English Acts of the Parliament can be purchased at the "PRAKASHANA PIYASA", DEPARTMENT OF
GOVERNMENT PRINTING, NO. 118, DR. DANISTER DE SILVA MAWATHA, COLOMBO 8.



**PARLIAMENT OF THE DEMOCRATIC
SOCIALIST REPUBLIC OF
SRI LANKA**

**CONSUMER AFFAIRS AUTHORITY (AMENDMENT)
ACT, No. 20 OF 2021**

[Certified on 22nd of September, 2021]

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*Consumer Affairs Authority (Amendment)
Act, No. 20 of 2021*

[Certified on 22nd of September, 2021]

L.D.—O. 46/2021

AN ACT TO AMEND THE CONSUMER AFFAIRS AUTHORITY
ACT, NO. 9 OF 2003

BE it enacted by the Parliament of the Democratic Socialist
Republic of Sri Lanka as follows: -

1. This Act may be cited as the Consumer Affairs Authority (Amendment) Act, No. 20 of 2021. Short title

2. Section 60 of the Consumer Affairs Authority Act, No. 9 of 2003 (hereinafter referred to as the “principal enactment”) is hereby amended as follows :- Amendment of
section 60 of Act,
No. 9 of 2003

(1) by the insertion immediately after subsection (4) thereof, the following: -

“(4A) Any person who fails or refuses to comply with an order made under subsection (5) of section 20 or acts in contravention of such order commits an offence and shall on conviction after trial before a Magistrate, be liable to -

(a) where such person is not a body corporate, to a fine not less than rupees one hundred thousand and not exceeding rupees five hundred thousand or to an imprisonment of either description for a term not exceeding six months or to both such fine and imprisonment in the case of a first offence, and to a fine not less than rupees two hundred thousand and not exceeding rupees one million or to an imprisonment of either description for a term

2 *Consumer Affairs Authority (Amendment)*
Act, No. 20 of 2021

not exceeding one year or to both such fine and imprisonment in the case of a subsequent offence; or

(b) where such person is a body corporate, to a fine not less than rupees five hundred thousand and not exceeding rupees five million in the case of a first offence and to a fine not less than rupees one million and not exceeding rupees ten million in the case of a subsequent offence.”; and

(2) in subsection (5) thereof, by the substitution for the words and figures “provisions referred to in subsections (1), (2), (3) and (4) of this section” of the words and figures “provisions referred to in subsections (1), (2), (3), (4) or (4A) of this section”.

Act not to apply in respect of offences committed prior to, coming into operation of this Act

3. For the avoidance of doubt, it is hereby declared that the provisions of section 2 of this Act shall not apply in respect of any offence committed under subsection (4A) of section 60 of the principal enactment, where such offence was committed prior to the coming into operation of this Act.

Sinhala text to prevail in the event of any inconsistency

4. In the event of any inconsistency between the Sinhala and Tamil texts of this Act, the Sinhala text shall prevail.

English Acts of the Parliament can be purchased at the "PRAKASHANA PIYASA", DEPARTMENT OF
GOVERNMENT PRINTING, NO. 118, DR. DANISTER DE SILVA MAWATHA, COLOMBO 8.



**PARLIAMENT OF THE DEMOCRATIC
SOCIALIST REPUBLIC OF
SRI LANKA**

PETROLEUM RESOURCES ACT, No. 21 OF 2021

[Certified on 08th of October, 2021]

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Petroleum Resources Act, No. 21 of 2021

[Certified on 08th of October, 2021]

L.D. —O. 02/2008 (II)

AN ACT TO PROVIDE FOR, THE ESTABLISHMENT OF THE PETROLEUM DEVELOPMENT AUTHORITY OF SRI LANKA; THE FORMULATION OF A NATIONAL POLICY ON UPSTREAM PETROLEUM INDUSTRY AND REGULATION AND MANAGEMENT STRUCTURE CAPTURING THE MAXIMUM ECONOMIC VALUE OF DOMESTIC PETROLEUM RESOURCES THROUGH MODERN EXPLORATION, DEVELOPMENT, PRODUCTION AND MANAGEMENT PRACTICES IN SRI LANKA; TO REPEAL THE PETROLEUM RESOURCES ACT, No. 26 OF 2003; AND TO PROVIDE FOR MATTERS CONNECTED THEREWITH OR INCIDENTAL THERETO.

BE it enacted by the Parliament of the Democratic Socialist Republic of Sri Lanka as follows:-

1. (1) This Act may be cited as the Petroleum Resources Act, No. 21 of 2021.

Short title and date of operation

(2) All the provisions of this Act, other than the provisions of Part V, shall come into operation on the date on which the certificate of the speaker is endorsed in respect of this Act in terms of Article 79 of the Constitution.

(3) The provisions of Part V of this Act shall come into operation on such date as the Minister may, by Order published in the *Gazette*, appoint for such purpose.

2. The objects of the Act shall be -

Objects of the Act

(a) to establish a Policy Advisory Committee to advise on formulation of a National Policy for the upstream petroleum industry covering the exploration, development, production, and management of all petroleum resources in Sri Lanka;

(b) to provide the legal framework to regulate all processes of the exploration, development,

production and management of all petroleum resources in Sri Lanka including the provision of operational guidelines;

- (c) to establish an independent, efficient, and transparent regulatory framework in relation to the exploration, development, production and management of petroleum resources in Sri Lanka;
- (d) to manage the available petroleum resources in an equitable, safe, and environmentally sustainable manner; and
- (e) to design, implement, monitor and revise fiscal regimes that meet evolving economic needs of the country, while providing fiscal stability to contractors.

PART I

PETROLEUM DEVELOPMENT AUTHORITY OF SRI LANKA

Establishment of
the Petroleum
Development
Authority of
Sri Lanka

3. (1) There shall be established an Authority to be called and known as the Petroleum Development Authority of Sri Lanka (hereinafter referred to as the "Authority").

(2) The Authority shall, by the name assigned to it by subsection (1), be a body corporate and shall have perpetual succession and a common seal and may sue and be sued in its corporate name.

(3) The Authority shall be responsible for –

- (a) making recommendations in respect of the National Policy on Upstream Petroleum Industry to the Policy Advisory Committee;
- (b) implementing the provisions of the Act; and

- (c) performing all regulatory functions connected to the upstream petroleum industry in Sri Lanka, in the manner provided for in the Act.

4. The powers, duties and functions of the Authority shall be:

Powers, duties and functions of the Authority

- (a) to prepare a map dividing the offshore and onshore areas into graticular sections to demarcate and designate exploration blocks and development blocks and to define and demarcate areas to be designated for joint studies;
- (b) to promote and market acreage available for investment in the blocks as demarcated and designated in terms of section 16;
- (c) to negotiate with contractors the terms and conditions to be incorporated into each Petroleum Resources Agreement, where necessary, in consultation with the Negotiating Committee appointed by the Cabinet of Ministers;
- (d) to issue all licences and certificates as may be required to be issued in terms of this Act and to cancel, suspend, vary or amend the same;
- (e) to determine and charge the licence fee for licences issued in terms of this Act;
- (f) to issue such directions and guidelines as may be required to regulate petroleum operations;
- (g) to enter into all agreements relating to the upstream petroleum industry, such as agreements pertaining to data acquisition, licensing and management of data;

- (h) to make recommendations to the Minister on matters relating to the assignment or transfer of a contractor's participating interest in a Petroleum Resources Agreement, on such terms and conditions in keeping with the objects of this Act;
- (i) to provide all infrastructural and other administrative support as may be required in the process of calling for, evaluation of and awarding of bids;
- (j) to employ such staff as may be required for the Authority to achieve the objects of this Act;
- (k) to perform competent and responsible regulation of an internationally competitive upstream petroleum industry;
- (l) to acquire and hold, take or give on lease or hire, mortgage, pledge, sell or otherwise dispose of, any movable or immovable property;
- (m) to accept grants, gifts or donations from persons or bodies of persons within or outside Sri Lanka:

Provided that, notwithstanding anything to the contrary in any other provisions of this Act, the Authority shall obtain prior written approval of the Department of External Resources in respect of all foreign grants, gifts or donations in cash;

- (n) to open and maintain accounts, including in foreign currencies, in any bank or financial institution as approved by the Board, and to administer the Petroleum Resources Development Fund in terms of this Act;
- (o) to issue such guidelines and directions as may be required for efficient and effective management of petroleum operations and, for management of petroleum operations in the event of a disaster;

- (p) to monitor and control activities which are necessary for or conducive or incidental to, achieve the objects of this Act; and
- (q) to do all such other acts and things which may be conducive or incidental to, the attainment of the objects of this Act.

PART II

ADMINISTRATION AND MANAGEMENT OF THE AUTHORITY

5. (1) The administration, management and control of the affairs of the Authority shall be vested in a Board of Directors (in this Act referred to as the "Board").

Constitution of
the Board of
Directors

(2) The Board shall, for the purpose of administering the affairs of the Authority, exercise, perform and discharge the powers, duties and functions conferred on, assigned to or imposed on, the Authority by this Act.

(3) The Board shall consist of -

- (a) the *ex-officio* members namely –
 - (i) the Director-General of the Authority;
 - (ii) the Secretary to the Ministry of the Minister assigned the subject of Finance or his representative;
 - (iii) the Director -General of the Public Utilities Commission of Sri Lanka or his nominee;
 - (iv) the Secretary to the Ministry of the Minister assigned the subject of Petroleum Resources or his representative not below the rank of Additional Secretary of that Ministry; and

(v) the Chairman of the Marine Environment Protection Authority established under section 2 of the Marine Pollution Prevention Act, No. 35 of 2008 or his nominee; and

(b) four members appointed by the Minister (hereinafter referred to as the “appointed members”) from among persons who have achieved eminence in the fields of law, finance, geology, petroleum industry, management or economics, whose qualifications shall be prescribed.

(4) The members appointed under paragraph (b) of subsection (3) of this section shall be approved by the Cabinet of Ministers.

Chairperson of
the Board

6. (1) The Minister shall appoint one of the appointed members to be the Chairperson of the Board.

(2) The Chairperson may resign from his office by letter addressed to the Minister and such resignation shall be effective from the date on which it is accepted by the Minister.

(3) The Minister may, for reasons assigned therefor remove the Chairperson from the office of the Chairperson.

(4) Subject to the provisions of subsections (2) and (3), the term of office of the Chairperson shall be the period of his membership of the Board.

(5) Where the Chairperson is temporarily unable to exercise, perform and discharge the powers, duties and functions of his office due to ill health, other infirmity, absence from Sri Lanka or any other cause, the Minister may appoint any other appointed member to act as the Chairperson in addition to his normal duties as an appointed member.

7. A person shall be disqualified from being appointed as a member of the Board, if he -

Disqualifications
for being
appointed as a
member of the
Board

- (a) is or becomes a member, of the Parliament, any Provincial Council or any local authority;
- (b) is not, or ceases to be a citizen of Sri Lanka;
- (c) is a person who, having been declared an insolvent or a bankrupt under any law in Sri Lanka or in any other country, is an undischarged insolvent or bankrupt;
- (d) is under any law in force in Sri Lanka or any other country found or declared to be of unsound mind;
- (e) is convicted of an offence involving moral turpitude and punishable with imprisonment for a term not less than six months;
- (f) is serving or has served a sentence of imprisonment imposed by a court of Sri Lanka or any other country;
- (g) holds or enjoys any right or benefit under any contract made by, or on behalf of the Authority; or
- (h) has any financial or other interest as is likely to affect prejudicially the discharge by him of his functions as a member of the Board.

8. Every appointed member of the Board shall, unless he vacates office earlier by death, resignation or removal, hold office for a period of three years from the date of his appointment and unless removed from office shall be eligible for re-appointment for not more than one further term, whether consecutive or otherwise.

Terms of office
of the appointed
members of the
Board

Removal,
resignation etc.
of appointed
members

9. (1) Any appointed member of the Board may at any time, resign his office by letter in that behalf addressed to the Minister, and such resignation shall take effect from the date on which the resignation is accepted in writing by the Minister.

(2) The Minister may, for reasons assigned therefor remove any appointed member from office. An appointed member who has been removed from office shall not be eligible for re-appointment as a member of the Board or to serve the Board in any other capacity.

(3) In the event of the vacation of office by death, resignation or removal of any appointed member, the Minister shall subject to the provisions of section 5(3)(b) appoint another person to fill such vacancy and such person shall hold office for the un-expired period of the term of office of the member whom he succeeds.

(4) Where any appointed member of the Board is temporarily unable to perform the duties of his office on account of ill health or any other cause or if he is absent from Sri Lanka for a period of not less than three months, the Minister shall, subject to the provisions of section 5(3)(b) appoint any other person to act in place of such member during his absence.

(5) Where any appointed member of the Board fails to attend three consecutive meetings of the Board without notifying his absence in advance to the Chairperson, such member shall be deemed to have vacated his office and the Minister shall appoint another person to fill such vacancy subject to the provisions of section 5(3)(b).

Quorum and the
Meetings of the
Board

10. (1) The *quorum* for any meeting of the Board shall be five members including the Chairperson and two *ex-officio* members.

(2) The Director- General shall summon all meetings of the Board.

(3) A meeting of the Board may be held either -

- (a) by the number of members who constitute a *quorum* being assembled at the place, date and time appointed for the meeting; or
- (b) by means of audio- visual communication by which all members participating and constituting a *quorum* can simultaneously see and hear each participating member for the duration of the meeting.

(4) All questions for decision at any meeting of the Board shall be decided by the vote of the majority of members present and voting at such meeting. In the case of an equality of votes, the Chairperson shall, in addition to his vote, have a casting vote.

(5) The Chairperson shall preside at every meeting of the Board. In the absence of the Chairperson from any meeting of the Board, any member elected by the members present shall preside at such meeting of the Board.

(6) The meetings of the Authority shall be conducted in conformity with the rules made and procedure established, by it from time to time.

11. The Board may act, notwithstanding any vacancy among its members, and any act or proceeding of the Board shall not be, or deemed to be, invalid by reason only of the existence of any vacancy among its members or any defect in the appointment of a member thereof.

Acts or proceedings of the Board deemed not to be invalid by reason of any vacancy

12. (1) The seal of the Authority –

Seal of the Authority

- (a) shall be in the custody of such person as the Board may decide from time to time;

(b) may be altered in such manner as may be determined by the Board;

(c) shall not be affixed to any instrument or document except with the sanction of the Board and in the presence of two members of the Board who shall sign the instrument or document in token of their presence.

(2) The Board shall maintain a register of the instruments and documents to which the seal of the Authority has been affixed.

PART III

OWNERSHIP OF PETROLEUM RESOURCES AND PETROLEUM DATA AND FORMULATION OF NATIONAL POLICY ON UPSTREAM PETROLEUM INDUSTRY

Ownership of petroleum resources and petroleum data

13. (1) The absolute ownership of all petroleum resources occurring naturally—

(a) within the sub-surface of the land area of Sri Lanka; or

(b) on or below the seabed, the sub soil of the submarine areas of Sri Lanka's internal waters, historic waters, territorial sea, contiguous zone, exclusive economic zone, and continental shelf established in terms of the United Nations Convention on the Law of the Sea, including the Statement of Understanding contained in Annex II to the Final Act of the said Convention,

shall vest in the State, notwithstanding any right, ownership or otherwise which any person has to the soil below which such petroleum resources are found.

(2) The ownership of all petroleum data obtained or prepared in pursuant to any petroleum operation in Sri Lanka shall be vested in the State and the management and control of such petroleum data shall be vested with the Authority.

(3) The Authority may issue a licence permitting access to the petroleum data for the commercial, educational or scientific use by any person subject to the procedure and the fees as may be prescribed.

14. (1) The Minister shall appoint a Policy Advisory Committee, in consultation with the Authority comprising experts in the fields of industry, commerce, law and any other subject to advise on formulating National Policy on Upstream Petroleum Industry.

Policy Advisory
Committee

(2) Upon the advice of the Policy Advisory Committee, the Minister may call for further information as necessary and he shall provide instructions to formulate the National Policy on Upstream Petroleum Industry embodying *inter alia* the guiding principles, actions and plans set out therein, and the cumulative process to be followed in relation to regulating the exploration, development, production and management of indigenous petroleum resources.

(3) The Minister shall thereafter submit the National Policy on Upstream Petroleum Industry to the Cabinet of Ministers for its approval.

(4) The National Policy on Upstream Petroleum Industry which is not so approved shall be deemed to be rescinded as from the date of such disapproval.

(5) Upon the approval granted by the Cabinet of Ministers under subsection (3), such National Policy shall be the National Policy on Upstream Petroleum Industry.

(6) (a) The National Policy on Upstream Petroleum Industry may be reviewed by the Policy Advisory Committee whenever it requires to do so.

(b) Such National Policy on Upstream Petroleum Industry may, on the advice of the Policy Advisory Committee, be amended or varied by the Minister to incorporate any new

developments in petroleum resource management practices or processes including the technological and commercial developments, whether local or global pertaining to the upstream petroleum industry.

(c) Every such amendment or variation shall be carried out in accordance with the procedure specified in this section.

(7) The members of the Policy Advisory Committee shall be remunerated on such terms and at such rates as shall be determined by the Minister in consultation with the Minister assigned the subject of Finance.

(8) It shall be the duty of every stakeholder to comply with the National Policy on Upstream Petroleum Industry.

PART IV

DEMARCATIION AND DESIGNATION OF BLOCKS OR AREAS, ENTERING INTO PETROLEUM RESOURCES AGREEMENT OR JOINT STUDY AGREEMENT AND GRANT OF EXPLORATION LICENCES ETC.

Petroleum Resources Agreement or Joint Study Agreement

15. A person shall not conduct any petroleum operation in Sri Lanka, unless such person has entered into an agreement in the form of a Petroleum Resources Agreement or a Joint Study Agreement in terms of this Act.

Demarcation and designation of exploration blocks or development blocks

16. (1) The Minister may for the purposes of this Act, within both offshore and onshore areas identified as having petroleum potential and which are to be offered to conduct petroleum operations or study or research projects to any contractor, authorize the Authority to demarcate and designate blocks which shall be called exploration blocks or development blocks as the case may be.

(2) The designation of exploration blocks or development blocks shall be based on the maps prepared by the Authority under section 4(a) of this Act and be identified as follows:-

- (a) if situated offshore, be identified with reference to the area having petroleum potential; or
- (b) if situated onshore, be identified with reference to the Administrative District within which it is situated.

(3) Each graticular section called an exploration block shall be given a unique reference number which shall be called as the "block identifier". Such exploration blocks may be grouped together into larger blocks, designated uniquely, if so desired.

(4) Upon an exploration block being designated under subsection (1), the Authority shall obtain the approval of the Minister to publish the same in a manner prescribed by regulation.

17. The Authority shall, from time to time, call for investment proposals locally or internationally, for exploring or developing identified offshore or onshore blocks in conformity with the procedure approved by the Cabinet of Ministers and prescribed by regulation.

Calling of proposals for the conduct of petroleum operations in respect of defined exploration blocks

18. (1) A contractor shall enter into a Petroleum Resources Agreement in conformity with the provisions of this Act and such any as may be other manner prescribed by regulation.

Petroleum Resources Agreement

(2) Where the circumstances of an exploration block requires any concern related to security, environment, social, cultural and archaeological matter, such matters may be included in the Petroleum Resources Agreement. The

negotiated terms and conditions of the Petroleum Resources Agreement may differ subject to such concerns along with economic and technical considerations pertinent to each exploration block.

(3) The contractor shall, upon entering into a Petroleum Resources Agreement, apply for and obtain an Exploration Licence prior to commencing petroleum operations.

(4) The contractor upon the receipt of the Exploration Licence shall have the exclusive rights to carry out petroleum operations in the manner set out in the relevant Petroleum Resources Agreement.

Joint Study
Agreements

19. (1) The Authority may define and demarcate areas to be designated for joint studies, and may entertain proposals thereto from any person that the Board deems suitable based on his experience, reputation and financial capability.

(2) The Authority shall submit the proposed Joint Study Agreement for the consideration of the Minister, and the Minister shall, upon being satisfied with the terms and conditions of the Joint Study Agreement, enter into Joint Study Agreement in conformity with the procedures as may be prescribed and submit the same for the information of the Cabinet of Ministers.

Development
Licence

20. (1) Where a contractor discovers petroleum resources in commercially viable quantities in the course of conducting petroleum operations within an exploration block, such contractor shall -

- (a) forthwith inform the Authority of such discovery and conduct or cause to be conducted the required tests for the purpose of determining whether such discovery merits appraisal; and

- (b) submit a programme of work designed to appraise the petroleum potential of the designated area for approval of the Authority.

(2) In the event that the appraisal discloses the existence of a commercially viable quantity of petroleum resources, the Authority may proceed to declare the discovery as commercially viable in a manner as may be prescribed by regulation.

(3) The contractor shall, having considered the circumstances and the extent of the commercial discovery declared in terms of subsection (2), submit to the Authority a Development and Investment Plan which shall comprise –

- (a) such matters as may be prescribed; and
- (b) the proposal of the contractor for the development and production of the commercial discovery within the exploration block,

within such period as may be determined by the Board.

(4) Where the quantity of petroleum resources declared to be a commercial discovery in terms of subsection (2) is located within the exploration block or within more than one exploration blocks, the Authority may –

- (a) on the basis of the Development and Investment Plan submitted by the contractor; and
- (b) if located within more than one exploration block and if no agreement has been entered into with other contractors in respect of such other exploration blocks,

issue a Development Licence substantially in the format as may be prescribed to a contractor in respect of the area comprising the full extent of the discovery, subject to the terms and conditions set out in the Development Licence and to the requirements set out in the Petroleum Resources Agreement.

(5) When obtaining the Development Licence, a contractor shall pay a surface rental in such amount as shall be determined by the Authority taking into consideration the specific extent assigned for development under the relevant Development Licence.

Transfer or assignment of a participating interest

21. (1) The contractor may apply for transfer or assignment of a participating interest in a Petroleum Resources Agreement, Exploration Licence or Development Licence as the case may be, to the Authority and the Authority may submit the same with its recommendation to the Minister, who shall submit such application and the recommendation of the Authority for the approval of the Cabinet of Ministers.

(2) The contractor shall, subject to such terms and conditions as may be imposed by the Cabinet of Ministers, have the right to transfer or assign any or all of his participating interest.

(3) Upon the receipt of the decision of the Cabinet of Ministers on an application made under subsection (1), it shall be the duty of the Authority, to communicate such decision to the contractor making the application.

(4) The transfer or assignment of participating interest in a Petroleum Resources Agreement, Exploration Licence or Development Licence shall be as prescribed by regulation.

Responsibility of persons with a participating interest

22. Any person having a participating interest in the designated area to which the Petroleum Resources Agreement applies, shall be responsible—

- (a) for ensuring that the provisions of this Act, any regulations made thereunder, the terms and conditions of the relevant Petroleum Resources Agreement, the Exploration Licence, the Development Licence or the Unit Development Licence, and the directions and guidelines are complied with; and

- (b) for liabilities to any injury or damage caused to a third person.

23. A person shall not carry on the business of a provider of goods or services to a contractor with respect to upstream petroleum operations of a relevant Petroleum Resources Agreement or for, or on behalf of a contractor (hereinafter referred to as the "service provider") except under authority of a licence issued by the Authority. The procedure and fee for the issue of licence shall be prescribed.

Licensing of
service
providers

24. (1) Where a petroleum reservoir which is capable of being commercially developed –

Unit
Development
Plan

- (a) straddles two or more exploration blocks; or
- (b) covers an area which is regulated by two or more Development Licences,

the Authority shall, for securing more efficient commercial development of the petroleum reservoir situated therein, require the contractors having an interest in the entire reservoir or such portion of such blocks as the case may be, to jointly submit to the Authority a Unit Development Plan which shall comprise such matters as shall be specified by the Authority and such other matters which may in the circumstances be required for the more efficient commercial development thereof.

(2) The Authority shall, upon a consideration of the Unit Development Plan submitted to it under subsection (1), recommend such Unit Development Plan with amendments required if necessary, to the Minister for approval.

(3) After obtaining an approval of the Minister under subsection (2), the Authority shall notify the contractors who submitted the Unit Development Plan, that the Development Licence issued to such contractors shall cease to be effective from the date of such notification and be

converted to an Unit Development Licence authorising the conduct of joint petroleum operations within the area to which the Unit Development Plan relates, under the terms and conditions as may be prescribed.

PART V

NATIONAL PETROLEUM OPERATOR

Minister to designate a body of persons to be the National Petroleum Operator

25. (1) There shall be incorporated under the Companies Act, No.7 of 2007, a separate corporate entity for the purpose of managing interests of the State in respect of all aspects of petroleum resources development (in this Act referred to as the "National Petroleum Operator") and the Minister shall by Order published in the *Gazette*, designate it as the National Petroleum Operator.

(2) The National Petroleum Operator shall -

- (a) hold the participating interest of the State in any joint venture and manage the share of the State of the petroleum produced;
- (b) be jointly and severally liable with all other holders of participating interest to comply with the requirements of the Petroleum Resources Agreement and the terms and conditions set out in any Exploration Licence or Development Licence or Unit Development Licence issued by the Authority to the joint venture; and
- (c) be liable severally not jointly, for the debts of other holders of participating interest.

Extent of State's participating interest

26. The State may, through the National Petroleum Operator, hold a participating interest as specified in the relevant Petroleum Resources Agreement.

PART VI

FISCAL PROVISIONS

- 27.** Every Petroleum Resources Agreement shall be approved by the Cabinet of Ministers including the fiscal provisions and the production sharing mechanism between the contractor and the State, as shall be negotiated by the Authority. Terms as to production sharing
- 28.** A mechanism of fiscal stability for any Petroleum Resources Agreement aimed at mutually preserving the original project economic commitments, shall be provided within such Petroleum Resources Agreement. Fiscal stability
- 29.** The provisions of the Inland Revenue Act, No. 24 of 2017 shall be applicable to the revenue of the contractor from any upstream operations unless otherwise specified in the Petroleum Resources Agreement. Determination of profits and income

PART VII

CHIEF EXECUTIVE OFFICER AND STAFF OF THE AUTHORITY

- 30.** (1) There shall be a Director-General of the Authority appointed by the Minister and approved by the Cabinet of Ministers who shall be the Chief Executive Officer of the Authority. Appointment of a Director-General of the Authority
- (2) The Director- General shall, subject to the general directions and control of the Board, be responsible for the conduct of all affairs of the Authority, including the administrative control of the staff of the Authority.
- (3) The Director-General of the Authority shall possess such qualifications and experience as may be prescribed by regulation.

(4) The Director-General shall be charged with the responsibility of ensuring that the powers, duties and functions assigned to the Director-General be exercised, performed and discharged in accordance with the provisions of this Act and any regulations made thereunder.

(5) The Director-General shall be responsible and answerable to the Board in the exercise, performance and discharge of his powers, duties and functions assigned under subsection (4).

Powers, duties
and functions of
the Director-
General

31. The powers, duties and functions of the Director-General shall be –

- (a) to maintain all related registers, maps and other records in respect of each block or area in respect of which a Petroleum Resources Agreement, an Exploration Licence, a Joint Study Agreement, a Development Licence or Unit Development Licence has been issued under this Act;
- (b) to prepare draft Petroleum Resources Agreements on a case by case basis, in accordance with such directions as may be issued from time to time by the Authority in that regard;
- (c) to collect, compile, analyze and publish or cause to be collected, compiled, analyzed and published, geological, geophysical, engineering and economic data pertaining to the available petroleum resources of Sri Lanka and to ensure the recognition of intellectual property rights;
- (d) to formulate guidelines for technical evaluation of geological samples;
- (e) to monitor petroleum operations conducted by contractors in Sri Lanka and to examine and inspect all books, records, reports, accounts, samples and data maintained (whether in electronic format or otherwise) by such contractors;

- (f) to require a contractor to whom a Exploration Licence, a Development Licence or a Unit Development Licence as the case may be has been issued, by notice in writing, to furnish such return or information as the Authority considers necessary for the due discharge of its functions;
- (g) to measure quantities of petroleum resources recovered in Sri Lanka and to take samples thereof;
- (h) to approve the annual work programmes and budgets submitted by contractors in terms of a Petroleum Resources Agreement;
- (i) to discharge all regulatory functions relating to any Petroleum Resources Agreement;
- (j) to charge fees or any other payments for any services provided by the Authority;
- (k) to retain consultants and expert advisors, when necessary, subject to the approval of the Board, and implement such capacity building measures as are necessary; and
- (l) to conduct activities which are necessary for, or conducive or incidental to, the carrying out of the functions of the Authority.

32. (1) The Authority shall employ such staff as is required for the efficient exercise, perform and discharge of the powers, duties and functions assigned to the Authority, including technical and skilled personnel, administrative and managerial personnel and such other persons as it may require.

Staff of the
Authority and
remuneration

(2) The Director-General and staff of the Authority shall be remunerated in such manner and at such rates, and shall be subject to such conditions of service, as may be prescribed by the Minister in consultation with the Minister in charge of the subject of Finance.

Appointment of public officers to the staff of the Authority

33. (1) At the request of the Authority any officer in the public service may, with the consent of that officer and the Public Service Commission, be temporarily appointed to the staff of the Authority for such period as may be determined by the Authority or with like consent be permanently appointed to the staff of the Authority.

(2) Where any officer is temporarily appointed to the staff of the Authority, the provisions of subsection (2) of section 14 of the National Transport Commission Act, No. 37 of 1991, shall, *mutatis mutandis*, apply to, and in relation to, him.

(3) Where any officer is permanently appointed to the staff of the Authority, the provisions of subsection (3) of section 14 of the National Transport Commission Act, No. 37 of 1991, shall, *mutatis mutandis* apply to, and in relation to him.

(4) Where the Authority employs any person, who has entered into a contract with the Government by which he has agreed to serve the Government for a specified period, any period of service with the Authority by that person shall be regarded as service to the Government, for the purpose of discharging the obligations of such contract.

Appointment of officers from higher educational institutions to the Authority

34. (1) At the request of the Board, any officer or other employee of any higher educational institution established under the Universities Act, No. 16 of 1978 may, with the consent of that officer or the employee and the principal executive officer of that higher educational institution, be temporarily appointed to the staff of the Authority. Such appointment shall be for a period as may be determined by the Board or with like consent be permanently appointed to such staff, on such terms and conditions, including those relating to pension or provident fund rights, as may be agreed upon by the Board and such principal executive officer.

(2) Where any person is temporarily appointed to the staff of the Authority under subsection (1) such person shall be subject to the same disciplinary control as any other member of the staff of the Authority.

PART VIII

PETROLEUM RESOURCES DEVELOPMENT FUND

35. (1) There shall be established a Fund to be called and known as the Petroleum Resources Development Fund (hereinafter referred to as the "Fund") administered by the Authority, into which shall be paid –

Establishment of
the Petroleum
Resources
Development
Fund

- (a) all such sums of money as may be voted by Parliament;
- (b) the fees charged by the Authority under this Act;
- (c) all grants, donations, contributions, or any other income;
- (d) all monies collected in terms of Petroleum Resources Agreements; and
- (e) the amount of fines recovered under this Act.

(2) The Authority shall utilize the monies in the Fund –

- (a) towards meeting costs relating to the administration and development of the Authority and providing remuneration and incentives to the staff;
- (b) to improve the facilities of the Authority;
- (c) to conduct such researches or operations as are necessary to preserve and protect the environment from any adverse impacts of petroleum operations;

- (d) to acquire and enhance such data as may be required to further understand the existence of potential petroleum resources of Sri Lanka;
- (e) to invest in knowledge transfer training and capacity building of staff and other employees of the Authority carrying out functions connected with the upstream petroleum industry for enhancing the management of the upstream petroleum sector; and
- (f) to pay all other such expenses as may be required to be incurred by the Board to achieve the objects of the Act.

(3) The Authority shall at the end of every financial year credit to the Consolidated Fund, a sum amounting to ten *per centum* of the monies lying to the credit of the Fund.

Financial year
and the audit of
accounts

36. (1) The financial year of the Fund shall be the calendar year.

(2) The provisions of Article 154 of the Constitution relating to the auditing of accounts shall apply in relation to the audit of accounts of the Fund.

PART IX

GENERAL PROVISIONS

Acquisition of
property for
contractors

37. (1) Where any land or any servitude in a land is required by the contractor for petroleum operations conducted or proposed to be conducted by him under a Petroleum Resources Agreement, a Joint Study Agreement, an Exploration Licence, a Development Licence or a Unit Development Licence as the case may be, he shall notify the Authority of such requirement.

(2) Where such land or servitude therein is required by the Authority for the purpose of the Authority, such land or servitude therein may be acquired under the Land Acquisition Act (Chapter 460) by the Government or Authority and the provisions of that Act shall *mutatis mutandis* apply for the purpose of acquisition of that land or servitude therein. Such land or servitude therein shall, for the purposes of the Land Acquisition Act, be deemed to be required for a public purpose.

(3) Any sum payable for the acquisition of any such land or servitude therein under the Land Acquisition Act, shall be paid by the contractor.

(4) Where any State land is required for the purpose of the Authority, such purpose shall be deemed to be a purpose for which a special grant or lease of such property may be made under section 6 of the Crown Lands Ordinance (Chapter 454) and, accordingly, the provisions of that Ordinance shall apply to a special grant or lease of that property to the Authority.

38. The Minister may from time to time issue such general or special directions in writing to the Authority relating to the exercise, performance and discharge of its powers, duties and functions and it shall be the duty of the Authority to give effect to such directions.

Directions of the Minister

39. (1) The Board may, subject to such conditions as may be specified in writing, delegate to the Director-General or any officer of the Authority, any of its powers, duties and functions under this Act, other than the powers, duties and functions specified in paragraphs (g), (h), (j) and (m) of section 4 and the Director-General or such officer shall exercise, discharge and perform such powers, duties or functions subject to any special or general directions issued by the Board.

Delegation of powers, duties and functions of the Board

(2) Notwithstanding any delegation made under subsection (1), the Board may exercise, discharge and perform any such powers, duties or functions so delegated.

Delegation of powers, duties and functions by the Director-General

40. (1) The Director-General may delegate any of his powers, duties and functions under this Act, to any officer of the Authority.

(2) An officer to whom any power, duty or function is delegated under subsection (1), shall exercise, discharge and perform, such powers, duties and functions subject to such directions as may be given by the Director-General.

(3) The Director-General shall, notwithstanding any delegation made under subsection (1), have the right to exercise, discharge and perform any powers, duties or functions so delegated.

Powers of entry

41. Any officer authorized in writing by the Authority may, at any time enter into, and inspect any site where petroleum operations are being conducted and carry out investigations or surveys thereon as may be necessary to ascertain whether the terms and conditions of the Petroleum Resources Agreement or Joint Study Agreement or any other Agreement or the terms and conditions imposed by an Exploration Licence, a Development Licence or a Unit Development Licence, any provision of this Act or regulation made thereunder are being complied with.

Annual report

42. (1) The Authority shall within six months of the end of each calendar year transmit an annual report including financial report giving full accounts of the activities of the Authority during that year to the Minister.

(2) The Minister shall cause copies of the annual report to be placed in Parliament.

All members of the Authority etc. deemed to be public Servants

43. All members of the Authority, officers, employees and agents of the Authority shall be deemed to be public servants within the meaning and for the purpose of the Penal Code (Chapter 19).

44. The Authority shall be deemed to be a Scheduled Institution within the meaning of the Bribery Act (Chapter 26) and the provisions of that Act shall be construed accordingly.

Authority deemed to be a Scheduled Institution

45. (1) All expenses incurred by the Authority in any suit or prosecution brought by or against it before any court, shall be paid out of the Fund of the Authority and only costs paid to or recovered by the Authority in any such suit or prosecution, shall be credited to the Fund of the Authority.

Expenses to be paid out of the Fund of the Authority

(2) Any expense incurred by a member of the Board, Director-General, or any officer or other employee of the Authority, in any suit or prosecution brought by or against such person before any court in respect of any act which is done or purported to be done by such person under this Act, shall if the court holds that the act was done in good faith, be paid out of the Fund of the Authority, unless such expenses are recovered by him in such suit or prosecution.

46. (1) Any person who –

Offences

- (a) contravenes the provisions of this Act or regulations made thereunder;
- (b) resists or obstructs a person authorized under section 41 in the exercise by such person of any powers conferred on him by or under this Act;
- (c) fails without reasonable cause, to comply with the requirements of a notice issued under this Act;
- (d) knowingly makes any false statement in any return or information furnished by him under this Act or in any application to enter into a Petroleum Resources Agreement or Joint Study Agreement in respect of an exploration block or a development block;

- (e) willfully omits any material fact from any return or information furnished by him under this Act or in any application to enter into a Petroleum Resources Agreement and Joint Study Agreement, to Exploration Licence, Development Licence, or Unit Development Licence or, in any Development Plan or Unit Development Plan in respect of an exploration block or a development block;
- (f) willfully damages or sabotages any petroleum operations; or
- (g) fraudulently or negligently deprives the State of its share of petroleum resources or petroleum resources royalty,

commits an offence under this Act and shall be liable on conviction after summary trial before a Magistrate, to a fine of not less than four million rupees and not exceeding one hundred million rupees or to imprisonment for a term not exceeding ten years or to both such fine and imprisonment, and if the offence of which he is convicted is continued after the conviction, he commits a further offence and shall be liable in respect hereof to a fine not exceeding fifty thousand rupees for each day on which the offence is so continued.

(2) Where a person is convicted of an offence under paragraph (g) of subsection (1), the Magistrate may order the offender to pay the State, compensation in such sum as is equivalent to the value of the petroleum resources or the petroleum resources royalty, as the case may be, which the State has been deprived of, as a result of the act constituting the offence.

Offences by a
body of persons

47. Where an offence in terms of this Act is committed by a body of persons, then if that body of persons –

- (a) is a body corporate, every director, manager, or secretary of that body corporate;

- (b) is a firm, every partner of the firm; or
- (c) is an unincorporated body other than a firm, every member of such body,

shall be deemed to have committed that offence:

Provided that, any person referred to in paragraphs (a), (b) and (c) above shall not be deemed to have committed such offence if he proves that such offence was committed without his knowledge or that he exercised all due diligence to prevent the commission of such offence.

48. (1) The Minister may make regulations in respect of any other matter which is required by this Act to be prescribed or in respect of which regulations are authorized or required to be made. Regulations

(2) Without prejudice to the generality of the powers conferred by subsection (1), regulations may be made in respect of any or all of the following matters:-

- (a) the procedure to be followed in relation to data licensing;
- (b) the form of application for an Exploration Licence, a Development Licence and a Unit Development Licence and the format of such Licences to be issued under the Act;
- (c) the procedure for calling of proposals and selecting of contractors for the conduct of petroleum operations in respect of defined exploration blocks;
- (d) the procedure to be followed when entering into Petroleum Resources Agreements and Joint Study Agreements and to specify the criteria to be included in the Petroleum Resources Agreement and the Joint Study Agreement;

- (e) the summary of estimated fiscal projections at the outset of the project for the information of the Minister and the Authority and for monitoring over the lifetime of the development;
- (f) the specifications for the scope of –
 - (i) geophysical operations and surveys;
 - (ii) drilling operations; and
 - (iii) diving activities,required to be carried out prior to the issue of the respective licences under the Act;
- (g) the specifications for the matters –
 - (i) to be included in the programme of work and the Unit Development Plan;
 - (ii) relating to the qualifications of non-officials of the Authority, Board members and the Director-General, of the Authority;
 - (iii) relating to environmental protection and occupational health and safety as are applicable in relation to the conduct of petroleum operations; and
 - (iv) to be included in relation to local content.

(3) Every regulation made by the Minister shall be published in the *Gazette* and shall come into operation on the date of such publication or on such later date as may be specified in the regulation.

(4) Every regulation made by the Minister shall, within three months after its publication in the *Gazette*, be brought

before Parliament for approval. Any such regulation that is not so approved shall be deemed to be rescinded as from the date of disapproval, but without prejudice to anything duly done thereunder.

(5) Notification of the date on which a regulation is deemed to be rescinded shall be published in the *Gazette*.

49. (1) The Authority may make rules in respect of – Rules

- (a) the appointment, employment and dismissal of various officers and their powers, duties and functions;
- (b) the procedure to be observed at the summoning and holding of meetings, annual general meeting and extraordinary meetings of the Board;
- (c) the administration and management of the affairs of the Authority;
- (d) all matters in respect of which, rules are required or authorized to be made under this Act.

(2) Every rule made under subsection (1) shall be approved by the Minister.

(3) Every rule so approved shall be published in the *Gazette* and shall come into operation upon such publication.

50. (1) The Petroleum Resources Act, No. 26 of 2003 is hereby repealed. Repeals, savings and transitional provisions

(2) The Director-General who, and the Authority which, is identified and were functioning as such in terms of subsection (5) of section 5 and section 20 of the Petroleum Resources Act, No. 26 of 2003, prior to the date of

commencement of this Act shall from and after the date of commencement of this Act, be deemed to continue to be the –

- (a) Director-General appointed in terms of section 30 of this Act; and
- (b) the Authority established in terms of section 3 of this Act.

(3) Notwithstanding the repeal, of the aforesaid Act –

- (a) all movable and immovable property vested in the Authority in terms of the Petroleum Resources Act, No. 26 of 2003, on the day preceding the date of commencement of this Act shall with effect from the date of commencement of this Act, vest in the Authority established by section 3 of this Act;
- (b) all contracts, Memorandums of Understanding and Agreement entered into by or with the Authority in terms of the Petroleum Resources Act, No. 26 of 2003, subsisting on the date of commencement of this Act, shall, with effect from the date of commencement of this Act, be deemed to be contracts, Memorandums of Understanding and agreements entered into by or with the Authority established by section 3 of this Act;
- (c) all actions and proceedings instituted by or against the Authority in terms of the Petroleum Resources Act, No. 26 of 2003, and pending on the date of commencement of this Act, shall, with effect from the date of commencement of this Act, be deemed to be actions and proceedings as the case may be, instituted by or against the Authority established by section 3 of this Act and may accordingly be continued and completed;

- (d) all persons who were members, officers and employees of the Authority in terms of the Petroleum Resources Act, No. 26 of 2003, and holding office on the day immediately preceding the date of commencement of this Act, shall, with effect from the date of commencement of this Act, be deemed to continue to be members, officers and employees of the Authority under this Act;
- (e) all judgments and orders made in favour of or against the Authority in terms of the Petroleum Resources Act, No. 26 of 2003, and remaining unsatisfied on the day immediately preceding the date of commencement of this Act, shall, with effect from the date of commencement of this Act, be deemed to be judgments and orders made in favour of or against the Authority established by section 3 of this Act and be enforced accordingly;
- (f) all service providers providing goods and services to any contractor under the terms of a licence issued by the Authority in terms of the Petroleum Resources Act, No. 26 of 2003, and who are on the day immediately preceding the date of commencement of this Act, continuing to provide such goods and services, shall, with effect from the date of commencement of this Act, be deemed to be service providers for the purposes of section 23 of this Act; and
- (g) all interests, rights, assets, obligations, debts and liabilities of the Authority in terms of the Petroleum Resources Act, No. 26 of 2003, on the day immediately preceding the date of commencement of this Act, shall be deemed with effect from the date of commencement of this Act, to be interests, rights, assets, obligations, debts and liabilities of the Authority.

(4) All licences issued, regulations made in terms of the Petroleum Resources Act, No. 26 of 2003, and in force on the day immediately preceding the date of commencement of this Act and all data sales concluded, surveys conducted, petroleum operations and connected matters and all operational arrangements carried out, relating to each licence or agreement as the case may be, shall, with effect from the date of commencement of this Act -

- (a) be deemed to continue to be valid and effectual, unless expressly repealed or if they become inconsistent with any new licences issued, agreements entered into, or regulations made under this Act. In the case of an inconsistency, the new licences, agreements, or regulations as the case may be, shall prevail;
- (b) be deemed to continue to be valid and effective as if they were concluded, conducted, or carried out under this Act, unless express provision is made to the contrary.

Interpretation

51. In this Act unless the context otherwise requires -

“contiguous zone” means, the zone declared to be the Contiguous Zone of Sri Lanka by Proclamation made under section 4 of the Maritime Zones Law, No. 22 of 1976;

“contractor” means, any person or body corporate, local or foreign, authorised to conduct petroleum operations under a Petroleum Resources Agreement which shall include joint study operations;

“exclusive economic zone” means, the Zone declared to be the Exclusive Economic Zone by Proclamation made under section 5 of the Maritime Zones Law, No. 22 of 1976;

“fiscal stability” means, maintaining for both contractor and the State the same overall project economics as agreed mutually at the time of entering into a Petroleum Resources Agreement by allowing the adjustment of any of the fiscal parameters in case of change of a government fiscal policy;

“historic waters” mean, the limits of the historic waters declared by Proclamation made under section 9 of the Maritime Zones Law, No. 22 of 1976;

“Joint Study Agreement” means, an Agreement entered into between the State and one or more contractors in terms of section 19 of the Act, to study and evaluate the hydrocarbon potential of a defined area;

“Minister” means, the Minister assigned the subject and functions relating to this Act under Article 44 and 45 of the Constitution;

“National Policy for the Upstream Petroleum Industry” means, a policy which outlines the general principles, management, development and all other related aspects of the upstream petroleum sector by recognizing the challenges and providing the recommendations in order to monitor and guide the upstream industry by ensuring the right balance between the national interest of the State and the interests of the contractors or operators;

“non-material terms and conditions” mean, items that will not directly impact the evaluation results of the proposals;

“participating interest” means, the share of ownership or equity of a participant in any entity or a joint venture;

“petroleum data” means, geological, geophysical, geochemical, petrophysical, engineering, well logs,

maps, magnetic tapes, cores, cuttings and production data as well as all interpretative and derivative data including reports, analyses, interpretations and evaluation prepared in respect of petroleum operations, economic data and geological samples including all information interpretation reports;

“petroleum operations” mean, activities in exploration, development and recovery of petroleum resources, including but not limited to geological surveys, interpretation of seismic data, well drilling, production testing, separation, processing, storage, recovery, transportation and marketing;

“petroleum reservoir” mean, a naturally occurring discrete accumulation of petroleum resources;

“petroleum resources” mean, crude oil, natural gas and hydrocarbons whether in natural liquid, gaseous, solid or semisolid state, hydrates of oil and gas, sulphur and other similar substances associated with hydrocarbons that are in site or recovered by petroleum operations;

“Petroleum Resources Agreement” means, a contract for production sharing entered into in terms of section 18 of this Act, between the State and one or more contractors;

“petroleum resources royalty” means, the royalty that is payable by a contractor on the market value of all petroleum resources that are recovered by him from the area covered by a Development Licence;

“territorial sea” means, the limits of the sea declared to be the territorial sea of Sri Lanka by proclamation made under section 2 of the Maritime Zones Law, No. 22 of 1976 and includes the internal waters of Sri Lanka;

“unit development” means, the development of a common reservoir that is situated within the boundaries of two or more exploration blocks or the area covered by two or more development licences;

“United Nations Convention on the Law of the Sea” means, the United Nations Convention on the Law of the Sea adopted in 1992 in Montego Bay, Jamaica, entered into force on November 16, 1994 and ratified by Sri Lanka on July 19, 1994; and

“upstream” means, the operational stages in the oil and gas industry that involve exploration and development and deal with a contractor initially taking steps to locate, drill, test and produce oil and gas.

52. In the event of any inconsistency between the Sinhala and Tamil texts of this Act, the Sinhala text shall prevail.

Sinhala text to prevail in case of inconsistency

English Acts of the Parliament can be purchased at the "PRAKASHANA PIYASA", DEPARTMENT OF
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**PARLIAMENT OF THE DEMOCRATIC
SOCIALIST REPUBLIC OF
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**REGISTRATION OF ELECTORS
(AMENDMENT) ACT, No. 22 OF 2021**

[Certified on 13th of October, 2021]

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*Registration of Electors (Amendment)
Act, No. 22 of 2021*

[Certified on 13th of October, 2021]

L.D.—O. 26/2018

AN ACT TO AMEND THE REGISTRATION OF ELECTORS
ACT, NO. 44 OF 1980

BE it enacted by the Parliament of the Democratic Socialist Republic of Sri Lanka as follows:—

- | | |
|---|---|
| <p>1. This Act may be cited as the Registration of Electors (Amendment) Act, No. 22 of 2021 and shall come into operation on February 1, 2022.</p> | <p>Short title and the date of operation</p> |
| <p>2. Section 3 of the Registration of Electors Act, No. 44 of 1980 (hereinafter referred to as the “principal enactment”) is hereby amended by the substitution for the words, “The first day of June”, of the words “The first day of February”.</p> | <p>Amendment of section 3 of Act, No. 44 of 1980</p> |
| <p>3. Section 4 of the principal enactment is hereby amended as follows:—</p> <p>(a) in subsection (1) thereof, by the substitution for the words “The first day of June”, of the words “The first day of February”;</p> <p>(b) in subsection (2) thereof, by the substitution for the words “the first day of June”, of the words “the first day of February”; and</p> <p>(c) in subsection (3) thereof, by the substitution for the words “the first day of June”, of the words “the first day of February”.</p> | <p>Amendment of section 4 of the principal enactment</p> |
| <p>4. Section 12 of the principal enactment is hereby amended in subsection (1) thereof, by the substitution for the words “the first day of June” of the words, “the first day of February”.</p> | <p>Amendment of section 12 of the principal enactment</p> |

2 *Registration of Electors (Amendment)*
Act, No. 22 of 2021

Amendment of section 13 of the principal enactment

5. Section 13 of the principal enactment is hereby amended in subsection (1) of that section by the substitution for the words “thirty-first day of January” of the words “thirtieth of September”.

Insertion of new section 20A in the principal enactment

6. The following new section is hereby inserted immediately after section 20, and shall have effect as section 20A in the principal enactment:—

“Different qualifying dates and supplementary lists 20A. (1) Notwithstanding the provisions of section 3, any person who attains the age of eighteen years on any day—

- (a) within the period commencing on the first day of February in any year and ending on the thirty first day of May of that year;
- (b) within the period commencing on the first day of June in any year and ending on the thirtieth day of September of that year; and
- (c) within the period commencing on the first day of October in any year and ending on the thirty first day of January of the subsequent year,

shall be qualified to have his name entered or retained in a register as an elector.

(2) Every person qualified to be registered as an elector under subsection (1) of this section may apply for registration as an elector to the registering officer of the electoral district in which the qualified address of such person in terms of subsection (2) of section 4 is situated.

(3) Every qualified person to be registered as an elector under subsection (1) shall make such application to the registering officer of the electoral district in which the qualified address of such person in terms of subsection (2) of section 4 is situated, along with the following documents:—

- (a) a copy of the birth certificate of such person; or
- (b) a copy of the National Identity Card of such person.

(4) Every registering officer of an electoral district shall prepare supplementary lists respectively of—

- (a) all persons who have attained the age of eighteen years between the first day of February of that year and the thirty first day of May of that year, who have applied for registration;
- (b) all persons who have attained the age of eighteen years between the first day of June in that year and the thirtieth day of September of that year who have applied for registration; and
- (c) all persons who have attained the age of eighteen years between the first day of October in a year and the thirty first day of January of the subsequent year who have applied for registration.

*Registration of Electors (Amendment)
Act, No. 22 of 2021*

(5) Every registering officer of each electoral district shall give notice within a period of two weeks that the respective supplementary lists referred to in subsection (4) have been completed, and such supplementary lists of copies thereof are available for inspection at all reasonable hours of the day at the office of the registering officer or at such other places in the electoral district as may be specified in the notice. Every such notice shall be published in the *Gazette* and in at least one newspaper each in Sinhala, Tamil and English Languages.

(6) Every person who claims to have a right to have his name included in a supplementary list prepared under this section may apply to the registering officer of the electoral district to have his name included in that list. Every such application shall be made within a period of ten days of the publication of the notice relating to such supplementary list.

(7) A registered elector may object to the inclusion of the name of any person in a supplementary list prepared under this section and every such objection shall be made in writing to the registering officer of the electoral district within a period of ten days of the publication of the notice relating to such supplementary list.

(8) Any provisions of this Act relating to determination of claims and objections shall *mutatis mutandis* apply to any claims and objections under this section.

(9) The registering officer of each electoral district shall certify the supplementary lists prepared by him under this section immediately after the claims and objections have been adjudicated. Upon such certification, the supplementary lists shall be known as the certified supplementary register and be attached as an annexure to the electoral register for that electoral district.

(10) Upon the certification of any supplementary register under subsection (9) of section 20A, the registering officer shall give notice in the *Gazette* and in at least one newspaper in each of the National Languages that the register has been certified.

(11) The certified supplementary register for any electoral district shall come into operation on the date of the publication in the *Gazette* of the notice referred to in subsection (10) and subject to such alterations if any, as may subsequently be made therein in accordance with subsection (4) of section 15 or section 18, such certified supplementary register shall continue to be in operation until superseded by the coming into operation of the next certified register.”.

7. The following new section is hereby inserted immediately after section 24, and shall have effect as section 24A of the principal enactment:—

Insertion of new
section 24A

6 *Registration of Electors (Amendment)*
Act, No. 22 of 2021

“Power of the Election Commission to issue directions 24A. The Election Commission may issue such directions as it may consider necessary, to provide for any difficulty or unforeseen circumstances or for the determination or adjustment of any question or matter in relation to the registration of electors under this Act.”.

Amendment of section 29 of the principal enactment

8. Section 29 of the principal enactment is hereby amended in the definition of the expression of “register of electors” by the substitution for the words “for any electoral district ;” of the words “including the certified supplementary register prepared under section 20A for any electoral district.”.

Amendment of the Schedule to the principal enactment

9. The Schedule to the principal enactment is hereby amended as follows:–

- (1) in items (2), (3) and (5) (ii) of form A of the Schedule by the substitution for the words and figures “June 1, 19...” of the words and figures of “February 1, 20...”.
- (2) in subsections (2), (3) and (5) (ii) of form B of the Schedule by the substitution for the words and figures “June 1, 19...” of the words and figures of “February 1, 20...”.

Supplementary list for a specified period

10. (1) Notwithstanding the provisions of section 3, any person who attains the age of eighteen years on any date within the period from the first day of June 2021 to the date of commencement of this Act shall be qualified to have such person’s name entered or retained in the register of electors as an elector and every such person shall apply for registration to the registering officer of the electoral district in which the qualified address of such person in terms of subsection (2) of section 4 is situated along with the documents specified in subsection (3) of section 20A.

Registration of Electors (Amendment) 7
Act, No. 22 of 2021

(2) Every registering officer shall make a supplementary list for the purpose of subsection (1) and shall *mutatis mutandis* apply the procedure specified in subsections (5) to (11) of section 20A for the preparation of the supplementary list.

11. In the event of any inconsistency between the Sinhala and Tamil texts of this Act, the Sinhala text shall prevail.

Sinhala text to prevail in case of inconsistency

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**PARLIAMENT OF THE DEMOCRATIC
SOCIALIST REPUBLIC OF
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**EMPLOYEES' PROVIDENT FUND (AMENDMENT)
ACT, No. 23 OF 2021**

[Certified on 13th of October, 2021]

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Employees' Provident Fund (Amendment)
Act, No. 23 of 2021

[Certified on 13th of October, 2021]

L.D.—O. 35/2019

AN ACT TO AMEND THE EMPLOYEES' PROVIDENT FUND
ACT, NO. 15 OF 1958

BE it enacted by the Parliament of the Democratic Socialist Republic of Sri Lanka as follows:—

1. This Act may be cited as the Employees' Provident Fund (Amendment) Act, No. 23 of 2021 and shall come into operation on such date as the Minister may appoint by Order published in the *Gazette*.

Short title and
date of operation

2. Section 47 of the Employees' Provident Fund Act, No. 15 of 1958 is hereby amended as follows:—

Amendment of
section 47 of Act,
No. 15 of 1958

(1) in the definition of “employee”, by the substitution for the words “at any particular time;” of the words “at any particular time, and does not include a detached worker for the period of time specified in a social security agreement applicable to such detached worker;”;

(2) immediately after the definition of the expression “covered employment”, by the insertion of the following new definition:—

“ “ detached worker” means an international worker on a temporary assignment in covered employment in Sri Lanka and contributing to a social security programme in the country in which he is a citizen and who in terms of a social security agreement has been exempted from making any contribution under this Act for the period as set out in such agreement;”;

(3) immediately after the definition of “employer”, by the insertion of the following new definition:—

“ “ international worker” means, an employee who is a citizen of a country other than Sri Lanka;”;

2 *Employees' Provident Fund (Amendment)*
Act, No. 23 of 2021

- (4) immediately after the definition of “regulation”,
by the insertion of the following new definition:—

““ Social Security Agreement” means a bilateral agreement to which Sri Lanka is a party and which provides exemptions to citizens of one country working in another country, on temporary assignment as detached workers, from contributing to a social security programme in such other country;”.

Sinhala text to prevail in case of inconsistency

- 3.** In the event of any inconsistency between the Sinhala and Tamil texts of this Act, the Sinhala text shall prevail.

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**PARLIAMENT OF THE DEMOCRATIC
SOCIALIST REPUBLIC OF
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**YOUTHFUL OFFENDERS (TRAINING SCHOOLS)
(AMENDMENT) ACT, No. 24 OF 2021**

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*Youthful Offenders (Training Schools)
(Amendment) Act, No. 24 of 2021*

(Certified on 26th of October, 2021)

L.D.—O. 27/2019

AN ACT TO AMEND THE YOUTHFUL OFFENDERS
(TRAINING SCHOOLS) ORDINANCE (CHAPTER 25)

BE it enacted by the Parliament of the Democratic Socialist
Republic of Sri Lanka as follows :—

- 1.** This Act may be cited as the Youthful Offenders (Training Schools) (Amendment) Act, No. 24 of 2021 and shall come into operation on such date as the Minister may appoint by Order published in the *Gazette*.

Short title and date of operation
- 2.** Section 4 of the Youthful Offenders (Training Schools) Ordinance (Chapter 25) (hereinafter referred to as the “principal enactment”) is hereby amended in subsection (1) thereof, by the substitution for the words “any male person-”, of the words “any person-”.

Amendment of section 4 of Chapter 25
- 3.** Section 5 of the principal enactment is hereby amended in subsection (1) thereof, by the substitution for the words “a male person”, of the words “a person”.

Amendment of section 5 of the principal enactment
- 4.** Section 16 of the principal enactment is hereby amended, by the repeal of the definition of the expression “youthful person” and substitution therefor of the following definition:—

““youthful person” means a person who has attained the age of eighteen years and who has not attained the age of twenty two years; and “youthful offender” has a corresponding meaning.”.

Amendment of section 16 of the principal enactment
- 5.** In the event of any inconsistency between the Sinhala and Tamil texts of this Act, the Sinhala text shall prevail.

Sinhala text to prevail in case of inconsistency

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**PARLIAMENT OF THE DEMOCRATIC
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PENAL CODE (AMENDMENT) ACT, No. 25 OF 2021

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Penal Code (Amendment) Act, No. 25 of 2021

(Certified on 26th of October, 2021)

L.D.—O. 12/2021

AN ACT TO AMEND THE PENAL CODE (CHAPTER 19)

BE it enacted by the Parliament of the Democratic Socialist Republic of Sri Lanka as follows :—

1. This Act may be cited as the Penal Code (Amendment) Act, No. 25 of 2021. Short title
2. Section 53 of the Penal Code (Chapter 19) is hereby repealed and the following section is substituted therefor:— Replacement of section 53 of Chapter 19

“Punishment of detention in lieu of death for persons under eighteen years of age

53. (1) Sentence of death shall not be pronounced on or recorded against any person who, is under the age of eighteen years, at the time of the commission of an offence by such person.

(2) The court shall, in lieu of sentencing such person to death, sentence him to be detained in an institution established under any written law for the detention of persons under the age of eighteen years, for a period specified in the sentence and subject to the provisions of such written law.”.
3. In the event of any inconsistency between the Sinhala and Tamil texts of this Act, the Sinhala text shall prevail. Sinhala text to prevail in case of inconsistency

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**PARLIAMENT OF THE DEMOCRATIC
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**APPROPRIATION (AMENDMENT)
ACT, No. 26 OF 2021**

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Appropriation (Amendment)
Act, No. 26 of 2021

[Certified on 12th of November, 2021]

L.D. – O. 57/2021

AN ACT TO AMEND THE APPROPRIATION ACT, NO. 7 OF 2020

BE it enacted by the Parliament of the Democratic Socialist Republic of Sri Lanka as follows:-

- | | |
|--|---|
| <p>1. This Act may be cited as the Appropriation (Amendment) Act, No. 26 of 2021.</p> | <p>Short title</p> |
| <p>2. Section 2 of the Appropriation Act, No. 7 of 2020 is hereby amended in paragraph (b) of subsection (1) thereof, by the substitution for the words, “rupees two thousand nine hundred ninety seven billion” of the words “rupees three thousand three hundred ninety seven billion”.</p> | <p>Amendment of section 2 of Act, No. 7 of 2020</p> |
| <p>3. In the event of any inconsistency between the Sinhala and Tamil texts of this Act, the Sinhala text shall prevail.</p> | <p>Sinhala text to prevail in case of inconsistency</p> |

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**PARLIAMENT OF THE DEMOCRATIC
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**IMMIGRANTS AND EMIGRANTS (AMENDMENT)
ACT, No. 27 OF 2021**

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*Immigrants and Emigrants (Amendment)
Act, No. 27 of 2021*

[Certified on 12th of November, 2021]

L.D.—O. 24/2018

AN ACT TO AMEND THE IMMIGRANTS AND EMIGRANTS ACT
(CHAPTER 351)

BE it enacted by the Parliament of the Democratic Socialist
Republic of Sri Lanka as follows :—

- 1.** This Act may be cited as the Immigrants and Emigrants (Amendment) Act, No. 27 of 2021. Short title
- 2.** Section 14 of the Immigrants and Emigrants Act (Chapter 351) is hereby amended as follows:— Amendment of
section 14 of
Chapter 351
- (1) in subsection (1) thereof, by the substitution for the words, “two years,” of the words “five years,”;
- (2) in subsection (2) thereof, by the substitution for the words, “exceeding two years but not exceeding five years,” of the words “exceeding five years but not exceeding ten years,”; and
- (3) by the insertion immediately after subsection (3) thereof, of the following subsection:—
- “(3A) (a) Notwithstanding the time limits specified in subsections (1) and (2), the period of permanent residence visa may be determined by the Minister.
- (b) For the purpose of paragraph (a), “permanent residence visa” means, a visa granted under regulations made under this Act.”.
- 3.** In the event of any inconsistency between the Sinhala and Tamil texts of this Act, the Sinhala text shall prevail. Sinhala text to
prevail in case of
inconsistency

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**PARLIAMENT OF THE DEMOCRATIC
SOCIALIST REPUBLIC OF
SRI LANKA**

**MINIMUM RETIREMENT AGE OF WORKERS
ACT, No. 28 OF 2021**

[Certified on 17th of November, 2021]

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*Minimum Retirement Age of Workers
Act, No. 28 of 2021*

[Certified on 17th of November, 2021]

L.D. – O. 27/2021

AN ACT TO PROVIDE FOR THE MINIMUM RETIREMENT AGE AT WHICH AN
EMPLOYER MAY RETIRE ANY WORKER AND FOR MATTERS CONNECTED
THEREWITH OR INCIDENTAL THERETO

BE it enacted by the Parliament of the Democratic Socialist
Republic of Sri Lanka as follows:-

1. This Act may be cited as the Minimum Retirement Age of Workers Act, No. 28 of 2021. Short title

PART I

MINIMUM RETIREMENT AGE

2. Notwithstanding the provisions of any other written law, a contract of service, collective agreement or any other form of contract of service, the minimum retirement age of a worker who has not attained the age of fifty two years on the date of operation of this Act or who is recruited after the date of coming into operation of this Act shall be upon such worker attaining the age of sixty years (hereinafter referred to as the “minimum retirement age”): Minimum retirement age

Provided that, the minimum retirement age of a worker who has reached the age of fifty two years or above, on the date of coming into operation of this Act, shall be deemed to be the age as specified in Schedule I.

3. (1) Any employer who employs fifteen or more workers shall not retire any worker other than the workers specified in Schedule II, and any worker engaged in any trade or occupation as shall be prescribed by regulation, from time to time, in keeping with the nature of the work until such worker attains the minimum retirement age: Premature retirement

Provided that, any employer may prematurely retire any worker in terms of the provisions of the contract of service or the collective agreement on following grounds:-

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- (a) where any registered medical practitioner registered under the Medical Ordinance (Chapter 105) has certified that a worker is permanently incapacitate of engaging in work due to some sickness;
- (b) where the service of a worker has been terminated as a result of any disciplinary inquiry and the decision of such termination has not been revised by law;
- (c) upon closure or the destruction of an establishment due to any natural cause; or
- (d) with the prior written approval of the Commissioner-General under the provisions of the Termination of Employment of Workmen (Special Provisions) Act, No. 45 of 1971.

(2) The provisions of subsection (1) shall not apply to any employer who has employed fifteen workers or less than that on an average within the twelve months period prior to the retirement of any worker.

(3) Any worker who wishes on his own to vacate his job prior to the minimum retirement age may on his own do so.

Term of contract of service & etc. contrary to the provisions of this Act to be void

4. Any retirement age specified in a contract of service, collective agreement or any other form of contract of service entered into before or on or after the date of operation of this Act, as less than the minimum retirement age shall subject to the provisions of section 3 be deemed to be void and the minimum retirement age as specified in this Act shall apply in respect thereof.

PART 11

COMPLAINTS AND INQUIRIES

Complaints to the Commissioner-General against premature retirement

5. (1) Any worker who has been prematurely retired by the employer other than in the manner specified in subsection (1) of section 3, may within two months from the date of such retirement, complain in writing to the Commissioner-General in respect of such retirement.

(2) Where any worker has made a complaint to the Commissioner-General under subsection (1), the Commissioner-General shall, conduct an inquiry and within two months from the date of receipt of such complaint grant his final determination on the complaint.

(3) Upon an inquiry under subsection (2), if the Commissioner-General is satisfied that-

- (a) the complaint made by the worker is not substantiated with supporting evidence, or such premature retirement is in accordance with the provisions of subsection (1) of section 3, the Commissioner-General shall dismiss such complaint; or
- (b) the worker has been prematurely retired by his employer contrary to the provisions of this Act, the Commissioner-General shall by notice issued by him to the employer, direct the employer –
 - (i) to reinstate such worker from the date of such notice, in the same capacity in which the worker was employed prior to such retirement and to pay him his wages and all other benefits from the date of such retirement; or
 - (ii) where the Commissioner-General is of the opinion that reinstatement is impractical due to the closure of the establishment or commencement of liquidation process of the establishment in which such worker was employed, to pay the worker compensation in terms of the formula determined by the Commissioner-General as specified in section 6D of the Termination of Employment of

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Workmen (Special Provisions) Act, No.45 of 1971, based on the last paid wages to such worker up to the date of closure of such establishment or the date of commencement of liquidation of such establishment, as the case may be, in lieu of reinstatement.

(4) Where any worker has prior to coming into operation of this Act made a complaint in terms of the Industrial Disputes Act (Chapter 131) or the Termination of Employment of Workmen (Special Provisions) Act, No.45 of 1971 to the Commissioner-General, a Labour Tribunal, an arbitrator or an Industrial Court against premature retirement and a final determination has not been made on such complaint by the Commissioner-General, Labour Tribunal, arbitrator or Industrial Court, the Commissioner-General has no power to inquire into a complaint made under this Act:

Provided that, if the worker has made a complaint in terms of the Industrial Disputes Act (Chapter 131) or the Termination of Employment of Workmen (Special Provisions) Act, No.45 of 1971 against the premature retirement, such worker shall not be entitled to make a complaint under this Act.

Application to
the Court of
Appeal

6. (1) An employer who is dissatisfied with a decision of the Commissioner-General made under section 5 may make an application to the Court of Appeal against such decision, for the issue of an order in the nature of a writ. An employer who makes such application shall furnish to the Commissioner-General, a security in cash, where the order for which is subject to such application directs –

(a) only the payment of a sum of money to the worker, of an amount equal to such sum;

(b) both the payment of a sum of money to the worker and his reinstatement, of an amount equal to such sum and twelve times the monthly salary or wages of such worker that was at the time his contract of service was terminated. In the case of a daily paid worker, monthly salary or wages shall be twenty-six times the daily wages of such worker.

(2) The Court of Appeal shall not entertain an application for the issue of an order in the nature of a writ where such application is not accompanied by a certificate of the Commissioner-General to the effect that the applicant has furnished the security in cash.

(3) The Commissioner-General shall cause all monies furnished as security under this section, to be deposited in an account bearing interest, in any approved bank in Sri Lanka. The security shall be released to the relevant parties in terms of the final determination of the Court of Appeal or of the Supreme Court, as the case may be.

PART III

ADMINISTRATION OF THE ACT AND POWERS OF THE COMMISSIONER-GENERAL

7. The Commissioner-General of Labour shall be in charge of the administration of this Act and may delegate any of his powers, duties and functions under this Act to any officer of the Labour Department as authorized by the Commissioner-General of Labour. Administration of the Act

8. (1) The Commissioner-General shall for the purposes of any inquiry in respect of a complaint made under section 5, have the following powers of a District Court - Powers of the Commissioner-General

(a) to summon and compel the attendance of witnesses;

(b) to compel the production of documents; or

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- (c) to require the evidence of any witness to be given on oath or affirmation or cause to be administered by an officer authorized in that behalf by the Commissioner-General an oath or affirmation to every such witness.

(2) The Commissioner-General may by notice in writing served on any employer direct such employer to furnish to him before a date as specified in such direction-

- (a) a return relating to all his workers or any class or description of such workers and any particulars as the Commissioner-General may require for the purposes of this Act;
- (b) such information or explanation as the Commissioner-General may require in respect of any particulars stated in any return furnished by such employer; or
- (c) certified true copies of the whole or any part of any register or record maintained by such employer.

(3) Every person who –

- (a) fails without cause to appear before the Commissioner-General at the time and place mentioned in the summons issued by the Commissioner-General; or
- (b) refuses to be sworn or affirmed as a witness before the Commissioner-General or any officer authorized by the Commissioner-General in that behalf;
- (c) refuses to extend the assistance required by the Commissioner-General as necessary for entry or inspection or the exercise of his powers; or

- (d) hinders or obstructs the Commissioner-General in the exercise of the powers conferred on the Commissioner-General; or
- (e) refuses to produce any register or record of wages or give any information which the Commissioner-General requires him to produce or give under the powers conferred on the Commissioner-General; or
- (f) makes or causes to be made any register or record of wages which is false in any material particular, or produces or causes or knowingly allows to be produced any such register or record to the Commissioner-General acting under the powers conferred on him, knowing the same to be false; or
- (g) furnishes any information to the Commissioner-General acting under the powers conferred to him, knowingly the same to be false; or
- (h)
 - (i) fails without cause, or with cause which in the opinion of the Commissioner-General is unreasonable, to appear before the Commissioner-General at the time and place mentioned in any summons issued by the Commissioner-General; or
 - (ii) refuses or fails without cause or with cause which in the opinion of the Commissioner-General is unreasonable, to produce and show to the Commissioner-General any document which is in his possession or power and which is in the opinion of the Commissioner-General necessary for arriving at the truth of the matters being inquired into by the Commissioner-General; or
 - (iii) refuses to be affirmed or sworn in as a witness before the Commissioner-General; or

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- (iv) defaults in complying with any direction given by the Commissioner-General, or who when called upon to furnish a return knowingly makes or furnishes or caused to be furnished a false return or a return containing any false statement,

under this section, commits an offence and shall be liable on conviction thereof after summary trial before a Magistrate to a fine not exceeding five thousand rupees or to imprisonment of either description for a term not exceeding six months or to both such fine and imprisonment.

Service of notices

9. Any notice which is required by this Act to be served on or given to any person shall if it is not served on or given personally to such person, be deemed to have been duly served on or given to such person if it is sent to him by registered post addressed to the usual or last known place of abode or business of such person.

Regulations

10. (1) The Minister may make regulations in respect of all matters which are stated or required by this Act to be prescribed or in respect of all matters for which regulations are required or authorized to be made by this Act.

(2) Every regulation made by the Minister under this section shall be published in the *Gazette* and shall come into operation upon such publication or on such later date as may be specified in the regulation.

(3) Every regulation made by the Minister under this section shall within three months from its publication in the *Gazette*, be brought before Parliament for approval. Any regulation which is not so approved shall be deemed to be rescinded from the date of such disapproval but without prejudice to anything previously done thereunder.

PART IV

OFFENCES AND PENALTIES

11. Any employer who contravenes the provisions of subsection (1) of section 3 commits an offence and shall on conviction be liable to a fine not exceeding five thousand rupees or to imprisonment of either description for a term not exceeding six months or to both such fine and imprisonment.

Premature retirement

12. (1) An employer who fails to comply with a direction specified in the notice issued by the Commissioner-General under section 5, commits an offence and shall be liable on conviction after summary trial by a Magistrate to a fine not less than five thousand rupees or to imprisonment of either description for a term not exceeding six months or to both such fine and imprisonment.

Non-compliance with the directions of Commissioner-General

(2) The burden of proof that the employer has complied with the directions of the notice issued by the Commissioner-General under section 5 shall lie on such employer.

(3) Upon conviction of an employer under this section, such employer shall –

- (a) pay in addition to the fine such employer is liable to pay under subsection (1), an additional fine of one hundred rupees in respect of each day he continues to fail to comply with such direction after conviction;
- (b) pay to the worker the wages, benefits or compensation under paragraph (b) of subsection (3) of section 5, which would have been payable to such worker if such worker had been in employment without being retired for the period commencing on the date specified in the notice issued under section 5 and ending on the date of conviction of such employer;

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- (c) where the worker attains the minimum retirement age prior to the date of conviction of such employer, pay to the worker the wages, benefits or compensation until the date on which he attains the minimum retirement age.

(4) Any sum which an employer is liable to pay under paragraph (b) of subsection (3) may be recovered by the order of the Court by which such employer was convicted as if it were a fine imposed on the employer by that Court and the amount so recovered shall be paid to the worker.

Offences
committed by a
body of
persons

13. Where any offence under this Act is committed by a body of persons, then, if such body –

- (a) is a body corporate, every director and officer of that body corporate;
- (b) is a firm, every partner of that firm ;
- (c) if such body of persons is a trade union, every officer of that trade union; and
- (d) is a body other than a firm or trade union and unincorporated, the president, manager, secretary and every officer of such body,

shall be deemed to be guilty of that offence:

Provided that, no such person shall be deemed to be guilty of an offence under this Act, if such person proves that such offence was committed without his knowledge or he exercised all due diligence to prevent the commission of such offence.

Contempt against
the
Commissioner-
General

14. Where any person –

- (a) insults or intimidates the Commissioner-General during the progress of any inquiry conducted by the Commissioner-General under this Act; or
- (b) interferes with the lawful process of such inquiry conducted by the Commissioner-General,

such person commits the offence of contempt against the Commissioner-General.

15. Every offence under this Act shall be triable summarily by a Magistrate having jurisdiction in the division of the place where the worker was last employed.

Offences under this Act to be tried summarily

16. The proceedings at any inquiry held by the Commissioner-General for the purposes of this Act shall be conducted by the Commissioner-General in any manner not inconsistent with the principles of natural justice.

Proceedings of inquiry by the Commissioner-General to be not inconsistent with the principles of natural justice

17. (1) Where any employer is charged with an offence under this Act, such employer shall upon complaint duly made by him in accordance with the provisions of section 136 of the Code of Criminal Procedure Act, No.15 of 1979 and on giving to the prosecution not less than three days' notice of his intention, be entitled subject to the provisions of Chapter XIV of that Act to have any other person whom he charges as the actual offender, brought before the court, and if after commission of the offence by such other person has been proved, the employer proves to the satisfaction of the court that he has used due diligence to enforce the provisions of this Act and that such other person has committed the offence without his knowledge, consent or connivance, then, that such other person shall be convicted of the offence and the employer shall be exempt from any punishment in respect of the offence.

Special defense open to a person charged with an offence under this Act

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(2) Where in any case referred to in subsection (1), a complaint is made by an employer against any other person –

- (a) the prosecution against such other person shall be conducted by or on behalf of the employer;
- (b) any witness called by the prosecution in the proceedings against such other person may be cross examined by any officer authorized in that behalf by the Commissioner-General; and
- (c) pending the determination of the proceedings against such other person, the proceedings in the prosecution of the employer shall be adjourned.

Interpretation

18. In this Act, unless the context otherwise requires –

“Commissioner-General” means the Commissioner-General of Labour and includes any Additional Commissioner-General of Labour, Commissioner of Labour, Deputy Commissioner of Labour, an Assistant Commissioner of Labour or any Labour Officer;

“employer” means any person who employs any worker or causes to be employed any worker on behalf of any other person and includes a body of employers whether such body is a firm, company, corporation, trade union or a body unincorporated, but does not include the state or Government or any such other person or such body which are excluded from any provision or any regulation made under the provisions of this Act;

“employment of casual nature” means an employment of a worker not in excess of hundred and eighty days in any one calendar year;

”fixed term employment” means a written contract of employment for a fixed term of time, specified in days, months or years between an employer and a worker and includes a consecutive fixed term contract entered into with the same individual where such contract is specifically linked to the performance of a particular task or project and the employer retains the services of such worker after the end of such fixed term contract without entering into a new employment for more than twelve calendar months, which shall be deemed to have extended for a length of time identical to the existing fixed term employment contract;

“probationary worker” means a worker who works for a period of not exceeding 180 days within which such period the employer has the sole discretion to decide whether such worker is suitable for a particular position and if not may decide to extend such period for a maximum period of hundred and eighty days, and does not include a worker if such worker has been employed in the same post or performed the same work previously on any contract of service with that employer;

”seasonal employment contract” means a written contract of employment between an employer and a worker in respect of a specified seasonal work for a time to be specified in such contract in days or months and entered into on an actual or other basis and which shall not be deemed indefinite term contract if the time of engagement in each twelve month period shall not exceed six months;

”worker” shall have the same meaning assigned to the term “workman” in the Industrial Disputes Act (Chapter 131);

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”wages” means the basic salary or salary and the cost of living allowance or any other similar allowance.

Sinhala text to prevail in case of inconsistency

19. In the event of any inconsistency between the Sinhala and Tamil texts of this Act, the Sinhala text shall prevail.

SCHEDULE I

section 2

Age of worker as at the date of coming into operation of the Minimum Retirement Age of Workers Act *Minimum Retirement Age*

| | |
|--------------------------------|----------|
| 54 or above and below 55 years | 57 years |
| 53 or above and below 54 years | 58 years |
| 52 or above and below 53 years | 59 years |
| Below 52 years | 60 years |

SCHEDULE II

section 3(1)

1. Any worker in the public sector.
2. Any worker in any statutory body established under written law.
3. Any worker of Government owned business undertakings registered under the Companies Act, No. 7 of 2007.
4. Any worker in any Provincial Council or Local Authority.
5. Any worker recruited by any registered society within the meaning of the Cooperative Societies Law, No. 5 of 1972.
6. Any worker of a charitable institution that has been identified by section 68 of the Inland Revenue Act, No, 24 of 2017.

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Act, No. 28 of 2021

7. Any worker entered into any contract of service for training in any trade or occupation.
8. Any apprentice or trainee in any wages board established under the Wages Boards Ordinance (Chapter 136).
9. Any apprentice or trainee covered by the Tertiary and Vocational Education Act, No. 20 of 1990 or the Employment of Trainees (Private Sector) Act, No. 8 of 1978.
10. Any worker who enters into and works under a fixed term employment contract or casual employment contract.
11. Any worker who enters into and works under a contract of fixed term employment with an employer.
12. Any worker who enters into and works under a seasonal employment contract with an employer.
13. Any part time worker who enters into contract of service with an employer.
14. Any probationary worker who enters into contract of service with an employer.
15. Any daily paid worker who engages in an employment of casual nature.
16. Any student who serves under a contract for a temporary term of employment during study leave.
17. Any domestic service.
18. Any worker who serves under a contract for an assignment basis employment, entered into with an employer.

English Acts of the Parliament can be purchased at the "PRAKASHANA PIYASA", DEPARTMENT OF
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**PARLIAMENT OF THE DEMOCRATIC
SOCIALIST REPUBLIC OF
SRI LANKA**

**TERMINATION OF EMPLOYMENT OF WORKMEN
(SPECIAL PROVISIONS) (AMENDMENT)
ACT, No. 29 OF 2021**

[Certified on 17th of November, 2021]

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*Termination of Employment of Workmen
(Special Provisions) (Amendment) Act, No. 29 of 2021*

[Certified on 17th of November, 2021]

L.D.—O. 31/2021

AN ACT TO AMEND THE TERMINATION OF EMPLOYMENT OF WORKMEN
(SPECIAL PROVISIONS) ACT, No. 45 OF 1971

BE it enacted by the Parliament of the Democratic Socialist
Republic of Sri Lanka as follows:—

1. This Act may be cited as the Termination of
Employment of Workmen (Special Provisions)
(Amendment) Act, No. 29 of 2021.

Short title

2. Section 3 of the Termination of Employment of
Workmen (Special Provisions) Act, No. 45 of 1971 is hereby
amended in subsection (1) thereof, by the repeal of paragraph
(c) and the substitution therefore of the following:-

Amendment of
Section 3 of Act,
No. 45 of 1971

“(c) to the termination of employment of any
workman where such termination was effected
upon such workman attains the minimum
retirement age as specified in the Minimum
Retirement Age of Workers Act, No. 28 of
2021;”.

3. In the event of any inconsistency between the
Sinhala and Tamil texts of this Act, the Sinhala text shall
prevail.

Sinhala text to
prevail in case
of inconsistency

English Acts of the Parliament can be purchased at the "PRAKASHANA PIYASA", DEPARTMENT OF
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**PARLIAMENT OF THE DEMOCRATIC
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APPROPRIATION ACT, No. 30 OF 2021

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Appropriation Act, No. 30 of 2021

[Certified on 10th of December, 2021]

L.D. – O. 52/2021

AN ACT TO PROVIDE FOR THE SERVICE OF THE FINANCIAL YEAR 2022; TO AUTHORIZE THE RAISING OF LOANS IN OR OUTSIDE SRI LANKA, FOR THE PURPOSE OF SUCH SERVICE ; TO MAKE FINANCIAL PROVISION IN RESPECT OF CERTAIN ACTIVITIES OF THE GOVERNMENT DURING THAT FINANCIAL YEAR; TO ENABLE THE PAYMENT BY WAY OF ADVANCES OUT OF THE CONSOLIDATED FUND OR ANY OTHER FUND OR MONEYS, OF OR AT THE DISPOSAL OF THE GOVERNMENT, OF MONEYS REQUIRED DURING THAT FINANCIAL YEAR FOR EXPENDITURE ON SUCH ACTIVITIES; TO PROVIDE FOR THE REFUND OF SUCH MONEYS TO THE CONSOLIDATED FUND AND TO MAKE PROVISION FOR MATTERS CONNECTED THEREWITH OR INCIDENTAL THERETO

BE it enacted by the Parliament of the Democratic Socialist Republic of Sri Lanka as follows:-

1. This Act may be cited as the Appropriation Act, No. 30 of 2021. Short title

2. (1) Without prejudice to anything in any other law authorizing any expenditure and subject to the provisions of subsection (4) of this section, the expenditure of the Government which is estimated to be rupees two thousand seven hundred ninety six billion four hundred forty six million five hundred fifty eight thousand for the service of the period beginning on January 1, 2022 and ending on December 31, 2022 (in this Act referred to as the “financial year 2022”), shall be met – Appropriation
for financial
year, 2022
 - (a) from payments which are hereby authorized to be made out of the Consolidated Fund or any other fund or moneys, of or at the disposal of the Government; and

- (b) from borrowing made in the financial year 2022, which are hereby authorized in terms of relevant laws for moneys to be raised whether in or outside Sri Lanka, for and on behalf of the Government, provided that the balance outstanding of such borrowing at any given time during the financial year 2022 or at the end of the financial year 2022 shall not exceed rupees three thousand two hundred billion and the details of such loans shall be incorporated in the Final Budget Position Report which is required to be tabled in Parliament under section 13 of the Fiscal Management (Responsibility) Act, No. 3 of 2003:

Provided that, the difference between the total short-term borrowing raised during the financial year 2022 and the total settlement of short-term borrowing made during the financial year 2022 shall only be considered in deciding the volume of short-term borrowing for the purposes of calculating the borrowing made during the financial year 2022 as specified in this section.

(2) The sum of rupees two thousand seven hundred ninety six billion four hundred forty six million five hundred fifty eight thousand referred to in subsection (1), may be expended as specified in the First Schedule to this Act.

(3) The provisions of subsection (1) shall have effect without prejudice to the provisions of any other written law, authorizing the raising of loans for and on behalf of the Government.

(4) The estimated expenditure of the Government authorized by laws to be charged on the Consolidated Fund, shall be rupees two thousand six hundred twenty three billion one hundred twenty three million four hundred forty two thousand for the service of the period beginning on January 1, 2022 and ending on December 31, 2022. The Expenditure Heads and the laws under which such expenditure is authorized to be made, are as specified in the Second Schedule to this Act.

3. (1) The receipts of the Government during the financial year 2022, from each activity specified in Column I of the Third Schedule to this Act, shall be credited to the account of such activity, but the aggregate of receipts so credited shall not be less than the minimum limit specified in the corresponding entry in Column III of that Schedule. The net surplus, if any, of such activity, shall be paid to the Consolidated Fund before the expiry of six months after the close of the financial year 2022.

Financial provisions in respect of certain activities of the Government for the financial year 2022

(2) For the purpose of determining the net surplus under subsection (1), the following charges shall be set off against the revenue of each activity:-

- (a) the working, establishment and other expenses of the activity, whether paid or accrued, properly chargeable to the revenue of the activity; and
- (b) provision to cover the depreciation of the movable and immovable property of the activity.

(3) The expenditure incurred by the Government during the financial year 2022 on each activity specified in Column I of the Third Schedule to this Act, shall be paid out of the receipts of the Government from such activity during that financial year, but such expenditure shall not exceed the maximum limit specified in the corresponding entry in Column II of that Schedule.

(4) The debit balance outstanding at the end of the financial year 2022, of any activity specified in Column I of the Third Schedule to this Act, shall not exceed the maximum limit specified in the corresponding entry in Column IV of that Schedule and the total liabilities of that activity at the end of that financial year, shall not exceed the maximum limit specified in the corresponding entry in Column V of that Schedule.

Payment from the Consolidated Fund or any other fund or moneys, of or at the disposal of the Government, of advances for expenditure on the activities referred to in section 3, during the financial year 2022

4. Whenever at any time during the financial year 2022, the receipts of the Government from any activity specified in Column I of the Third Schedule to this Act are insufficient to meet the expenditure incurred by the Government on such activity, the Minister may, from time to time, by Order, direct that such sums as he may deem necessary to meet such expenditure shall be payable by way of advances, out of the Consolidated Fund or any other fund or moneys, of or at the disposal of the Government, so however that the aggregate of the sums so advanced shall not exceed the maximum limit of expenditure specified in the corresponding entry in Column II of that Schedule. Any sum so advanced in respect of such activity shall be refunded to the Consolidated Fund in such manner, as the Minister may by Order direct.

Power to transfer unexpended moneys allocated to Recurrent Expenditure, to another allocation within the same Programme or to another Programme under the same Head of Expenditure

5. (1) Any moneys which by virtue of the provisions of the First Schedule to this Act, have been allocated to Recurrent Expenditure under any Programme appearing under any Head specified in that Schedule, but have not been expended or are not likely to be expended, may be transferred to the allocation of Capital Expenditure within that Programme or to the allocation of Recurrent Expenditure or Capital Expenditure under any other Programme within that Head, by Order of the Secretary to the Treasury or by Order either of a Deputy Secretary to the Treasury or the Director General of the National Budget Department, who may be authorized in that behalf by the Secretary to the Treasury.

(2) No moneys allocated to Capital Expenditure under any Programme appearing under any Head specified in the First Schedule to this Act, shall be transferred out of that Programme or to any allocation of Recurrent Expenditure of that Programme.

6. (1) Any money allocated to Recurrent Expenditure or Capital Expenditure under the “Development Activities” Programme, appearing under the Head, “Department of National Budget” specified in the First Schedule, may be transferred subject to guidelines stipulated in Printed Budget Estimates approved by Parliament for the relevant year, to any other Programme under any other Head in that Schedule, by Order of the Secretary to the Treasury or by Order either of a Deputy Secretary to the Treasury or the Director General of the National Budget Department, who may be authorized in that behalf by the Secretary to the Treasury. The money so transferred shall be deemed to be a supplementary allocation made to the particular Ministry, and a report containing the amount of money so transferred and the reasons for the transfer, shall be submitted to Parliament within two months of the date of the said transfer:

Money allocated to the “Development Activities” Programme may be transferred to any other Programme under any other Head

Provided that, implementing this section, Ministries, Government Departments and Public Institutions shall not make requests for supplementary allocations in financial year 2022 to implement new programmes and Projects.

(2) Details of all transfers made under subsection (1), including the reasons for such transfers, shall be incorporated in the reports relating to the Government’s fiscal performance, which are required to be tabled in Parliament under the provisions of the Fiscal Management (Responsibility) Act, No.3 of 2003.

7. Where the Minister is satisfied-

- (a) that receipts from taxes and other sources will be less than the amounts anticipated to finance authorized expenditure; or
- (b) that amounts originally appropriated for a particular purpose or purposes are no longer required,

Power of Minister to limit expenditure previously authorized

he may with the approval of the Government, withdraw in whole or in part any amounts previously released for expenditure under the authority of a warrant issued by him, from the Consolidated Fund or from any other fund or moneys, of or at the disposal of the Government, to meet any

authorized expenditure and the details of all such withdrawals shall be incorporated in the Final Budget Position Report which is required to be tabled in Parliament under section 13 of the Fiscal Management (Responsibility) Act, No. 3 of 2003.

Power of Minister to vary the maximum and minimum limits specified in the Third Schedule to this Act

8. (1) The Minister with the approval of the Government may, on or before May 31, 2023, by Order, vary or alter-

- (a) any of the maximum limits specified in Column II, Column IV and Column V; and
- (b) the minimum limits specified in Column III,

of the Third Schedule to this Act.

(2) No Order made under subsection (1) shall have effect, unless it has been approved by Parliament by Resolution.

(3) Any Order made under subsection (1) shall, if so expressed therein, be deemed to have had effect from such date prior to the date of making such Order, as may be specified therein.

Power of Parliament to amend the Third Schedule to this Act

9. Parliament may by Resolution amend the Third Schedule to this Act, by adding to the appropriate Columns of that Schedule any activity and providing for -

- (a) all or any of the maximum limits relating to such activity; and
- (b) the minimum limit relating to such activity.

Sinhala text to prevail in case of inconsistency

10. In the event of any inconsistency between the Sinhala and Tamil texts of this Act, the Sinhala text shall prevail.

(Sections 2, 5 and 6)

FIRST SCHEDULE
ESTIMATE — 2022
Sums Payable for General Services

| <i>Head No.</i> | | <i>Recurrent Expenditure Rs.</i> | <i>Capital Expenditure Rs.</i> |
|----------------------|--|----------------------------------|--------------------------------|
| Head 1 - 25 | Special Spending Units | | |
| | Recurrent | 11,484,125,000 | |
| | Capital | 1,177,455,000 | |
| Made up as follows:- | | | |
| Head 1 | His Excellency the President Programme 01 Operational Activities Programme 02 Development Activities | 2,309,980,000 | 378,820,000 100,000,000 |
| Head 2 | Office of the Prime Minister Programme 01 Operational Activities | 1,172,450,000 | 219,500,000 |
| Head 4 | Judges of the Superior Courts Programme 01 Operational Activities | 301,900,000 | 12,300,000 |
| Head 5 | Office of the Cabinet of Ministers Programme 01 Operational Activities | 177,150,000 | 26,300,000 |
| Head 6 | Office of the Public Service Commission Programme 01 Operational Activities | 256,053,000 | 12,000,000 |
| Head 7 | Judicial Service Commission Programme 01 Operational Activities | 109,922,000 | 1,450,000 |
| Head 8 | National Police Commission Programme 01 Operational Activities | 134,600,000 | 4,710,000 |

Appropriation Act, No. 30 of 2021

| <i>Head No.</i> | | <i>Recurrent Expenditure Rs.</i> | <i>Capital Expenditure Rs.</i> |
|-----------------|---|----------------------------------|--------------------------------|
| Head 9 | Administrative Appeals Tribunal Programme 01 Operational Activities | 31,155,000 | 200,000 |
| Head 10 | Commission to Investigate Allegations of Bribery or Corruption Programme 01 Operational Activities | 534,405,000 | 52,500,000 |
| Head 11 | Office of the Finance Commission Programme 01 Operational Activities | 94,616,000 | 4,700,000 |
| Head 13 | Human Rights Commission of Sri Lanka Programme 01 Operational Activities | 221,264,000 | 2,600,000 |
| Head 16 | Parliament Programme 01 Operational Activities | 2,931,850,000 | 195,200,000 |
| Head 17 | Office of the Leader of the House of Parliament Programme 01 Operational Activities | 59,100,000 | 1,250,000 |
| Head 18 | Office of the Chief Govt. Whip of Parliament Programme 01 Operational Activities | 137,100,000 | 1,800,000 |
| Head 19 | Office of the Leader of the Opposition of Parliament Programme 01 Operational Activities | 154,880,000 | 17,800,000 |
| Head 20 | Election Commission Programme 01 Operational Activities | 860,600,000 | 107,000,000 |

8
Appropriation Act, No. 30 of 2021

| | | | |
|---------|---|---------------|------------|
| Head 21 | National Audit Office | | |
| | Programme 01 Operational Activities | 1,959,200,000 | 39,000,000 |
| Head 22 | Office of the Parliamentary Commissioner for Administration | | |
| | Programme 01 Operational Activities | 25,830,000 | 200,000 |
| Head 25 | Delimitation Commission | | |
| | Programme 01 Operational Activities | 12,070,000 | 125,000 |

Ministry of Buddhasasana, Religious and Cultural Affairs

Recurrent 3,980,000,000
Capital 1,775,000,000

Made up as follows :-

| | | | |
|----------|--|---------------|-------------|
| Head 101 | Minister of Buddhasasana, Religious and Cultural Affairs | | |
| | Programme 01 Operational Activities | 414,000,000 | 144,000,000 |
| | Programme 02 Development Activities | 727,000,000 | 855,000,000 |
| Head 201 | Department of Buddhist Affairs | | |
| | Programme 01 Operational Activities | 84,000,000 | 9,000,000 |
| | Programme 02 Development Activities | 1,073,000,000 | 79,000,000 |
| Head 202 | Department of Muslim Religious and Cultural Affairs | | |
| | Programme 02 Development Activities | 154,000,000 | 27,000,000 |
| Head 203 | Department of Christian Religious Affairs | | |
| | Programme 02 Development Activities | 198,000,000 | 42,000,000 |

Appropriation Act, No. 30 of 2021

| <i>Head No.</i> | | <i>Recurrent Expenditure Rs.</i> | <i>Capital Expenditure Rs.</i> |
|--|--|----------------------------------|--------------------------------|
| Head 204 | Department of Hindu Religious and Cultural Affairs Programme 02 Development Activities | 209,000,000 | 57,000,000 |
| Head 206 | Department of Cultural Affairs Programme 01 Operational Activities Programme 02 Development Activities | 140,000,000 581,000,000 | 6,000,000 220,000,000 |
| Head 208 | Department of National Museums Programme 01 Operational Activities Programme 02 Development Activities | 50,000,000 191,000,000 | 14,000,000 191,000,000 |
| Head 209 | Department of National Archives Programme 01 Operational Activities Programme 02 Development Activities | 89,000,000 70,000,000 | 10,000,000 121,000,000 |
| State Ministry of National Heritage, Performing Arts and Rural Arts Promotion | | | |
| | Recurrent | 1,498,000,000 | |
| | Capital | 300,000,000 | |
| Made up as follows :- | | | |
| Head 401 | State Minister of National Heritage Performing Arts and Rural Arts Promotion Programme 01 Operational Activities Programme 02 Development Activities | 180,500,000 166,500,000 | 8,500,000 145,500,000 |
| Head 207 | Department of Archaeology Programme 01 Operational Activities Programme 02 Development Activities | 266,000,000 885,000,000 | 6,000,000 140,000,000 |

10 Appropriation Act, No. 30 of 2021

Ministry of Finance

Recurrent 131,731,805,000

Capital 110,285,188,000

Made up as follows :-

| | | | |
|----------|---|----------------|----------------|
| Head 102 | Minister of Finance | | |
| | Programme 01 Operational Activities | 2,371,550,000 | 187,025,000 |
| | Programme 02 Development Activities | - | 1,267,000,000 |
| Head 238 | Department of Fiscal Policy | | |
| | Programme 01 Operational Activities | 71,560,000 | 625,000 |
| Head 239 | Department of External Resources | | |
| | Programme 01 Operational Activities | 322,900,000 | 1,262,825,000 |
| Head 240 | Department of National Budget | | |
| | Programme 01 Operational Activities | 218,300,000 | 277,500,000 |
| | Programme 02 Development Activities | 40,276,000,000 | 30,524,783,000 |
| Head 241 | Department of Public Enterprises | | |
| | Programme 01 Operational Activities | 593,000,000 | 44,503,500,000 |
| Head 242 | Department of Management Services | | |
| | Programme 01 Operational Activities | 108,450,000 | 2,050,000 |
| Head 243 | Department of Development Finance | | |
| | Programme 01 Operational Activities | 14,319,350,000 | 925,000 |
| | Programme 02 Development Activities | - | 18,739,580,000 |
| Head 244 | Department of Trade and Investment Policies | | |
| | Programme 01 Operational Activities | 55,250,000 | 2,225,000 |
| Head 245 | Department of Public Finance | | |
| | Programme 01 Operational Activities | 77,450,000 | 6,850,000 |

Appropriation Act, No. 30 of 2021

11

| <i>Head No.</i> | | <i>Recurrent Expenditure Rs.</i> | <i>Capital Expenditure Rs.</i> |
|-----------------|--|----------------------------------|--------------------------------|
| Head 246 | Department of Inland Revenue Programme 01 Operational Activities | 4,186,600,000 | 1,135,000,000 |
| Head 247 | Sri Lanka Customs Programme 01 Operational Activities | 3,332,300,000 | 1,558,625,000 |
| Head 248 | Department of Excise Programme 01 Operational Activities | 1,517,750,000 | 282,000,000 |
| Head 249 | Department of Treasury Operations Programme 01 Operational Activities | 63,641,250,000 | 10,480,300,000 |
| Head 250 | Department of State Accounts Programme 01 Operational Activities | 76,900,000 | 18,350,000 |
| Head 296 | Department of Import and Export Control Programme 01 Operational Activities | 97,975,000 | 32,250,000 |
| Head 297 | Department of the Registrar of Companies Programme 01 Operational Activities | 72,500,000 | - |
| Head 323 | Department of Legal Affairs Programme 01 Operational Activities | 21,250,000 | 375,000 |
| Head 324 | Department of Management Audit Programme 01 Operational Activities | 58,900,000 | 1,150,000 |
| Head 329 | Department of Information Technology Management Programme 01 Operational Activities | 312,570,000 | 2,250,000 |

12
Appropriation Act, No. 30 of 2021

**State Ministry of Samurdhi Household Economy, Micro-finance,
Self Employment and Business Development**

Recurrent 73,863,650,000
Capital 1,166,000,000

Made up as follows :-

| | | | |
|----------|--|----------------|-------------|
| Head 414 | State Minister of Samurdhi Household Economy, Micro-finance, Self Employment and Business Development | | |
| | Programme 01 Operational Activities | 420,050,000 | 55,700,000 |
| | Programme 02 Development Activities | 6,923,600,000 | 793,600,000 |
| Head 331 | Department of Samurdhi Development | | |
| | Programme 01 Operational Activities | 418,500,000 | 8,700,000 |
| | Programme 02 Development Activities | 66,101,500,000 | 308,000,000 |

Ministry of Defence

Recurrent 326,295,860,000
Capital 46,750,000,000

Made up as follows :-

| | | | |
|----------|-------------------------------------|---------------|----------------|
| Head 103 | Minister of Defence | | |
| | Programme 01 Operational Activities | 5,978,170,000 | 14,017,750,000 |
| | Programme 02 Development Activities | 7,172,000,000 | 456,400,000 |

Appropriation Act, No. 30 of 2021

| <i>Head No.</i> | | <i>Recurrent Expenditure Rs.</i> | <i>Capital Expenditure Rs.</i> |
|---------------------------------------|---|----------------------------------|--------------------------------|
| Head 222 | Sri Lanka Army Programme 01 Operational Activities | 180,740,190,000 | 7,404,280,000 |
| Head 223 | Sri Lanka Navy Programme 01 Operational Activities | 54,726,300,000 | 9,244,480,000 |
| Head 224 | Sri Lanka Air Force Programme 01 Operational Activities | 41,161,200,000 | 14,913,590,000 |
| Head 320 | Department of Civil Security Programme 01 Operational Activities | 18,154,450,000 | 177,500,000 |
| Head 325 | Department of Sri Lanka Coast Guard Programme 01 Operational Activities | 67,700,000 | 451,000,000 |
| Head 334 | Department of Multi-purpose Development Task Force Programme 01 Operational Activities | 18,295,850,000 | 85,000,000 |
| State Ministry of Home Affairs | | | |
| | Recurrent | 33,646,000,000 | |
| | Capital | 88,775,000,000 | |
| Made up as follows :- | | | |
| Head 409 | State Minister of Home Affairs Programme 01 Operational Activities | 10,487,000,000 | 136,000,000 |
| | Programme 02 Development Activities | - | 1,740,000,000 |

| | | | |
|----------|---|---------------|---------------|
| Head 255 | District Secretariat, Colombo Programme 01 Operational Activities | 1,032,000,000 | 5,072,000,000 |
| Head 256 | District Secretariat, Gampaha Programme 01 Operational Activities | 1,304,000,000 | 7,747,000,000 |
| Head 257 | District Secretariat, Kalutara Programme 01 Operational Activities | 1,171,000,000 | 4,606,000,000 |
| Head 258 | District Secretariat, Kandy Programme 01 Operational Activities | 1,531,000,000 | 6,674,000,000 |
| Head 259 | District Secretariat, Matale Programme 01 Operational Activities | 798,000,000 | 3,008,000,000 |
| Head 260 | District Secretariat, Nuwara-Eliya Programme 01 Operational Activities | 571,000,000 | 2,959,000,000 |
| Head 261 | District Secretariat, Galle Programme 01 Operational Activities | 1,463,000,000 | 5,102,000,000 |
| Head 262 | District Secretariat, Matara Programme 01 Operational Activities | 1,244,000,000 | 3,779,000,000 |
| Head 263 | District Secretariat, Hambantota Programme 01 Operational Activities | 925,000,000 | 3,318,000,000 |
| Head 264 | District Secretariat/ Kachcheri - Jaffna Programme 01 Operational Activities | 1,099,000,000 | 2,616,000,000 |

Appropriation Act, No. 30 of 2021

| <i>Head No.</i> | | <i>Recurrent Expenditure Rs.</i> | <i>Capital Expenditure Rs.</i> |
|-----------------|--|----------------------------------|--------------------------------|
| Head 265 | District Secretariat/ Kachcheri - Mannar Programme 01 Operational Activities | 304,000,000 | 839,000,000 |
| Head 266 | District Secretariat/ Kachcheri - Vavuniya Programme 01 Operational Activities | 295,000,000 | 758,000,000 |
| Head 267 | District Secretariat/ Kachcheri - Mullaitivu Programme 01 Operational Activities | 341,000,000 | 730,000,000 |
| Head 268 | District Secretariat/ Kachcheri - Killinochchi Programme 01 Operational Activities | 324,000,000 | 574,000,000 |
| Head 269 | District Secretariat/ Kachcheri - Batticaloa Programme 01 Operational Activities | 866,000,000 | 2,218,000,000 |
| Head 270 | District Secretariat, Ampara Programme 01 Operational Activities | 1,117,000,000 | 3,325,000,000 |
| Head 271 | District Secretariat/ Kachcheri - Trincomalee Programme 01 Operational Activities | 570,000,000 | 1,614,000,000 |
| Head 272 | District Secretariat, Kurunegala Programme 01 Operational Activities | 2,133,000,000 | 8,392,000,000 |
| Head 273 | District Secretariat, Puttalam Programme 01 Operational Activities | 848,000,000 | 3,302,000,000 |
| Head 274 | District Secretariat, Anuradhapura Programme 01 Operational Activities | 1,057,000,000 | 4,266,000,000 |

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Appropriation Act, No. 30 of 2021

| | | | |
|----------|---|---------------|---------------|
| Head 275 | District Secretariat - Polonnaruwa Programme 01 Operational Activities | 556,000,000 | 1,875,000,000 |
| Head 276 | District Secretariat - Badulla Programme 01 Operational Activities | 907,000,000 | 3,799,000,000 |
| Head 277 | District Secretariat, Monaragala Programme 01 Operational Activities | 606,000,000 | 2,242,000,000 |
| Head 278 | District Secretariat, Rathnapura Programme 01 Operational Activities | 1,100,000,000 | 4,023,000,000 |
| Head 279 | District Secretariat, Kegalle Programme 01 Operational Activities | 997,000,000 | 4,061,000,000 |

State Ministry of National Security and Disaster Management

Recurrent 6,168,195,000
Capital 4,286,570,000

Made up as follows :-

| | | | |
|----------|---|----------------------------|------------------------------|
| Head 442 | State Minister of National Security and Disaster Management Programme 01 Operational Activities Programme 02 Development Activities | 760,623,000 841,762,000 | 125,020,000 2,942,500,000 |
| Head 226 | Department of Immigration and Emigration Programme 01 Operational Activities | 1,895,500,000 | 727,000,000 |
| Head 254 | Department of Registrar General Programme 01 Operational Activities | 2,326,060,000 | 61,750,000 |

Appropriation Act, No. 30 of 2021

| <i>Head No.</i> | | <i>Recurrent Expenditure Rs.</i> | <i>Capital Expenditure Rs.</i> |
|--|--|----------------------------------|--------------------------------|
| Head 304 | Department of Meteorology Programme 02 Development Activities | 344,250,000 | 430,300,000 |
| Ministry of Economic Policies & Plan Implementation | | | |
| | Recurrent | 2,022,800,000 | |
| | Capital | 5,064,500,000 | |
| Made up as follows :- | | | |
| Head 104 | Minister of Economic Policies & Plan Implementation Programme 01 Operational Activities | 337,450,000 | 893,100,000 |
| Head 237 | Department of National Planning Programme 01 Operational Activities | 153,770,000 | 3,595,770,000 |
| Head 251 | Department of Valuation Programme 01 Operational Activities | 500,100,000 | 29,700,000 |
| Head 252 | Department of Census and Statistics Programme 01 Operational Activities | 999,300,000 | 545,700,000 |
| Head 333 | Office of the Comptroller General Programme 01 Operational Activities | 32,180,000 | 230,000 |
| Ministry of Mass Media | | | |
| | Recurrent | 18,624,060,000 | |
| | Capital | 1,672,000,000 | |
| Made up as follows :- | | | |
| Head 105 | Minister of Mass Media Programme 01 Operational Activities | 248,915,000 | 572,100,000 |
| | Programme 02 Development Activities | 66,450,000 | 125,250,000 |

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Appropriation Act, No. 30 of 2021

| | | | |
|----------|---|----------------|-------------|
| Head 210 | Department of Government Information Programme 01 Operational Activities | 297,665,000 | 94,379,000 |
| Head 211 | Department of Government Printing Programme 01 Operational Activities | 3,160,080,000 | 288,300,000 |
| Head 308 | Department of Posts Programme 02 Development Activities | 14,850,950,000 | 591,971,000 |

Ministry of Justice

Recurrent 12,812,460,000
Capital 11,937,000,000

Made up as follows :-

| | | | |
|----------|--|---------------|---------------|
| Head 110 | Minister of Justice Programme 01 Operational Activities | 2,506,425,000 | 8,073,690,000 |
| Head 205 | Department of Public Trustee Programme 01 Operational Activities | 69,475,000 | 3,700,000 |
| Head 228 | Courts Administration Programme 01 Operational Activities | 7,851,750,000 | 3,308,200,000 |
| Head 229 | Attorney General's Department Programme 01 Operational Activities | 1,545,000,000 | 329,000,000 |
| Head 230 | Legal Draftsman's Department Programme 01 Operational Activities | 125,200,000 | 10,500,000 |
| Head 231 | Department of Debt Conciliation Board Programme 01 Operational Activities | 35,850,000 | 1,000,000 |

Appropriation Act, No. 30 of 2021

| <i>Head No.</i> | | <i>Recurrent Expenditure Rs.</i> | <i>Capital Expenditure Rs.</i> |
|--|--|----------------------------------|--------------------------------|
| Head 233 | Department of Government Analyst Programme 01 Operational Activities | 416,300,000 | 206,500,000 |
| Head 234 | Office of the Registrar of the Supreme Court Programme 01 Operational Activities | 246,550,000 | 3,200,000 |
| Head 235 | Law Commission of Sri Lanka Programme 01 Operational Activities | 15,910,000 | 1,210,000 |
| State Ministry of Prison Management and Prisoners' Rehabilitation | | | |
| | Recurrent | 8,462,930,000 | |
| | Capital | 1,390,000,000 | |
| Made up as follows :- | | | |
| Head 418 | State Minister of Prison Management and Prisoners' Rehabilitation Programme 01 Operational Activities | 377,370,000 | 928,800,000 |
| Head 232 | Department of Prisons Programme 01 Operational Activities | 7,601,500,000 | 448,000,000 |
| Head 326 | Department of Community Based Corrections Programme 01 Operational Activities | 484,060,000 | 13,200,000 |
| Ministry of Health | | | |
| | Recurrent | 121,528,998,000 | |
| | Capital | 37,000,000,000 | |

20
Appropriation Act, No. 30 of 2021

Made up as follows :-

| | | | | |
|----------|--------------------|------------------------|-----------------|----------------|
| Head 111 | Minister of Health | | | |
| | Programme 01 | Operational Activities | 103,535,998,000 | 2,272,500,000 |
| | Programme 02 | Development Activities | 17,993,000,000 | 34,727,500,000 |

State Ministry of Indigenous Medicine Promotion , Rural and Ayurvedic Hospitals Development and Community Health

Recurrent 2,179,000,000
Capital 100,000,000

Made up as follows :-

| | | | | |
|----------|--|------------------------|-------------|------------|
| Head 416 | State Minister of Indigenous Medicine Promotion , Rural and Ayurvedic Hospitals Development and Community Health | | | |
| | Programme 01 | Operational Activities | 360,000,000 | 17,000,000 |
| | Programme 02 | Development Activities | - | 10,000,000 |

| | | | | |
|----------|------------------------|------------------------|---------------|------------|
| Head 220 | Department of Ayurveda | | | |
| | Programme 01 | Operational Activities | 122,000,000 | 7,000,000 |
| | Programme 02 | Development Activities | 1,697,000,000 | 66,000,000 |

State Ministry of Production, Supply and Regulation of Pharmaceuticals

Recurrent 65,730,000,000
Capital 400,000,000

Made up as follows :-

| | | | | |
|----------|--|------------------------|----------------|-------------|
| Head 423 | State Minister of Production, Supply and Regulation of Pharmaceuticals | | | |
| | Programme 01 | Operational Activities | 65,730,000,000 | 25,000,000 |
| | Programme 02 | Development Activities | - | 375,000,000 |

Appropriation Act, No. 30 of 2021

| <i>Head No.</i> | | <i>Recurrent Expenditure Rs.</i> | <i>Capital Expenditure Rs.</i> |
|---|--|--|--|
| State Ministry of Primary Health Care, Epidemics and Covid Disease Control | | | |
| | Recurrent | 12,650,000,000 | |
| | Capital | 150,000,000 | |
| Made up as follows :- | | | |
| Head 441 | State Minister of Primary Health Care, Epidemics and Covid Disease Control | | |
| | Programme 01 Operational Activities | 118,000,000 | 13,000,000 |
| | Programme 02 Development Activities | 11,822,000,000 | 92,000,000 |
| Head 216 | Department of Social Services | | |
| | Programme 01 Operational Activities | 83,000,000 | 2,000,000 |
| | Programme 02 Development Activities | 627,000,000 | 43,000,000 |
| Foreign Ministry | | | |
| | Recurrent | 12,726,350,000 | |
| | Capital | 463,000,000 | |
| Made up as follows :- | | | |
| Head 112 | Foreign Minister | | |
| | Programme 01 Operational Activities | 52,400,000 | 2,450,000 |
| | Programme 02 Development Activities | 12,673,950,000 | 460,550,000 |
| State Ministry of Regional Cooperation | | | |
| | Recurrent | 113,200,000 | |
| | Capital | 7,000,000 | |

Made up as follows :-

| | | | |
|----------|--|-------------|-----------|
| Head 419 | State Minister of Regional Cooperation | | |
| | Programme 01 Operational Activities | 113,200,000 | 7,000,000 |

Ministry of Transport

| | |
|------------------|-----------------------|
| Recurrent | 16,689,950,000 |
| Capital | 16,540,000,000 |

Made up as follows :-

| | | | |
|----------|-------------------------------------|-------------|---------------|
| Head 114 | Minister of Transport | | |
| | Programme 01 Operational Activities | 291,000,000 | 27,300,000 |
| | Programme 02 Development Activities | 650,000,000 | 5,550,000,000 |

| | | | |
|----------|-------------------------------------|----------------|----------------|
| Head 306 | Department of Sri Lanka Railways | | |
| | Programme 02 Development Activities | 15,748,950,000 | 10,962,700,000 |

State Ministry of Vehicle Regulation, Bus Transport Services and Train Compartments and Motor Car Industry

| | |
|------------------|----------------------|
| Recurrent | 9,215,050,000 |
| Capital | 3,000,000,000 |

Made up as follows :-

| | | | |
|----------|--|---------------|---------------|
| Head 436 | State Minister of Vehicle Regulation, Bus Transport Services and Train Compartments and Motor Car Industry | | |
| | Programme 01 Operational Activities | 120,050,000 | 4,000,000 |
| | Programme 02 Development Activities | 7,210,000,000 | 1,906,000,000 |

| | | | |
|----------|-------------------------------------|---------------|---------------|
| Head 307 | Department of Motor Traffic | | |
| | Programme 02 Development Activities | 1,885,000,000 | 1,090,000,000 |

Appropriation Act, No. 30 of 2021

| <i>Head No.</i> | | <i>Recurrent Expenditure Rs.</i> | <i>Capital Expenditure Rs.</i> |
|-----------------|---|----------------------------------|--------------------------------|
| | Ministry of Energy | | |
| | Recurrent | 217,900,000 | |
| | Capital | 34,000,000 | |
| | Made up as follows :- | | |
| Head 115 | Minister of Energy Programme 01 Operational Activities | 217,900,000 | 34,000,000 |
| | Ministry of Trade | | |
| | Recurrent | 16,248,000,000 | |
| | Capital | 3,200,000,000 | |
| | Made up as follows :- | | |
| Head 116 | Minister of Trade Programme 01 Operational Activities Programme 02 Development Activities | 329,000,000 15,475,000,000 | 16,000,000 2,905,000,000 |
| Head 295 | Department of Commerce Programme 01 Operational Activities | 145,000,000 | 8,000,000 |
| Head 298 | Department of Measurement Units, Standards and Services Programme 01 Operational Activities | 160,800,000 | - |
| Head 299 | National Intellectual Property Office of Sri Lanka Programme 01 Operational Activities | 45,300,000 | - |
| Head 300 | Department of Food Commissioner Programme 01 Operational Activities | 92,900,000 | 271,000,000 |

24

Appropriation Act, No. 30 of 2021

**State Ministry of Co-operative Services, Marketing
Development and Consumer Protection**

Recurrent 863,000,000
Capital 15,146,000,000

Made up as follows :-

| | | | |
|----------|---|-------------|----------------|
| Head 438 | State Minister of Cooperative Services, Marketing Development and Consumer Protection | | |
| | Programme 01 Operational Activities | 149,700,000 | 49,800,000 |
| | Programme 02 Development Activities | 607,000,000 | 15,030,000,000 |
| Head 301 | Department of Co-operative Development (Registrar of Co-operative Societies) | | |
| | Programme 01 Operational Activities | 85,000,000 | 64,500,000 |
| Head 302 | Co-operative Employees Commission | | |
| | Programme 01 Operational Activities | 21,300,000 | 1,700,000 |

Ministry of Highways

Recurrent 191,200,000
Capital 270,000,000,000

Made up as follows :-

| | | | |
|----------|-------------------------------------|-------------|-----------------|
| Head 117 | Minister of Highways | | |
| | Programme 01 Operational Activities | 191,200,000 | 8,300,000 |
| | Programme 02 Development Activities | - | 269,991,700,000 |

State Ministry of Rural Roads and Other Infrastructure

Recurrent 76,000,000
Capital 10,000,000,000

Appropriation Act, No. 30 of 2021

| | | | |
|---------------------|--|--|--|
| <i>Head No.</i> | | <i>Recurrent Expenditure Rs.</i> | <i>Capital Expenditure Rs.</i> |
|---------------------|--|--|--|

26

Made up as follows :-

| | | | |
|----------|--|------------|---------------|
| Head 435 | State Minister of Rural Roads and other Infrastructure | | |
| | Programme 01 Operational Activities | 76,000,000 | 4,000,000 |
| | Programme 02 Development Activities | - | 9,996,000,000 |

Ministry of Agriculture

| | |
|------------------|-----------------------|
| Recurrent | 9,838,000,000 |
| Capital | 23,557,100,000 |

Made up as follows :-

| | | | |
|----------|-------------------------------------|---------------|----------------|
| Head 118 | Minister of Agriculture | | |
| | Programme 01 Operational Activities | 837,500,000 | 37,100,000 |
| | Programme 02 Development Activities | 4,140,000,000 | 22,000,000,000 |

| | | | |
|----------|-------------------------------------|---------------|---------------|
| Head 285 | Department of Agriculture | | |
| | Programme 01 Operational Activities | 514,500,000 | 61,500,000 |
| | Programme 02 Development Activities | 4,346,000,000 | 1,458,500,000 |

State Ministry of Backward Rural Areas Development and Promotion of Domestic Animal Husbandry and Minor Economic Crop Cultivation

| | |
|------------------|--------------------|
| Recurrent | 233,300,000 |
| Capital | 292,000,000 |

Made up as follows :-

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| | | | |
|----------|---|-------------|-------------|
| Head 407 | State Minister of Backward Rural Areas Development and Promotion of Domestic Animal Husbandry and Minor Economic Crop Cultivation | | |
| | Programme 01 Operational Activities | 115,300,000 | 17,000,000 |
| | Programme 02 Development Activities | 118,000,000 | 275,000,000 |

State Ministry of Promoting the production & Regulating the supply of Organic Fertilizer and Paddy & Grains, Organic Foods, Vegetables, Fruits, Chilies, Onion and Potato Cultivation Promoting, Seed Production and Advanced Technology Agriculture

Recurrent 43,582,220,000
Capital 2,216,000,000

Made up as follows :-

| | | | |
|----------|---|----------------|---------------|
| Head 426 | State Minister of Promoting the Production & Regulating the supply of Organic Fertilizer, and Paddy & Grains, Organic Foods, Vegetables, Fruits, Chilies, Onion and Potato Cultivation Promoting, Seed Production and Advanced Technology Agriculture | | |
| | Programme 01 Operational Activities | 455,220,000 | 17,500,000 |
| | Programme 02 Development Activities | 35,195,000,000 | 600,000,000 |
| Head 281 | Department of Agrarian Development | | |
| | Programme 01 Operational Activities | 486,000,000 | 74,500,000 |
| | Programme 02 Development Activities | 7,446,000,000 | 1,524,000,000 |

State Ministry of Livestock, Farm Promotion and Dairy and Egg Related Industries

Recurrent 973,100,000
Capital 1,800,000,000

| <i>Head No.</i> | | <i>Recurrent Expenditure Rs.</i> | <i>Capital Expenditure Rs.</i> |
|--|--|--|--|
| Made up as follows :- | | | |
| Head 427 | State Minister of Livestock, Farm Promotion and Dairy and Egg Related Industries | | |
| | Programme 01 Operational Activities | 328,500,000 | 11,000,000 |
| | Programme 02 Development Activities | - | 1,270,000,000 |
| Head 292 | Department of Animal Production and Health | | |
| | Programme 01 Operational Activities | 644,600,000 | 84,000,000 |
| | Programme 02 Development Activities | - | 435,000,000 |
| Ministry of Power | | | |
| | Recurrent | 237,300,000 | |
| | Capital | | 529,000,000 |
| Made up as follows :- | | | |
| Head 119 | Minister of Power | | |
| | Programme 01 Operational Activities | 237,300,000 | 3,000,000 |
| | Programme 02 Development Activities | - | 526,000,000 |
| State Ministry of Solar, Wind and Hydro Power Generation Projects Development | | | |
| | Recurrent | 371,500,000 | |
| | Capital | | 161,000,000 |

Made up as follows :-

| | | | |
|----------|---|-------------|-------------|
| Head 406 | State Minister of Solar, Wind and Hydro Power Generation Projects Development | | |
| | Programme 01 Operational Activities | 129,500,000 | 3,000,000 |
| | Programme 02 Development Activities | 242,000,000 | 158,000,000 |

Ministry of Lands

Recurrent 5,751,750,000
Capital 3,115,000,000

Made up as follows :-

| | | | |
|----------|---|---------------|---------------|
| Head 122 | Minister of Lands | | |
| | Programme 01 Operational Activities | 368,100,000 | 9,900,000 |
| | Programme 02 Development Activities | - | 2,720,800,000 |
| Head 286 | Department of Land Commissioner General | | |
| | Programme 02 - Development Activities | 471,000,000 | 70,000,000 |
| Head 287 | Department of Land Title Settlement | | |
| | Programme 02 - Development Activities | 507,550,000 | 9,500,000 |
| Head 288 | Department of Surveyor General of Sri Lanka | | |
| | Programme 01 Operational Activities | 255,100,000 | 19,000,000 |
| | Programme 02 Development Activities | 3,706,000,000 | 254,800,000 |
| Head 327 | Department of Land Use Policy Planning | | |
| | Programme 02 - Development Activities | 444,000,000 | 31,000,000 |

Ministry of Urban Development and Housing

Recurrent 437,965,000
Capital 15,867,000,000

| <i>Head No.</i> | | <i>Recurrent Expenditure Rs.</i> | <i>Capital Expenditure Rs.</i> |
|---|--|----------------------------------|--------------------------------|
| Made up as follows :- | | | |
| Head 123 | Minister of Urban Development and Housing | | |
| | Programme 01 Operational Activities | 267,125,000 | 5,850,000 |
| | Programme 02 Development Activities | - | 15,633,490,000 |
| Head 311 | Department of National Physical Planning | | |
| | Programme 01 Operational Activities | 170,840,000 | 227,660,000 |
| State Ministry of Urban Development, Waste Disposal and Community Cleanliness | | | |
| | Recurrent | 418,575,000 | |
| | Capital | 4,000,000,000 | |
| Made up as follows :- | | | |
| Head 411 | State Minister of Urban Development, Waste Disposal and Community Cleanliness | | |
| | Programme 01 Operational Activities | 263,575,000 | 6,050,000 |
| | Programme 02 Development Activities | 155,000,000 | 3,993,950,000 |
| State Ministry of Rural Housing, Construction and Building Material Industries | | | |
| | Recurrent | 1,086,055,000 | |
| | Capital | 11,915,000,000 | |
| Made up as follows :- | | | |
| Head 415 | State Minister of Rural Housing, Construction and Building Material Industries | | |
| | Programme 01 Operational Activities | 371,225,000 | 21,850,000 |
| | Programme 02 Development Activities | 87,290,000 | 11,762,800,000 |

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| | | | |
|----------|-------------------------------------|-------------|-------------|
| Head 309 | Department of Buildings | | |
| | Programme 01 Operational Activities | 133,600,000 | 3,600,000 |
| | Programme 02 Development Activities | 355,460,000 | 23,950,000 |
| Head 310 | Department of Government Factories | | |
| | Programme 02 Development Activities | 138,480,000 | 102,800,000 |

State Ministry of Estate Housing and Community Infrastructure

Recurrent 445,705,000
Capital 2,525,000,000

Made up as follows :-

| | | | |
|----------|---|-------------|---------------|
| Head 417 | State Minister of Estate Housing and Community Infrastructure | | |
| | Programme 01 Operational Activities | 445,705,000 | 14,600,000 |
| | Programme 02 Development Activities | - | 2,510,400,000 |

State Ministry of Coast Conservation & Low-Lying Lands Development

Recurrent 527,132,000
Capital 2,255,000,000

Made up as follows :-

| | | | |
|----------|--|-------------|---------------|
| Head 443 | State Minister of Coast Conservation & Low-Lying Lands Development | | |
| | Programme 01 Operational Activities | 119,772,000 | 5,300,000 |
| | Programme 02 Development Activities | 100,000,000 | 1,875,000,000 |

| | | | |
|----------|--|-------------|-------------|
| Head 291 | Department of Coast Conservation and Coastal Resource Management | | |
| | Programme 01 Operational Activities | 307,360,000 | 374,700,000 |

Ministry of Education

Recurrent 135,455,000,000
Capital 27,450,000,000

| <i>Head No.</i> | | <i>Recurrent Expenditure Rs.</i> | <i>Capital Expenditure Rs.</i> |
|-----------------------|---|----------------------------------|--------------------------------|
| Made up as follows :- | | | |
| Head 126 | Minister of Education | | |
| | Programme 01 Operational Activities | 1,900,850,000 | 1,798,000,000 |
| | Programme 02 Development Activities | 71,629,150,000 | 17,318,000,000 |
| Head 212 | Department of Examinations | | |
| | Programme 02 Development Activities | 4,570,000,000 | 250,000,000 |
| Head 213 | Department of Educational Publications | | |
| | Programme 02 Development Activities | 80,000,000 | 84,000,000 |
| Head 214 | University Grants Commission | | |
| | Programme 02 Development Activities | 57,275,000,000 | 8,000,000,000 |
| | State Ministry of Women and Child Development, Pre-Schools and Primary Education, School Infrastructure and Education Services | | |
| | Recurrent | 19,105,000,000 | |
| | Capital | 4,700,000,000 | |
| Made up as follows :- | | | |
| Head 403 | State Minister of Women and Child Development, Pre-Schools and Primary Education, School Infrastructure and Education Services | | |
| | Programme 01 Operational Activities | 12,394,000,000 | 48,000,000 |
| | Programme 02 Development Activities | 6,371,000,000 | 4,587,000,000 |

| | | | |
|----------|--|-------------|------------|
| Head 217 | Department of Probation and Childcare Services | | |
| | Programme 01 Operational Activities | 40,200,000 | 1,000,000 |
| | Programme 02 Development Activities | 299,800,000 | 64,000,000 |

State Ministry of Education Reforms, Open Universities and Distance Learning Promotion

Recurrent 690,000,000
Capital 1,425,000,000

Made up as follows :-

| | | | |
|----------|--|-------------|---------------|
| Head 404 | State Minister of Education Reforms, Open Universities and Distance Learning Promotion | | |
| | Programme 01 Operational Activities | 635,000,000 | 1,413,000,000 |
| Head 335 | National Education Commission | | |
| | Programme 01 Operational Activities | 55,000,000 | 12,000,000 |

State Ministry of Skills Development, Vocational Education, Research and Innovation

Recurrent 9,800,000,000
Capital 4,560,000,000

Made up as follows :-

| | | | |
|----------|---|---------------|---------------|
| Head 421 | State Minister of Skills Development, Vocational Education, Research and Innovation | | |
| | Programme 01 Operational Activities | 5,600,300,000 | 1,008,800,000 |
| | Programme 02 Development Activities | 1,999,700,000 | 3,241,200,000 |

| <i>Head No.</i> | | <i>Recurrent Expenditure Rs.</i> | <i>Capital Expenditure Rs.</i> |
|-----------------|--|----------------------------------|--------------------------------|
| Head 215 | Department of Technical Education and Training | | |
| | Programme 01 Operational Activities | 261,600,000 | 30,000,000 |
| | Programme 02 Development Activities | 1,938,400,000 | 280,000,000 |
| | State Ministry of Dhamma Schools, Pirivenas and Bhikkhu Education | | |
| | Recurrent | 4,650,000,000 | |
| | Capital | 225,000,000 | |
| | Made up as follows :- | | |
| Head 422 | State Minister of Dhamma Schools, Pirivenas and Bhikkhu Education | | |
| | Programme 01 Operational Activities | 110,184,000 | 65,200,000 |
| | Programme 02 Development Activities | 4,539,816,000 | 159,800,000 |
| | Ministry of Public Services, Provincial Councils and Local Government | | |
| | Recurrent | 293,896,000,000 | |
| | Capital | 480,000,000 | |
| | Made up as follows :- | | |
| Head 130 | Minister of Public Services, Provincial Councils and Local Government | | |
| | Programme 01 Operational Activities | 28,998,000,000 | 426,000,000 |
| Head 236 | Department of Official Languages | | |
| | Programme 01 Operational Activities | 158,000,000 | 3,000,000 |
| Head 253 | Department of Pensions | | |
| | Programme 01 Operational Activities | 264,740,000,000 | 51,000,000 |

State Ministry of Provincial Councils and Local Government

Recurrent **288,608,000,000**
Capital **40,500,000,000**

Made up as follows :-

| | | | |
|----------|--|----------------|----------------|
| Head 420 | State Minister of Provincial Councils and Local Government | | |
| | Programme 01 Operational Activities | 308,000,000 | 44,000,000 |
| | Programme 02 Development Activities | 300,000,000 | 14,456,000,000 |
| Head 312 | Western Provincial Council | | |
| | Programme 01 Operational Activities | 50,008,000,000 | - |
| | Programme 02 Development Activities | - | 2,216,000,000 |
| Head 313 | Central Provincial Council | | |
| | Programme 01 Operational Activities | 37,459,000,000 | - |
| | Programme 02 Development Activities | - | 2,899,000,000 |
| Head 314 | Southern Provincial Council | | |
| | Programme 01 Operational Activities | 35,507,000,000 | - |
| | Programme 02 Development Activities | - | 2,712,000,000 |
| Head 315 | Northern Provincial Council | | |
| | Programme 01 Operational Activities | 26,428,000,000 | - |
| | Programme 02 Development Activities | - | 3,208,000,000 |
| Head 316 | North Western Provincial Council | | |
| | Programme 01 Operational Activities | 33,542,000,000 | - |
| | Programme 02 Development Activities | - | 2,688,000,000 |
| Head 317 | North Central Provincial Council | | |
| | Programme 01 Operational Activities | 20,979,000,000 | - |
| | Programme 02 Development Activities | - | 2,951,000,000 |

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| <i>Head No.</i> | | <i>Recurrent Expenditure Rs.</i> | <i>Capital Expenditure Rs.</i> |
|-----------------|-------------------------------------|----------------------------------|--------------------------------|
| Head 318 | Uva Provincial Council | | |
| | Programme 01 Operational Activities | 24,902,000,000 | - |
| | Programme 02 Development Activities | - | 3,106,000,000 |
| Head 319 | Sabaragamuwa Provincial Council | | |
| | Programme 01 Operational Activities | 30,955,000,000 | - |
| | Programme 02 Development Activities | - | 3,057,000,000 |
| Head 321 | Eastern Provincial Council | | |
| | Programme 01 Operational Activities | 28,220,000,000 | - |
| | Programme 02 Development Activities | - | 3,163,000,000 |

Ministry of Plantation

Recurrent 990,000,000
Capital 10,059,000,000

Made up as follows :-

| | | | |
|----------|-------------------------------------|-------------|----------------|
| Head 135 | Minister of Plantation | | |
| | Programme 01 Operational Activities | 440,000,000 | 12,000,000 |
| | Programme 02 Development Activities | 550,000,000 | 10,047,000,000 |

**State Ministry of Company Estate Reforms,
Tea and Rubber Estates Related Crops Cultivation and
Factories Modernization and Tea and Rubber Export Promotion**

Recurrent 1,405,000,000
Capital 2,300,000,000

Made up as follows :-

| | | | |
|---|--|--------------------|---------------|
| Head 410 | State Minister of Company Estate Reforms, Tea and Rubber Estates Related Crops Cultivation and Factories Modernization and Tea and Rubber Export Promotion | | |
| | Programme 01 Operational Activities | 139,000,000 | 9,000,000 |
| | Programme 02 Development Activities | 898,000,000 | 1,575,000,000 |
| Head 293 | Department of Rubber Development Programme 02 Development Activities | 368,000,000 | 716,000,000 |
| State Ministry of Coconut, Kithul and Palmyrah Cultivation Promotion and Related Industrial Product Manufacturing and Export Diversification | | | |
| | Recurrent | 948,000,000 | |
| | Capital | 600,000,000 | |

Made up as follows :-

| | | | |
|--|--|----------------------|-------------|
| Head 431 | State Minister of Coconut, Kithul and Palmyrah Cultivation Promotion and Related Industrial Product Manufacturing and Export Diversification | | |
| | Programme 01 Operational Activities | 120,000,000 | 11,000,000 |
| | Programme 02 Development Activities | 828,000,000 | 589,000,000 |
| State Ministry of Development of Minor Crops Plantation including Sugarcane, Maize, Cashew, Pepper, Cinnamon, Cloves, Betel Related Industries and Export Promotion | | | |
| | Recurrent | 1,246,000,000 | |
| | Capital | 1,400,000,000 | |

Appropriation Act, No. 30 of 2021

37

| <i>Head No.</i> | | <i>Recurrent Expenditure Rs.</i> | <i>Capital Expenditure Rs.</i> | 38 | |
|---|---|--|--|-----------------------------------|--|
| Made up as follows :- | | | | | |
| Head 432 | State Minister of Development of Minor Crops Plantation including Sugarcane, Maize, Cashew, Pepper, Cinnamon, Cloves, Betel Related Industries and Export Promotion | | | Appropriation Act, No. 30 of 2021 | |
| | Programme 01 Operational Activities | 150,000,000 | 9,000,000 | | |
| | Programme 02 Development Activities | 350,000,000 | 1,110,000,000 | | |
| Head 289 | Department of Export Agriculture | | | | |
| | Programme 02 Development Activities | 746,000,000 | 281,000,000 | | |
| Ministry of Industries | | | | | |
| | Recurrent | 1,142,000,000 | | | |
| | Capital | 6,500,000,000 | | | |
| Made up as follows :- | | | | | |
| Head 149 | Minister of Industries | | | | |
| | Programme 01 Operational Activities | 248,400,000 | 16,600,000 | | |
| | Programme 02 Development Activities | 893,600,000 | 6,483,400,000 | | |
| State Ministry of Batik, Handloom and Local Apparel Products | | | | | |
| | Recurrent | 535,000,000 | | | |
| | Capital | 1,225,000,000 | | | |

Made up as follows :-

| | | | |
|----------|--|-------------|---------------|
| Head 439 | State Minister of Batik, Handloom and Local Apparel Products | | |
| | Programme 01 Operational Activities | 138,000,000 | 13,000,000 |
| | Programme 02 Development Activities | 90,000,000 | 1,140,000,000 |
| Head 303 | Department of Textile Industries | | |
| | Programme 02 Development Activities | 307,000,000 | 72,000,000 |

State Ministry of Rattan, Brass, Pottery, Furniture and Rural Industrial Promotion

Recurrent 939,000,000
Capital 1,150,000,000

Made up as follows :-

| | | | |
|----------|--|-------------|---------------|
| Head 408 | State Minister of Rattan, Brass, Pottery, Furniture and Rural Industrial Promotion | | |
| | Programme 01 Operational Activities | 200,000,000 | 14,000,000 |
| | Programme 02 Development Activities | 739,000,000 | 1,136,000,000 |

State Ministry of Gem and Jewellery related Industries

Recurrent 161,000,000
Capital 30,000,000

Made up as follows :-

| | | | |
|----------|--|------------|------------|
| Head 440 | State Minister of Gem and Jewellery related Industries | | |
| | Programme 01 Operational Activities | 67,000,000 | 22,000,000 |
| | Programme 02 Development Activities | 94,000,000 | 8,000,000 |

Ministry of Fisheries

Recurrent 871,900,000
Capital 1,300,000,000

| <i>Head No.</i> | | <i>Recurrent Expenditure Rs.</i> | <i>Capital Expenditure Rs.</i> |
|--|---|--|--|
| Made up as follows :- | | | |
| Head 151 | Minister of Fisheries | | |
| | Programme 01 Operational Activities | 231,450,000 | 98,000,000 |
| | Programme 02 Development Activities | - | 1,176,200,000 |
| Head 290 | Department of Fisheries and Aquatic Resources | | |
| | Programme 01 Operational Activities | 640,450,000 | 25,800,000 |
| State Ministry of Ornamental Fish, Inland Fish and Prawn Farming, Fishery Harbour Development, Multiday Fishing Activities and Fish Exports | | | |
| | Recurrent | 1,456,450,000 | |
| | Capital | | 375,000,000 |
| Made up as follows :- | | | |
| Head 405 | State Minister of Ornamental Fish, Inland Fish and Prawn Farming, Fishery Harbour Development, Multiday Fishing Activities and Fish Exports | | |
| | Programme 01 Operational Activities | 61,450,000 | 4,000,000 |
| | Programme 02 Development Activities | 1,395,000,000 | 371,000,000 |
| Ministry of Tourism | | | |
| | Recurrent | 678,320,000 | |
| | Capital | | 244,900,000 |

Made up as follows :-

| | | | |
|----------|--|------------------------|------------------------------|
| Head 159 | Minister of Tourism | | |
| | Programme 01 | Operational Activities | 174,920,000 4,050,000 |
| | Programme 02 | Development Activities | - 69,700,000 |
| Head 322 | Department of National Botanical Gardens | | |
| | Programme 02 | Development Activities | 503,400,000 171,150,000 |

State Ministry of Aviation and Export Zones Development

Recurrent 106,850,000
Capital 5,507,100,000

Made up as follows :-

| | | | |
|----------|---|------------------------|----------------------------|
| Head 437 | State Minister of Aviation and Export Zones Development | | |
| | Programme 01 | Operational Activities | 106,850,000 7,100,000 |
| | Programme 02 | Development Activities | - 5,500,000,000 |

Ministry of Environment

Recurrent 1,123,500,000
Capital 2,475,000,000

Made up as follows :-

| | | | |
|----------|-------------------------|------------------------|--------------------------------|
| Head 160 | Minister of Environment | | |
| | Programme 01 | Operational Activities | 373,500,000 6,900,000 |
| | Programme 02 | Development Activities | 750,000,000 2,468,100,000 |

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| <i>Head No.</i> | | <i>Recurrent Expenditure Rs.</i> | <i>Capital Expenditure Rs.</i> |
|---------------------|--|--|--|
| | Ministry of Wildlife and Forest Conservation | | |
| | Recurrent | 207,000,000 | |
| | Capital | | 3,075,000,000 |
| | Made up as follows :- | | |
| Head 161 | Minister of Wildlife and Forest Conservation | | |
| | Programme 01 Operational Activities | 207,000,000 | 6,000,000 |
| | Programme 02 Development Activities | - | 3,069,000,000 |
| | State Ministry of Wildlife Protection, Adoption of Safety Measures Including the Construction of Electrical fences and Trenches and Reforestation and Forest Resource Development | | |
| | Recurrent | 3,951,000,000 | |
| | Capital | | 2,700,000,000 |
| | Made up as follows :- | | |
| Head 424 | State Minister of Wildlife Protection, Adoption of Safety Measures Including the Construction of Electrical fences and Trenches and Reforestation and Forest Resource Development | | |
| | Programme 01 Operational Activities | 76,000,000 | 1,006,000,000 |
| Head 283 | Department of Forests Conservation | | |
| | Programme 01 Operational Activities | 1,486,000,000 | 866,000,000 |

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| | | | |
|----------|--|---------------|-------------|
| Head 284 | Department of Wildlife Conservation Programme 01 Operational Activities | 1,862,000,000 | 593,000,000 |
| Head 294 | Department of National Zoological Gardens Programme 02 Development Activities | 527,000,000 | 235,000,000 |

Ministry of Water Supply

Recurrent **363,475,000**
Capital **47,150,500,000**

Made up as follows :-

| | | | |
|----------|---|-------------|----------------|
| Head 166 | Minister of Water Supply Programme 01 Operational Activities | 363,475,000 | 31,500,000 |
| | Programme 02 Development Activities | - | 47,119,000,000 |

**State Ministry of Rural and Divisional Drinking Water Supply
Projects Development**

Recurrent **327,165,000**
Capital **1,812,450,000**

Made up as follows :-

| | | | |
|----------|--|-------------|---------------|
| Head 433 | State Minister of Rural and Divisional Drinking Water Supply Projects Development | | |
| | Programme 01 Operational Activities | 54,980,000 | 5,200,000 |
| | Programme 02 Development Activities | - | 600,000,000 |
| Head 332 | Department of National Community Water Supply Programme 01 Operational Activities | 272,185,000 | 1,207,250,000 |

Appropriation Act, No. 30 of 2021

Head
No.

Recurrent
Expenditure
Rs.

Capital
Expenditure
Rs.

44

Ministry of Development Co-ordination and Monitoring

Recurrent 169,000,000
Capital 50,000,000

Made up as follows :-

Head 169 Minister of Development Co-ordination and Monitoring
Programme 01 Operational Activities

78,000,000

8,800,000

Head 280 Department of Project Management and Monitoring
Programme 02 Development Activities

91,000,000

41,200,000

Ministry of Ports and Shipping

Recurrent 741,150,000
Capital 800,000,000

Made up as follows :-

Head 176 Minister of Ports and Shipping
Programme 01 Operational Activities
Programme 02 Development Activities

184,450,000

3,700,000

466,700,000

790,000,000

Head 336 Merchant Shipping Secretariat
Programme 01 Operational Activities

90,000,000

6,300,000

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**State Ministry of Warehouse Facilities, Container Yards,
Port Supply Facilities and Boats and Shipping Industry Development**

Recurrent 101,150,000
Capital 800,000,000

Made up as follows :-

| | | | |
|----------|--|-------------|-------------|
| Head 434 | State Minister of Warehouse Facilities, Container Yards, Port Supply Facilities and Boats and Shipping Industry Development | | |
| | Programme 01 Operational Activities | 101,150,000 | 3,000,000 |
| | Programme 02 Development Activities | - | 797,000,000 |

Ministry of Technology

Recurrent 2,106,650,000
Capital 2,759,900,000

Made up as follows :-

| | | | |
|----------|---------------------------------------|---------------|---------------|
| Head 186 | Minister of Technology | | |
| | Programme 01 Operational Activities | 93,950,000 | 6,500,000 |
| | Programme 02 Development Activities | 680,000,000 | 2,430,000,000 |
| Head 227 | Department of Registration of Persons | | |
| | Programme 01 Operational Activities | 1,332,700,000 | 323,400,000 |

State Ministry of Digital Technology and Enterprise Development

Recurrent 397,490,000
Capital 847,600,000

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| <i>Head No.</i> | | <i>Recurrent Expenditure Rs.</i> | <i>Capital Expenditure Rs.</i> |
|-----------------|---|----------------------------------|--------------------------------|
| | Made up as follows :- | | |
| Head 444 | State Ministry of Digital Technology and Enterprise Development | | |
| | Programme 01 Operational Activities | 58,490,000 | 6,600,000 |
| | Programme 02 Development Activities | 339,000,000 | 841,000,000 |
| | Ministry of Public Security | | |
| | Recurrent | 99,288,650,000 | |
| | Capital | 7,770,000,000 | |
| | Made up as follows :- | | |
| Head 189 | Minister of Public Security | | |
| | Programme 01 Operational Activities | 10,083,650,000 | 1,711,550,000 |
| Head 225 | Department of Police | | |
| | Programme 01 Operational Activities | 89,205,000,000 | 6,058,450,000 |
| | State Ministry of Community Police Services | | |
| | Recurrent | 186,040,000 | |
| | Capital | 615,000,000 | |
| | Made up as follows :- | | |
| Head 445 | State Minister of Community Police Services | | |
| | Programme 01 Operational Activities | 186,040,000 | 615,000,000 |

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Appropriation Act, No. 30 of 2021

Ministry of Labour

Recurrent **3,133,000,000**
Capital **800,000,000**

Made up as follows :-

| | | | |
|----------|-------------------------------------|---------------|-------------|
| Head 193 | Minister of Labour | | |
| | Programme 01 Operational Activities | 626,000,000 | 93,000,000 |
| | Programme 02 Development Activities | 129,000,000 | 18,000,000 |
| Head 221 | Department of Labour | | |
| | Programme 01 Operational Activities | 1,342,000,000 | 443,000,000 |
| | Programme 02 Development Activities | 1,036,000,000 | 246,000,000 |

State Ministry of Foreign Employment Promotion and Market Diversification

Recurrent **685,000,000**
Capital **200,000,000**

Made up as follows :-

| | | | |
|----------|---|-------------|-------------|
| Head 412 | State Minister of Foreign Employment Promotion and Market Diversification | | |
| | Programme 01 Operational Activities | 685,000,000 | 200,000,000 |

Ministry of Youth and Sports

Recurrent **4,773,500,000**
Capital **3,800,000,000**

Made up as follows :-

| | | | |
|----------|-------------------------------------|---------------|---------------|
| Head 194 | Minister of Youth and Sports | | |
| | Programme 01 Operational Activities | 447,575,000 | 22,500,000 |
| | Programme 02 Development Activities | 2,791,150,000 | 3,637,200,000 |

| <i>Head No.</i> | | <i>Recurrent Expenditure Rs.</i> | <i>Capital Expenditure Rs.</i> |
|---|--|----------------------------------|--------------------------------|
| Head 219 | Department of Sports Development | | |
| | Programme 01 Operational Activities | 116,850,000 | 9,500,000 |
| | Programme 02 Development Activities | 970,525,000 | 98,000,000 |
| Head 328 | Department of Manpower and Employment | | |
| | Programme 01 Operational Activities | 447,400,000 | 6,500,000 |
| | Programme 02 Development Activities | - | 26,300,000 |
| State Ministry of Rural and School Sports Infrastructure Improvement | | | |
| | Recurrent | 696,900,000 | |
| | Capital | 1,169,970,000 | |
| Made up as follows :- | | | |
| Head 402 | State Minister of Rural and School Sports Infrastructure Improvement | | |
| | Programme 01 Operational Activities | 561,165,000 | 178,970,000 |
| | Programme 02 Development Activities | 135,735,000 | 991,000,000 |
| Ministry of Irrigation | | | |
| | Recurrent | 3,605,000,000 | |
| | Capital | 64,242,000,000 | |
| Made up as follows :- | | | |
| Head 198 | Minister of Irrigation | | |
| | Programme 01 Operational Activities | 189,000,000 | 47,000,000 |
| | Programme 02 Development Activities | 173,000,000 | 54,607,000,000 |

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Appropriation Act, No. 30 of 2021

| | | | |
|----------|--------------------------|------------------------|---------------|
| Head 282 | Department of Irrigation | | |
| | Programme 01 | Operational Activities | 742,000,000 |
| | Programme 02 | Development Activities | 2,501,000,000 |
| | | | 40,000,000 |
| | | | 9,548,000,000 |

**State Ministry of Canals and Common Infrastructure
Development in Settlements in Mahaweli Zones**

Recurrent 2,965,000,000
Capital 2,995,000,000

Made up as follows :-

| | | | |
|----------|--|------------------------|---------------|
| Head 428 | State Minister of Canals and Common Infrastructure Development in Settlements in Mahaweli Zones | | |
| | Programme 01 | Operational Activities | 65,000,000 |
| | Programme 02 | Development Activities | 2,900,000,000 |
| | | | 4,000,000 |
| | | | 2,991,000,000 |

**State Ministry of Tanks, Reservoirs and Irrigation
Development Related to Rural Paddy Fields**

Recurrent 77,000,000
Capital 3,000,000,000

Made up as follows :-

| | | | |
|----------|---|------------------------|---------------|
| Head 429 | State Minister of Tanks, Reservoirs and Irrigation Development Related to Rural Paddy Fields | | |
| | Programme 01 | Operational Activities | 77,000,000 |
| | Programme 02 | Development Activities | - |
| | | | 7,000,000 |
| | | | 2,993,000,000 |

Total

1,840,502,325,000 955,944,233,000

SECOND SCHEDULE

(Section 2)

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ESTIMATE — 2022

Expenditure of the Government, Authorized by the Constitution and other Laws and to be charged on the Consolidated Fund

| <i>Head No.</i> | <i>Unit/Ministry/Department or Institution by whom expenditure is incurred</i> | <i>Provision of the Constitution and Law under which expenditure is authorized</i> | <i>Expenditure Programme</i> | <i>Recurrent Expenditure Rs.</i> | <i>Capital Expenditure Rs.</i> | <i>Total Expenditure Rs.</i> |
|-----------------|--|--|-------------------------------------|----------------------------------|--------------------------------|------------------------------|
| 1 | His Excellency the President | Article 36 of the Constitution | Programme 01-Operational Activities | 4,680,000 | — | 4,680,000 |
| 4 | Judges of the Superior Courts | Article 108 of the Constitution | Programme 01-Operational Activities | 81,000,000 | — | 81,000,000 |
| 6 | Office of the Public Service Commission | Chapter IX of the Constitution | Programme 01-Operational Activities | 10,260,000 | — | 10,260,000 |
| 7 | Judicial Service Commission | Chapter XV A of the Constitution | Programme 01-Operational Activities | 2,520,000 | — | 2,520,000 |
| 8 | National Police Commission | Chapter XVIII A of the Constitution | Programme 01-Operational Activities | 8,100,000 | — | 8,100,000 |

Appropriation Act, No. 30 of 2021

| | | | | | | |
|-----|--|--|-------------------------------------|-----------|---|-----------|
| 10 | Commission to Investigate Allegations of Bribery or Corruption | The Commission to Investigate Allegations of Bribery or Corruption Act, No. 19 of 1994 | Programme 01-Operational Activities | 4,740,000 | — | 4,740,000 |
| 16 | Parliament | Article 65 of the Constitution | Programme 01-Operational Activities | 2,700,000 | — | 2,700,000 |
| 20 | Election Commission | Article 103 of the Constitution | Programme 01-Operational Activities | 5,940,000 | — | 5,940,000 |
| 21 | National Audit Office | Article 153 of the Constitution | Programme 01-Operational Activities | 1,880,000 | — | 1,880,000 |
| 22 | Office of the Parliamentary Commissioner for Administration | Article 156 of the Constitution | Programme 01-Operational Activities | 1,620,000 | — | 1,620,000 |
| 111 | Ministry of Health | Medical Ordinance (Chapter 105) | Programme 01-Operational Activities | 2,000 | — | 2,000 |

Appropriation Act, No. 30 of 2021

| <i>Head No.</i> | <i>Unit/Ministry/Department or Institution by whom expenditure is incurred</i> | <i>Provision of the Constitution and Law under which expenditure is authorized</i> | <i>Expenditure Programme</i> | <i>Recurrent Expenditure Rs.</i> | <i>Capital Expenditure Rs.</i> | <i>Total Expenditure Rs.</i> |
|-----------------|--|---|--------------------------------------|----------------------------------|--------------------------------|------------------------------|
| 249 | Department of Treasury Operations | Foreign Loans Act, No. 29 of 1957 (Section 2 paragraphs (a) and (c)), Local Treasury Bills Ordinance (Chapter 417) Section 6(1) of the Active Liability Management Act, No. 8 of 2018 | Programme 01- Operational Activities | 1,057,000,000,000 | 1,521,000,000,000 | 2,578,000,000,000 |
| 253 | Department of Pensions | Widows' and Orphans' Pension Fund Ordinance (Chapter 431), Widowers' and Orphans' Pensions Act, No. 24 of 1983, Widows' and Orphans' Pension Scheme (Armed Forces) Act, No. 18 of 1970, School Teachers' Pensions Act (Chapter 432) | Programme 01- Operational Activities | 45,000,000,000 | — | 45,000,000,000 |

(Sections 3,4,8 and 9)

THIRD SCHEDULE

ESTIMATE — 2022

Limits of Advance Accounts Activities

| SRL No. | Ministries / Departments | Item No. | I Activities of the Government | II | III | IV | V |
|------------|--|-------------|--|--|---|--|--|
| | | | | Maximum Limits of Expenditure of Activities of the Government | Minimum Limits of Receipts to be credited to the Accounts of Activities of the Government | Maximum Limits of Debit Balance of Activities of the Government | Maximum Limits of Liabilities of Activities of the Government |
| | | | | Rs. | Rs. | Rs. | Rs. |
| 1 | His Excellency the President | 00101 | Advances to Public Officers | 40,000,000 | 18,000,000 | 125,000,000 | — |
| 2 | Office of the Prime Minister | 00201 | Advances to Public Officers | 25,000,000 | 12,000,000 | 80,000,000 | — |
| 3 | Judges of the Superior Courts | 00401 | Advances to Public Officers | 1,000,000 | 300,000 | 3,000,000 | — |
| 4 | Office of the Cabinet of Ministers | 00501 | Advances to Public Officers | 3,500,000 | 3,200,000 | 25,000,000 | — |
| 5 | Office of the Public Service Commission | 00601 | Advances to Public Officers | 10,000,000 | 8,000,000 | 45,000,000 | — |
| 6 | Judicial Service Commission | 00701 | Advances to Public Officers | 3,000,000 | 1,500,000 | 15,000,000 | — |
| 7 | National Police Commission | 00801 | Advances to Public Officers | 3,000,000 | 2,200,000 | 15,000,000 | — |
| 8 | Administrative Appeals Tribunal | 00901 | Advances to Public Officers | 500,000 | 450,000 | 3,500,000 | — |
| 9 | Commission to Investigate Allegations of Bribery or Corruption | 01001 | Advances to Public Officers | 12,000,000 | 7,000,000 | 40,000,000 | — |
| 10 | Commision to Investigate Allegations of Bribery or Corruption | 01002 | Advancing monies to be used in bribery detection as bribes | 100,000,000 | 1,000,000 | 275,000,000 | — |

Appropriation Act, No. 30 of 2021

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| SRL No. | Ministries / Departments | Item No. | I Activities of the Government | II | III | IV | V |
|---------|---|----------|-----------------------------------|---|---|---|---|
| | | | | Maximum Limits of Expenditure of Activities of the Government | Minimum Limits of Receipts to be credited to the Accounts of Activities of the Government | Maximum Limits of Debit Balance of Activities of the Government | Maximum Limits of Liabilities of Activities of the Government |
| | | | | Rs. | Rs. | Rs. | Rs. |
| 11 | Office of the Finance Commission | 01101 | Advances to Public Officers | 3,000,000 | 2,500,000 | 13,000,000 | — |
| 12 | Human Rights Commission of Sri Lanka | 01301 | Advances to Public Officers | 500,000 | 200,000 | 1,000,000 | — |
| 13 | Parliament | 01601 | Advances to Public Officers | 30,000,000 | 28,000,000 | 150,000,000 | — |
| 14 | Office of the Leader of the House of Parliament | 01701 | Advances to Public Officers | 2,000,000 | 1,200,000 | 6,000,000 | — |
| 15 | Office of the Chief Govt. Whip of Parliament | 01801 | Advances to Public Officers | 2,500,000 | 1,800,000 | 15,000,000 | — |
| 16 | Office of the Leader of the Opposition of Parliament | 01901 | Advances to Public Officers | 2,500,000 | 1,700,000 | 10,000,000 | — |
| 17 | Elections Commission | 02001 | Advances to Public Officers | 26,000,000 | 20,000,000 | 120,000,000 | — |
| 18 | National Audit Office | 02101 | Advances to Public Officers | 80,000,000 | 60,000,000 | 260,000,000 | — |
| 19 | Office of the Parliamentary Commissioner for Administration | 02201 | Advances to Public Officers | 1,000,000 | 700,000 | 5,200,000 | — |
| 20 | Delimitation Commission | 02501 | Advances to Public Officers | 500,000 | 150,000 | 2,000,000 | — |

| | | | | | | |
|----|--|-----------------------------------|---------------|---------------|---------------|---|
| 21 | Minister of Buddha Sasana, Religious and Cultural Affairs | 10101 Advances to Public Officers | 70,000,000 | 30,000,000 | 200,000,000 | — |
| 22 | Minister of Finance | 10201 Advances to Public Officers | 20,000,000 | 15,200,000 | 133,000,000 | — |
| 23 | Minister of Defence | 10301 Advances to Public Officers | 100,000,000 | 53,000,000 | 275,000,000 | — |
| 24 | Minister of Economic Policies & Plan Implementation | 10401 Advances to Public Officers | 5,000,000 | 2,000,000 | 5,000,000 | — |
| 25 | Minister of Mass Media | 10501 Advances to Public Officers | 8,000,000 | 5,100,000 | 37,000,000 | — |
| 26 | Minister of Justice | 11001 Advances to Public Officers | 30,000,000 | 20,000,000 | 110,000,000 | — |
| 27 | Minister of Health | 11101 Advances to Public Officers | 1,700,000,000 | 1,400,000,000 | 3,400,000,000 | — |
| 28 | Foreign Minister | 11201 Advances to Public Officers | 35,000,000 | 30,000,000 | 124,000,000 | — |
| 29 | Minister of Transport | 11401 Advances to Public Officers | 10,000,000 | 6,000,000 | 40,000,000 | — |
| 30 | Minister of Energy | 11501 Advances to Public Officers | 2,500,000 | 4,000,000 | 15,000,000 | — |
| 31 | Minister of Trade | 11601 Advances to Public Officers | 10,000,000 | 4,100,000 | 45,000,000 | — |
| 32 | Minister of Highways | 11701 Advances to Public Officers | 20,000,000 | 7,500,000 | 50,000,000 | — |
| 33 | Minister of Agriculture | 11801 Advances to Public Officers | 50,000,000 | 19,000,000 | 150,000,000 | — |
| 34 | Minister of Power | 11901 Advances to Public Officers | 5,000,000 | 2,500,000 | 18,000,000 | — |
| 35 | Minister of Lands | 12201 Advances to Public Officers | 25,000,000 | 10,000,000 | 85,000,000 | — |
| 36 | Minister of Urban Development and Housing | 12301 Advances to Public Officers | 5,000,000 | 1,000,000 | 150,000,000 | — |
| 37 | Minister of Education | 12601 Advances to Public Officers | 3,000,000,000 | 1,500,000,000 | 4,500,000,000 | — |

| SRL No. | Ministries / Departments | Item No. | I Activities of the Government | II | III | IV | V |
|------------|---|-------------|-----------------------------------|--|---|--|--|
| | | | | Maximum Limits of Expenditure of Activities of the Government | Minimum Limits of Receipts to be credited to the Accounts of Activities of the Government | Maximum Limits of Debit Balance of Activities of the Government | Maximum Limits of Liabilities of Activities of the Government |
| | | | | Rs. | Rs. | Rs. | Rs. |
| 38 | Minister of Public Services, Provincial Councils and Local Government | 13001 | Advances to Public Officers | 85,000,000 | 24,000,000 | 2,760,000,000 | — |
| 39 | Minister of Plantation | 13501 | Advances to Public Officers | 23,000,000 | 10,000,000 | 60,000,000 | — |
| 40 | Minister of Industries | 14901 | Advances to Public Officers | 25,000,000 | 15,000,000 | 80,000,000 | — |
| 41 | Minister of Fisheries | 15101 | Advances to Public Officers | 8,000,000 | 4,500,000 | 40,000,000 | — |
| 42 | Minister of Tourism | 15901 | Advances to Public Officers | 5,000,000 | 2,500,000 | 30,000,000 | — |
| 43 | Minister of Environment | 16001 | Advances to Public Officers | 20,000,000 | 8,000,000 | 60,000,000 | — |
| 44 | Minister of Wildlife and Forest Conservation | 16101 | Advances to Public Officers | 5,000,000 | 2,500,000 | 20,000,000 | — |
| 45 | Minister of Water Supply | 16601 | Advances to Public Officers | 6,000,000 | 3,800,000 | 30,000,000 | — |
| 46 | Minister of Development Co-ordinating and Monitoring | 16901 | Advances to Public Officers | 1,000,000 | 100,000 | 1,000,000 | — |
| 47 | Minister of Ports and Shipping | 17601 | Advances to Public Officers | 5,000,000 | 3,600,000 | 30,000,000 | — |
| 48 | Minister of Technology | 18601 | Advances to Public Officers | 3,000,000 | 250,000 | 3,000,000 | — |
| 49 | Minister of Public Security | 18901 | Advances to Public Officers | 90,000,000 | 72,000,000 | 100,000,000 | — |
| 50 | Minister of Labour | 19301 | Advances to Public Officers | 30,000,000 | 15,000,000 | 70,000,000 | — |

| | | | | | | |
|----|---|-----------------------------------|------------|------------|-------------|---|
| 51 | Minister of Youth and Sports | 19401 Advances to Public Officers | 50,000,000 | 15,000,000 | 120,000,000 | — |
| 52 | Minister of Irrigation | 19801 Advances to Public Officers | 15,000,000 | 2,500,000 | 60,000,000 | — |
| 53 | State Minister of National Heritage, Performing Arts and Rural Arts Promotion | 40101 Advances to Public Officers | 10,000,000 | 1,500,000 | 20,000,000 | — |
| 54 | State Minister of Rural and School Sports Infrastructure Improvement | 40201 Advances to Public Officers | 6,000,000 | 4,000,000 | 25,000,000 | — |
| 55 | State Minister of Women and Child Development, Pre-Schools and Primary Education, School Infrastructures and Education Services | 40301 Advances to Public Officers | 60,000,000 | 25,000,000 | 120,000,000 | — |
| 56 | State Minister of Education Reforms, Open Universities and Distance Learning Promotion | 40401 Advances to Public Officers | 10,000,000 | 2,000,000 | 15,000,000 | — |
| 57 | State Minister of Ornamental Fish, Inland Fish and Prawn Farming, Fishery Harbour Development, Multiday Fishing Activities and Fish Exports | 40501 Advances to Public Officers | 1,500,000 | 300,000 | 4,000,000 | — |
| 58 | State Minister of Solar, Wind and Hydro Power Generation Projects Development | 40601 Advances to Public Officers | 2,000,000 | 700,000 | 10,000,000 | — |

| SRL No. | Ministries / Departments | Item No. | I Activities of the Government | II | III | IV | V |
|------------|---|-------------|-----------------------------------|--|---|--|--|
| | | | | Maximum Limits of Expenditure of Activities of the Government | Minimum Limits of Receipts to be credited to the Accounts of Activities of the Government | Maximum Limits of Debit Balance of Activities of the Government | Maximum Limits of Liabilities of Activities of the Government |
| | | | | Rs. | Rs. | Rs. | Rs. |
| 59 | State Minister of Backward Rural Areas Development and Promotion of Domestic Animal Husbandry & Minor Economic Crop Cultivation | 40701 | Advances to Public Officers | 7,000,000 | 2,000,000 | 25,000,000 | — |
| 60 | State Minister of Rattan, Brass, Pottery, Furniture and Rural Industrial Promotion | 40801 | Advances to Public Officers | 60,000,000 | 20,000,000 | 100,000,000 | — |
| 61 | State Minister of Home Affairs | 40901 | Advances to Public Officers | 1,000,000,000 | 700,000,000 | 1,900,000,000 | — |
| 62 | State Minister of Company Estate Reforms, Tea and Rubber Estates Related Crops, Cultivation and Factories Modernization and Tea and Rubber Export Promotion | 41001 | Advances to Public Officers | 6,000,000 | 2,000,000 | 15,000,000 | — |
| 63 | State Minister of Urban Development, Waste Disposal and Community Cleanlines | 41101 | Advances to Public Officers | 8,000,000 | 3,800,000 | 30,000,000 | — |

| | | | | | | |
|----|--|-----------------------------------|------------|------------|-------------|---|
| 64 | State Minister of Foreign Employment Promotion and Market Diversification | 41201 Advances to Public Officers | 50,000,000 | 15,000,000 | 100,000,000 | — |
| 65 | State Minister of Samurdhi Household Economy, Micro- Finance, Self Employment and Business Development | 41401 Advances to Public Officers | 20,000,000 | 13,000,000 | 70,000,000 | — |
| 66 | State Minister of Rural Housing and Construction and Building Material Industries | 41501 Advances to Public Officers | 15,000,000 | 8,800,000 | 255,000,000 | — |
| 67 | State Minister of Indigenous Medicine Promotion, Rural and Ayurvedic Hospitals Development and Community Health | 41601 Advances to Public Officers | 15,000,000 | 5,000,000 | 40,000,000 | — |
| 68 | State Minister of Estate Housing and Community Infrastructure | 41701 Advances to Public Officers | 25,000,000 | 7,700,000 | 38,000,000 | — |
| 69 | State Minister of Prison Management and Prisoners' Rehabilitation | 41801 Advances to Public Officers | 9,000,000 | 3,400,000 | 100,000,000 | — |
| 70 | State Minister of Regional Co-operation | 41901 Advances to Public Officers | 1,000,000 | 400,000 | 20,000,000 | — |

| SRL No. | Ministries / Departments | Item No. | I Activities of the Government | II | III | IV | V |
|------------|---|-------------|-----------------------------------|--|---|--|--|
| | | | | Maximum Limits of Expenditure of Activities of the Government | Minimum Limits of Receipts to be credited to the Accounts of Activities of the Government | Maximum Limits of Debit Balance of Activities of the Government | Maximum Limits of Liabilities of Activities of the Government |
| | | | | Rs. | Rs. | Rs. | Rs. |
| 71 | State Minister of Provincial Councils and Local Government | 42001 | Advances to Public Officers | 15,000,000 | 8,000,000 | 60,000,000 | — |
| 72 | State Minister of Skills Development, Vocational Education, Research and Innovation | 42101 | Advances to Public Officers | 30,000,000 | 15,000,000 | 125,000,000 | — |
| 73 | State Minister of Dhamma Schools, Pirivenas and Bhikku Education | 42201 | Advances to Public Officers | 200,000,000 | 120,000,000 | 200,000,000 | — |
| 74 | State Minister of Production, Supply and Regulation of Pharmaceutical | 42301 | Advances to Public Officers | 20,000,000 | 15,000,000 | 75,000,000 | — |
| 75 | State Minister of Wildlife Protection, Adoption of Safety Measures Including the Construction of Electrical Fences and Trenches and Reforestation and Forest Resources Development | 42401 | Advances to Public Officers | 2,000,000 | 600,000 | 5,000,000 | — |

| | | | | | | |
|----|--|-----------------------------------|------------|------------|------------|---|
| 76 | State Minister of Promoting the Production & Regulating the supply of Organic Fertilizer, and Paddy and Grains, Organic Foods, Vegetables, Fruits, Chillies, Onion and Potato Cultivation Promoting, Seed Production and Advanced Technology Agriculture | 42601 Advances to Public Officers | 34,000,000 | 8,000,000 | 50,000,000 | — |
| 77 | State Minister of Livestock Farm Promotion and Dairy and Egg Related Industries | 42701 Advances to Public Officers | 20,000,000 | 15,000,000 | 60,000,000 | — |
| 78 | State Minister of Canals and Common Infrastructure Development in Settlements in Mahaweli Zones | 42801 Advances to Public Officers | 4,000,000 | 600,000 | 20,000,000 | — |
| 79 | State Minister of Tanks, Reservoirs and Irrigation Development related to Rural Paddy Fields | 42901 Advances to Public Officers | 2,500,000 | 300,000 | 15,000,000 | — |
| 80 | State Minister of Coconut, Kithul and Palmyrah Cultivation Promotion and Related Industrial Product Manufacturing and Export Diversification | 43101 Advances to Public Officers | 2,500,000 | 1,300,000 | 8,700,000 | — |

| SRL No. | Ministries / Departments | Item No. | I Activities of the Government | II | III | IV | V |
|------------|--|-------------|-----------------------------------|--|---|--|--|
| | | | | Maximum Limits of Expenditure of Activities of the Government | Minimum Limits of Receipts to be credited to the Accounts of Activities of the Government | Maximum Limits of Debit Balance of Activities of the Government | Maximum Limits of Liabilities of Activities of the Government |
| | | | | Rs. | Rs. | Rs. | Rs. |
| 81 | State Minister of Development of Minor Crops Plantation Including Sugarcane, Maize, Cashew, Pepper, Cinnamon, Cloves, Betel Related Industries and Export Promotion. | 43201 | Advances to Public Officers | 2,800,000 | 2,200,000 | 20,000,000 | — |
| 82 | State Minister of Rural and Divisional Drinking Water Supply Projects Development | 43301 | Advances to Public Officers | 1,000,000 | 200,000 | 3,000,000 | — |
| 83 | State Minister of Warehouse Facilities, Container Yards, Ports Supply Facilities and Boats and Shipping Industry Development | 43401 | Advances to Public Officers | 3,000,000 | 600,000 | 5,000,000 | — |
| 84 | State Minister of Rural Roads and other Infrastructure | 43501 | Advances to Public Officers | 3,000,000 | 1,400,000 | 20,000,000 | — |
| 85 | State Minister of Vehicle Regulation, Bus Transport Services and Train Compartments and Motor Car Industry | 43601 | Advances to Public Officers | 5,000,000 | 500,000 | 6,000,000 | — |

| | | | | | | | |
|----|---|-------|-----------------------------|------------|------------|-------------|---|
| 86 | State Minister of Aviation and Export Zones Development | 43701 | Advances to Public Officers | 3,500,000 | 1,000,000 | 8,000,000 | — |
| 87 | State Minister of Cooperative Services, Marketing Development and Consumer Protection | 43801 | Advances to Public Officers | 8,000,000 | 3,000,000 | 20,000,000 | — |
| 88 | State Minister of Batik, Handloom and Local Apparel Products | 43901 | Advances to Public Officers | 4,000,000 | 1,000,000 | 20,000,000 | — |
| 89 | State Minister of Gem and Jewellery related Industries | 44001 | Advances to Public Officers | 1,000,000 | 200,000 | 10,000,000 | — |
| 90 | State Minister of Primary Health Care, Epidemics and COVID Disease Control | 44101 | Advances to Public Officers | 4,000,000 | 500,000 | 5,000,000 | — |
| 91 | State Minister of National Security and Disaster Management | 44201 | Advances to Public Officers | 30,000,000 | 14,000,000 | 80,000,000 | — |
| 92 | State Minister of Coast Conservation & Law-Lying Lands Development | 44301 | Advances to Public Officers | 500,000 | 50,000 | 1,000,000 | — |
| 93 | State Minister of Digital Technology and Enterprise Development | 44401 | Advances to Public Officers | 500,000 | 50,000 | 1,000,000 | — |
| 94 | State Minister of Community Police Service | 44501 | Advances to Public Officers | 800,000 | 550,000 | 10,000,000 | — |
| 95 | Department of Buddhist Affairs | 20101 | Advances to Public Officers | 40,000,000 | 20,000,000 | 100,000,000 | — |

| SRL No. | Ministries / Departments | Item No. | I Activities of the Government | II | III | IV | V |
|---------|---|----------|-----------------------------------|---|---|---|---|
| | | | | Maximum Limits of Expenditure of Activities of the Government | Minimum Limits of Receipts to be credited to the Accounts of Activities of the Government | Maximum Limits of Debit Balance of Activities of the Government | Maximum Limits of Liabilities of Activities of the Government |
| | | | | Rs. | Rs. | Rs. | Rs. |
| 96 | Department of Muslim Religious and Cultural Affairs | 20201 | Advances to Public Officers | 3,500,000 | 2,000,000 | 14,000,000 | — |
| 97 | Department of Christian Religious Affairs | 20301 | Advances to Public Officers | 2,500,000 | 1,200,000 | 12,000,000 | — |
| 98 | Department of Hindu Religious and Cultural Affairs | 20401 | Advances to Public Officers | 7,500,000 | 4,400,000 | 30,000,000 | — |
| 99 | Department of Public Trustee | 20501 | Advances to Public Officers | 3,800,000 | 2,300,000 | 14,000,000 | — |
| 100 | Department of Cultural Affairs | 20601 | Advances to Public Officers | 40,000,000 | 18,000,000 | 120,000,000 | — |
| 101 | Department of Archaeology | 20701 | Advances to Public Officers | 50,000,000 | 35,000,000 | 160,000,000 | — |
| 102 | Department of National Museums | 20801 | Advances to Public Officers | 25,000,000 | 10,000,000 | 70,000,000 | — |
| 103 | Department of National Archives | 20901 | Advances to Public Officers | 7,000,000 | 3,100,000 | 30,000,000 | — |
| 104 | Department of Government Information | 21001 | Advances to Public Officers | 13,000,000 | 8,700,000 | 50,000,000 | — |
| 105 | Department of Government Printing | 21101 | Advances to Public Officers | 70,000,000 | 60,000,000 | 350,000,000 | — |
| 106 | Department of Examination | 21201 | Advances to Public Officers | 25,000,000 | 22,000,000 | 100,000,000 | — |
| 107 | Department of Educational Publications | 21301 | Advances to Public Officers | 15,000,000 | 9,300,000 | 65,000,000 | — |

| | | | | | | | |
|-----|---|--|---------------|---------------|----------------|---------------|---|
| 108 | Department of Educational Publications | 21302 Printing and Publicity and Sales of Publications | 4,600,000,000 | 4,600,000,000 | 12,000,000,000 | 1,600,000,000 | |
| 109 | Department of Technical Education and Training | 21501 Advances to Public Officers | 60,000,000 | 40,000,000 | 150,000,000 | | — |
| 110 | Department of Social Services | 21601 Advances to Public Officers | 25,000,000 | 15,300,000 | 80,000,000 | | — |
| 111 | Department of Probation and Child Care Services | 21701 Advances to Public Officers | 15,000,000 | 10,000,000 | 60,000,000 | | — |
| 112 | Department of Sports Development | 21901 Advances to Public Officers | 13,000,000 | 9,500,000 | 50,000,000 | | — |
| 113 | Department of Ayurveda | 22001 Advances to Public Officers | 50,000,000 | 36,000,000 | 140,000,000 | | — |
| 114 | Department of Labour | 22101 Advances to Public Officers | 100,000,000 | 70,000,000 | 290,000,000 | | — |
| 115 | Sri Lanka Army | 22201 Advances to Public Officers | 3,550,000,000 | 3,000,000,000 | 4,000,000,000 | | — |
| 116 | Sri Lanka Navy | 22301 Advances to Public Officers | 500,000,000 | 400,000,000 | 600,000,000 | | — |
| 117 | Sri Lanka Navy | 22302 Stores Advance Account (Explosive items) | 550,000,000 | 450,000,000 | 200,000,000 | | — |
| 118 | Sri Lanka Air Force | 22401 Advances to Public Officers | 400,000,000 | 320,000,000 | 400,000,000 | | — |
| 119 | Department of Police | 22501 Advances to Public Officers | 1,200,000,000 | 1,000,000,000 | 1,200,000,000 | | — |
| 120 | Department of Immigration and Emigration | 22601 Advances to Public Officers | 40,000,000 | 30,000,000 | 180,000,000 | | — |
| 121 | Department of Registration of Persons | 22701 Advances to Public Officers | 45,000,000 | 40,000,000 | 170,000,000 | | — |
| 122 | Courts Administration | 22801 Advances to Public Officers | 500,000,000 | 350,000,000 | 1,500,000,000 | | — |
| 123 | Attorney General's Department | 22901 Advances to Public Officers | 25,000,000 | 17,000,000 | 80,000,000 | | — |
| 124 | Legal Draftsman's Department | 23001 Advances to Public Officers | 6,000,000 | 4,200,000 | 19,000,000 | | — |

| SRL No. | Ministries / Departments | Item No. | I Activities of the Government | II | III | IV | V |
|---------|--|----------|--|---|---|---|---|
| | | | | Maximum Limits of Expenditure of Activities of the Government | Minimum Limits of Receipts to be credited to the Accounts of Activities of the Government | Maximum Limits of Debit Balance of Activities of the Government | Maximum Limits of Liabilities of Activities of the Government |
| | | | | Rs. | Rs. | Rs. | Rs. |
| 125 | Department of Debt Conciliation Board | 23101 | Advances to Public Officers | 1,000,000 | 400,000 | 5,000,000 | — |
| 126 | Department of Prisons | 23201 | Advances to Public Officers | 150,000,000 | 130,000,000 | 250,000,000 | — |
| 127 | Department of Prisons | 23202 | Prisons Industrial and Agricultural Undertakings | 110,000,000 | 120,000,000 | 65,000,000 | 15,000,000 |
| 128 | Department of Government Analyst | 23301 | Advances to Public Officers | 8,000,000 | 7,000,000 | 35,000,000 | — |
| 129 | Office of the Registrar of the Supreme Court | 23401 | Advances to Public Officers | 15,000,000 | 10,500,000 | 65,000,000 | — |
| 130 | Law Commission of Sri Lanka | 23501 | Advances to Public Officers | 2,000,000 | 700,000 | 7,000,000 | — |
| 131 | Department of Official Languages | 23601 | Advances to Public Officers | 7,000,000 | 5,200,000 | 29,000,000 | — |
| 132 | Department of National Planning | 23701 | Advances to Public Officers | 5,000,000 | 4,500,000 | 20,000,000 | — |
| 133 | Department of Fiscal Policy | 23801 | Advances to Public Officers | 3,500,000 | 1,800,000 | 16,000,000 | — |
| 134 | Department of External Resources | 23901 | Advances to Public Officers | 8,000,000 | 4,000,000 | 30,000,000 | — |
| 135 | Department of National Budget | 24001 | Advances to Public Officers | 8,000,000 | 5,000,000 | 35,000,000 | — |
| 136 | Department of Public Enterprises | 24101 | Advances to Public Officers | 4,000,000 | 3,400,000 | 18,000,000 | — |
| 137 | Department of Management Services | 24201 | Advances to Public Officers | 6,000,000 | 4,000,000 | 26,000,000 | — |

| | | | | | | |
|-----|---|--|------------|------------|-------------|---|
| 138 | Department of Development Finance | 24301 Advances to Public Officers | 4,000,000 | 2,000,000 | 14,000,000 | — |
| 139 | Department of Trade and Investment Policies | 24401 Advances to Public Officers | 3,500,000 | 2,700,000 | 14,000,000 | — |
| 140 | Department of Public Finance | 24501 Advances to Public Officers | 4,000,000 | 3,900,000 | 15,000,000 | — |
| 141 | Department of Inland Revenue | 24601 Advances to Public Officers | 90,000,000 | 85,300,000 | 415,000,000 | — |
| 142 | Sri Lanka Customs | 24701 Advances to Public Officers | 60,000,000 | 52,000,000 | 250,000,000 | — |
| 143 | Sri Lanka Customs | 24702 Seized and forfeited goods Advance Account | 18,000,000 | 6,000,000 | 85,000,000 | — |
| 144 | Department of Excise | 24801 Advances to Public Officers | 46,000,000 | 40,000,000 | 200,000,000 | — |
| 145 | Department of Treasury Operations | 24901 Advances to Public Officers | 8,000,000 | 6,000,000 | 35,000,000 | — |
| 146 | Department of State Accounts | 25001 Advances to Public Officers | 4,500,000 | 2,800,000 | 16,000,000 | — |
| 147 | Department of State Accounts | 25002 Advances for Payments on behalf of other Governments | 1,600,000 | 1,000,000 | 800,000 | — |
| 148 | Department of State Accounts | 25003 Miscellaneous Advances | 10,000,000 | 2,000,000 | 200,000,000 | — |
| 149 | Department of Valuation | 25101 Advances to Public Officers | 25,000,000 | 20,000,000 | 115,000,000 | — |
| 150 | Department of Census and Statistics | 25201 Advances to Public Officers | 40,000,000 | 32,000,000 | 150,000,000 | — |
| 151 | Department of Pensions | 25301 Advances to Public Officers | 42,000,000 | 40,000,000 | 200,000,000 | — |
| 152 | Department of Registrar-General | 25401 Advances to Public Officers | 80,000,000 | 62,000,000 | 290,000,000 | — |
| 153 | District Secretariat , Colombo | 25501 Advances to Public Officers | 60,000,000 | 50,000,000 | 250,000,000 | — |
| 154 | District Secretariat , Gampaha | 25601 Advances to Public Officers | 80,000,000 | 80,000,000 | 380,000,000 | — |
| 155 | District Secretariat , Kalutara | 25701 Advances to Public Officers | 80,000,000 | 62,000,000 | 350,000,000 | — |
| 156 | District Secretariat , Kandy | 25801 Advances to Public Officers | 70,000,000 | 61,000,000 | 250,000,000 | — |
| 157 | District Secretariat , Matale | 25901 Advances to Public Officers | 53,000,000 | 45,000,000 | 220,000,000 | — |

| SRL No. | Ministries / Departments | Item No. | I Activities of the Government | II | III | IV | V |
|---------|--|----------|-----------------------------------|---|---|---|---|
| | | | | Maximum Limits of Expenditure of Activities of the Government | Minimum Limits of Receipts to be credited to the Accounts of Activities of the Government | Maximum Limits of Debit Balance of Activities of the Government | Maximum Limits of Liabilities of Activities of the Government |
| | | | | Rs. | Rs. | Rs. | Rs. |
| 158 | District Secretariat, Nuwara-Eliya | 26001 | Advances to Public Officers | 40,000,000 | 35,000,000 | 120,000,000 | — |
| 159 | District Secretariat, Galle | 26101 | Advances to Public Officers | 80,000,000 | 65,000,000 | 300,000,000 | — |
| 160 | District Secretariat, Matara | 26201 | Advances to Public Officers | 80,000,000 | 60,000,000 | 275,000,000 | — |
| 161 | District Secretariat, Hambantota | 26301 | Advances to Public Officers | 50,000,000 | 44,000,000 | 250,000,000 | — |
| 162 | District Secretariat/ Kachcheri-Jaffna | 26401 | Advances to Public Officers | 70,000,000 | 55,000,000 | 225,000,000 | — |
| 163 | District Secretariat/ Kachcheri-Mannar | 26501 | Advances to Public Officers | 15,000,000 | 12,000,000 | 65,000,000 | — |
| 164 | District Secretariat/ Kachcheri-Vavuniya | 26601 | Advances to Public Officers | 14,000,000 | 13,000,000 | 65,000,000 | — |
| 165 | District Secretariat/ Kachcheri-Mullaitivu | 26701 | Advances to Public Officers | 14,000,000 | 9,000,000 | 55,000,000 | — |
| 166 | District Secretariat/ Kachcheri-Killinochchi | 26801 | Advances to Public Officers | 14,000,000 | 11,000,000 | 50,000,000 | — |
| 167 | District Secretariat/ Kachcheri-Batticaloa | 26901 | Advances to Public Officers | 40,000,000 | 32,000,000 | 140,000,000 | — |
| 168 | District Secretariat - Ampara | 27001 | Advances to Public Officers | 70,000,000 | 50,000,000 | 245,000,000 | — |
| 169 | District Secretariat/ Kachcheri-Trincomalee | 27101 | Advances to Public Officers | 35,000,000 | 24,000,000 | 140,000,000 | — |

| | | | | | | | |
|-----|--|-------|--|-------------|-------------|---------------|---|
| 170 | District Secretariat, Kurunagala | 27201 | Advances to Public Officers | 85,000,000 | 84,000,000 | 350,000,000 | — |
| 171 | District Secretariat, Puttalam | 27301 | Advances to Public Officers | 50,000,000 | 50,000,000 | 220,000,000 | — |
| 172 | District Secretariat, Anuradhapura | 27401 | Advances to Public Officers | 65,000,000 | 62,000,000 | 280,000,000 | — |
| 173 | District Secretariat, Polonnaruwa | 27501 | Advances to Public Officers | 30,000,000 | 25,000,000 | 120,000,000 | — |
| 174 | District Secretariat, Badulla | 27601 | Advances to Public Officers | 60,000,000 | 46,000,000 | 220,000,000 | — |
| 175 | District Secretariat, Monaragala | 27701 | Advances to Public Officers | 35,000,000 | 30,000,000 | 140,000,000 | — |
| 176 | District Secretariat, Ratnapura | 27801 | Advances to Public Officers | 60,000,000 | 47,000,000 | 285,000,000 | — |
| 177 | District Secretariat, Kegalle | 27901 | Advances to Public Officers | 50,000,000 | 46,000,000 | 200,000,000 | — |
| 178 | Department of Project Management and Supervision | 28001 | Advances to Public Officers | 4,000,000 | 3,000,000 | 20,000,000 | — |
| 179 | Department of Agrarian Development | 28101 | Advances to Public Officers | 350,000,000 | 280,000,000 | 500,000,000 | — |
| 180 | Department of Irrigation | 28201 | Advances to Public Officers | 230,000,000 | 165,000,000 | 800,000,000 | — |
| 181 | Department of Forest Conservation | 28301 | Advances to Public Officers | 60,000,000 | 45,000,000 | 316,000,000 | — |
| 182 | Department of Wildlife Conservation | 28401 | Advances to Public Officers | 50,000,000 | 45,000,000 | 270,000,000 | — |
| 183 | Department of Agriculture | 28501 | Advances to Public Officers | 250,000,000 | 200,000,000 | 1,000,000,000 | — |
| 184 | Department of Agriculture | 28502 | Maintenance of Agricultural Farms and Seed Sales | 660,000,000 | 660,000,000 | 70,000,000 | — |
| 185 | Department of Land Commissioner General | 28601 | Advances to Public Officers | 20,000,000 | 14,000,000 | 90,000,000 | — |
| 186 | Department of Land Title Settlement | 28701 | Advances to Public Officers | 15,000,000 | 15,000,000 | 70,000,000 | — |
| 187 | Department of Surveyor General of Sri Lanka | 28801 | Advances to Public Officers | 130,000,000 | 130,000,000 | 420,000,000 | — |

| SRL No. | Ministries / Departments | Item No. | I Activities of the Government | II | III | IV | V |
|---------|--|----------|-----------------------------------|---|---|---|---|
| | | | | Maximum Limits of Expenditure of Activities of the Government | Minimum Limits of Receipts to be credited to the Accounts of Activities of the Government | Maximum Limits of Debit Balance of Activities of the Government | Maximum Limits of Liabilities of Activities of the Government |
| | | | | Rs. | Rs. | Rs. | Rs. |
| 188 | Department of Export Agriculture | 28901 | Advances to Public Officers | 40,000,000 | 35,000,000 | 140,000,000 | — |
| 189 | Department of Fisheries and Aquatic Resources | 29001 | Advances to Public Officers | 20,000,000 | 18,000,000 | 110,000,000 | — |
| 190 | Department of Coast Conservation and Coastal Resource Management | 29101 | Advances to Public Officers | 12,000,000 | 8,000,000 | 45,000,000 | — |
| 191 | Department of Animal Production and Health | 29201 | Advances to Public Officers | 35,000,000 | 24,000,000 | 130,000,000 | — |
| 192 | Department of Rubber Development | 29301 | Advances to Public Officers | 20,000,000 | 18,000,000 | 65,000,000 | — |
| 193 | Department of National Zoological Gardens | 29401 | Advances to Public Officers | 30,000,000 | 15,000,000 | 105,000,000 | — |
| 194 | Department of Commerce | 29501 | Advances to Public Officers | 5,000,000 | 2,500,000 | 22,000,000 | — |
| 195 | Department of Import and Export Control | 29601 | Advances to Public Officers | 4,000,000 | 2,500,000 | 25,000,000 | — |
| 196 | Department of the Registrar of Companies | 29701 | Advances to Public Officers | 7,000,000 | 5,000,000 | 35,000,000 | — |
| 197 | Department of Measurement Units, Standards and Services | 29801 | Advances to Public Officers | 6,000,000 | 4,000,000 | 30,000,000 | — |

| | | | | | | | | |
|-----|--|-------|--|---------------|---------------|---------------|---------------|--|
| 198 | National Intellectual Property | | | | | | | |
| | Office of Sri Lanka | 29901 | Advances to Public Officers | 5,000,000 | 3,000,000 | 17,000,000 | — | |
| 199 | Department of Food Commissioner | 30001 | Advances to Public Officers | 5,000,000 | 3,000,000 | 30,000,000 | — | |
| 200 | Department of Co-operative Development (Registrar of Co-operative Societies) | 30101 | Advances to Public Officers | 5,000,000 | 3,000,000 | 30,000,000 | — | |
| 201 | Co-operative Employees Commission | 30201 | Advances to Public Officers | 2,000,000 | 600,000 | 7,000,000 | — | |
| 202 | Department of Textile Industries | 30301 | Advances to Public Officers | 5,000,000 | 3,000,000 | 25,000,000 | — | |
| 203 | Department of Meteorology | 30401 | Advances to Public Officers | 10,000,000 | 8,600,000 | 55,000,000 | — | |
| 204 | Department of Sri Lanka Railways | 30601 | Advances to Public Officers | 500,000,000 | 450,000,000 | 1,500,000,000 | — | |
| 205 | Department of Sri Lanka Railways | 30602 | Railway Stores Advance Account | 2,500,000,000 | 2,000,000,000 | 8,200,000,000 | 1,500,000,000 | |
| 206 | Department of Motor Traffic | 30701 | Advances to Public Officers | 26,000,000 | 25,000,000 | 150,000,000 | — | |
| 207 | Department of Posts | 30801 | Advances to Public Officers | 800,000,000 | 704,000,000 | 2,200,000,000 | — | |
| 208 | Department of Buildings | 30901 | Advances to Public Officers | 25,000,000 | 17,000,000 | 95,000,000 | — | |
| 209 | Department of Government Factories | 31001 | Advances to Public Officers | 28,000,000 | 18,000,000 | 125,000,000 | — | |
| 210 | Department of Government Factories | 31002 | Government Factory Stores Advance Account | 120,000,000 | 120,000,000 | 40,000,000 | 30,000,000 | |
| 211 | Department of Government Factories | 31003 | Government Factory Work Done Advance Account | 400,000,000 | 390,000,000 | 190,000,000 | 1,000,000 | |

| SRL No. | Ministries / Departments | Item No. | I Activities of the Government | II | III | IV | V |
|------------|--|-------------|-----------------------------------|--|---|--|--|
| | | | | Maximum Limits of Expenditure of Activities of the Government | Minimum Limits of Receipts to be credited to the Accounts of Activities of the Government | Maximum Limits of Debit Balance of Activities of the Government | Maximum Limits of Liabilities of Activities of the Government |
| | | | | Rs. | Rs. | Rs. | Rs. |
| 212 | Department of National Physical Planning | 31101 | Advances to Public Officers | 12,000,000 | 6,400,000 | 50,000,000 | — |
| 213 | Department of Civil Security | 32001 | Advances to Public Officers | 600,000,000 | 480,000,000 | 900,000,000 | — |
| 214 | Department of National Botanical Gardens | 32201 | Advances to Public Officers | 26,000,000 | 22,200,000 | 110,000,000 | — |
| 215 | Department of Legal Affairs | 32301 | Advances to Public Officers | 1,000,000 | 400,000 | 4,000,000 | — |
| 216 | Department of Management Audit | 32401 | Advances to Public Officers | 3,500,000 | 2,500,000 | 20,000,000 | — |
| 217 | Department of Community Based Corrections | 32601 | Advances to Public Officers | 20,000,000 | 8,400,000 | 60,000,000 | — |
| 218 | Department of Land Use Policy Planning | 32701 | Advances to Public Officers | 18,000,000 | 14,000,000 | 80,000,000 | — |
| 219 | Department of Manpower and Employment | 32801 | Advances to Public Officers | 30,000,000 | 14,000,000 | 100,000,000 | — |
| 220 | Department of Information Technology Management | 32901 | Advances to Public Officers | 3,000,000 | 1,600,000 | 12,000,000 | — |
| 221 | Department of Samurdhi Development | 33101 | Advances to Public Officers | 400,000,000 | 280,000,000 | 800,000,000 | — |

| | | | | | | | |
|-----|-----------------------------------|-------|-----------------------------|-----------------------|-----------------------|-----------------------|----------------------|
| 222 | Department of National Community | | | | | | |
| | Water Supply | 33201 | Advances to Public Officers | 11,000,000 | 5,000,000 | 30,000,000 | — |
| 223 | Office of the Comptroller General | 33301 | Advances to Public Officers | 2,000,000 | 1,400,000 | 10,000,000 | — |
| 224 | Department of Multi - purpose | | | | | | |
| | Development Task Force | 33401 | Advances to Public Officers | 40,000,000 | 16,000,000 | 50,000,000 | — |
| 225 | National Education Commission | 33501 | Advances to Public Officers | 1,500,000 | 500,000 | 7,500,000 | — |
| 226 | Merchant Shipping Secretariat | 33601 | Advances to Public Officers | 2,000,000 | 1,000,000 | 7,500,000 | — |
| | Total | | | 29,109,500,000 | 23,109,500,000 | 66,922,200,000 | 3,146,000,000 |

Appropriation Act, No. 30 of 2021

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