

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

Part II of February 25, 2011

SUPPLEMENT

(Issued on 28. 02. 2011)



PORTS AND AIRPORTS DEVELOPMENT LEVY

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to make provision for the imposition and collection of a levy to be called the Ports and Airports Development Levy on every article originating from outside Sri Lanka and imported into Sri Lanka; to amend Part I of the Finance Act, No. 11 of 2002; and to provide for matters connected therewith or incidental thereto.

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Ports and Airports Development Levy

L.D.—O. 9/2011.

AN ACT TO MAKE PROVISION FOR THE IMPOSITION AND COLLECTION OF A LEVY TO BE CALLED THE PORTS AND AIRPORTS DEVELOPMENT LEVY ON EVERY ARTICLE ORIGINATING FROM OUTSIDE SRI LANKA AND IMPORTED INTO SRI LANKA; TO AMEND PART I OF THE FINANCE ACT, NO. 11 OF 2002; 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. This Act may be cited as the Ports and Airports Development Levy Act, No. of 2011. Short title.

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PART I

IMPOSITION OF PORTS AND AIRPORTS DEVELOPMENT LEVY

2. Subject to the provisions of section 7, there shall be charged and levied on the cost, insurance and freight value of every article originating from outside Sri Lanka and imported into Sri Lanka, a levy to be called the Ports and Airports Development Levy (hereinafter in this Part referred to as the “Levy”). Levy on articles imported into Sri Lanka.

3. (1) The levy to be charged and levied in respect of the cost, insurance and freight value of any article referred to in section 2 shall be calculated, at the rate of 5.0 *per centum*, for the period commencing on January 1, 2011. Manner of calculating the levy.

(2) With effect from January 1, 2011, no levy shall be charged in respect on the cost, insurance and freight value of any article imported into Sri Lanka—

20 (a) for the purpose of processing and re-export; or

(b) to be used for the manufacture of goods for exports.

(3) The Minister may, from time to time having regard to the interests of the national economy, by Order published in the *Gazette*—

- 5 (a) exempt from the operation of the above levy, any article specified therein; or
- (b) specify a concessionary rate to be charged and levied in respect of any article or articles specified therein.

10 (4) Every Order, made in terms of subsection (3) by the Minister shall—

- (i) be in operation immediately upon the Minister affixing his signature thereto;
- (ii) be published in the *Gazette* as soon as convenient;
- 15 (iii) be approved by resolution of Parliament as soon as convenient thereafter; and
- (iv) if not approved by Parliament, be deemed to be rescinded with effect from the date of such resolution.”.

20 **4.** (1) The following articles shall be exempt from the Ports and Airports Development Levy—

- 25 (i) foreign currency notes as specified under the relevant Harmonized Commodity Description and coding System Numbers for the purposes of Customs Ordinance (Chapter 235) (with effect from June 1, 2010);
- (ii) goods for the use of international events conducted in Sri Lanka, on donations from abroad, as approved by the Minister in charge of the subject of Finance having regard to the interests of the national economy (with effect from May 12, 2010);
- 30

No levy to be charged in respect of specified articles.

- 5 (iii) goods for any infrastructure development project out of the donations directly to Government Ministries, as approved by the Minister in charge of the subject of Finance, (with effect from September 8, 2010);
- 10 (iv) goods for any Specific project funded through foreign loans and on which project the tax is borne by the Government, as approved by the Minister in charge of the subject of Finance having regard to the interests of the national economy (with effect from January 1, 2011); and
- 15 (v) any other article which the Minister in charge of the subject of Finance may, by Order published in the *Gazette*, in terms of subsection (3) of section 3, declare as being an exempted article.

20 (2) Notwithstanding the provisions of sections 2 and 3, the Director-General of Customs shall defer the collection of the levy on the importation of any article, for the use of any specified project identified by the Minister in charge of the subject of Finance, by an Order published in the *Gazette*, having regard to the interests of the national economy on which the tax is borne by the government, with effect from July 1, 2009 until such time the article is re-exported after the completion of such project subject to the furnishing of a

25 corporate guarantee which covers the amount of the tax due on the articles so imported.

30 **5.** The levy payable under section 2 on an article imported into Sri Lanka, shall be paid by the person importing the article to the Director-General of Customs, at the time of the import of the article, and upon payment of the levy the Director-General of Customs shall cause and endorsement to be made on the import invoice relating to that article specifying the amount recovered as the levy.

Levy to be paid to the Director-General of Customs.

6. Where any article originating from outside Sri Lanka and imported into Sri Lanka is sold—
- 5 (a) by the Director-General of Customs for the recovery of any customs duty, surcharge or other levy payable or deemed to be payable under the Customs Ordinance or for any contravention of the provisions of the Customs Ordinance (Chapter 235);
- 10 (b) by the Sri Lanka Port Authority established by the Sri Lanka Ports Authority Act, No. 51 of 1979, for the recovery of any dues under that Act; or
- (c) by the Commissioner-General of Inland Revenue, for any taxes administered by him,

Purchase of certain articles deemed to be imported for the purpose of this Act.

15 the purchaser of that article shall be deemed for the purposes of section 5 to be the person importing that article and the provisions of this Act shall apply to such purchaser accordingly.

7. Nothing in section 2 shall apply to any article imported into Sri Lanka in respect of the provision of any service by a mission of any State or any organization under the provisions of the Diplomatic Privileges Act, No. 9 of 20 1996.

Exemptions.

8. The levy shall, for purposes of recovery of the levy and notwithstanding anything to the contrary in this Act, be deemed to be a customs duty payable under the Customs Ordinance (Chapter 235), and accordingly the provisions of 25 the Customs Ordinance shall apply to the recovery of such levy.

Customs Ordinance to apply to the recovery of levy.

9. The Director-General of Customs shall transmit to the Consolidated Fund, all sums recovered by him as the levy under this Act.

Amount recovered as levy to be credited to the Consolidated Fund.

5 **10.** In this Part, unless the context otherwise requires, Interpretation.
“article” means any goods, materials, foreign currency notes,
any agricultural or horticultural products or merchandise
but does not include diamonds, gems, gold, jewellery and
electronic items imported for the purpose of processing and
re-export.

11. The provisions of— Retrospective effect.

10 (1) paragraph (i) of subsection (1) of section 4 of this
Act shall be deemed for all purposes to have come
into effect on June 1, 2010;

(2) paragraph (ii) of subsection (1) of section 4 of this
Act shall be deemed for all purposes to have come
into effect on May 12, 2010;

15 (3) paragraph (iii) of subsection (1) of section 4 of this
Act shall be deemed for all purposes to have come
into effect on September 8, 2010;

(4) paragraph (iv) of subsection (1) of section 4 of this
Act shall be deemed for all purposes to have come
into effect on January 1, 2010;

20 **12.** The provisions of this Act shall, be deemed for all Operation of
purposes to have come in to operation on January 1, 2011. the
provisions of
this Act,

13. Where the Director-General of Customs collects Indemnity.
during the period commencing on January 1, 2011 and
ending on the date of the commencement of this Act, from a
25 person importing any article, an amount equal to five *per*
centum as specified in section 3 of this Act on the cost,
insurance and freight value of such article, such collection,
shall be deemed for all purposes to have been, and to be,
validly made, and the Director-General of Customs is hereby
30 indemnified against all action, civil or criminal, in respect
of such collection.

14. (1) The Minister may make regulations in respect of Regulations.
all matters which are required by this Act to be prescribed or
in respect of which regulations are required or authorized to
be made under this Act.

5 (2) Every regulation made under subsection (1) shall be
published in the *Gazette* and shall come into operation on
the date of publication, or on later date as may be specified
therein.

10 (3) Every regulation made under subsection (1) shall, as
soon as convenient after its publication in the *Gazette*, be
placed before Parliament for approval. Every regulation
which is not so approved shall be deemed to be rescinded as
from the date of disapproval, but without prejudice to
anything previously done thereunder.

15 (4) Notification of the date on which any regulation is
deemed to be so rescinded shall be published in the *Gazette*.

PART II

AMENDMENT OF PART I OF THE FINANCE ACT, NO. 11 OF 2002

20 15. Section 2 of the Finance Act, No. 11 of 2002 (Part I) Amendment
is hereby amended in the first proviso to that section, by the of section 2
the repeal of paragraph (d) thereof and the substitution therefor of Part I of
of the following paragraph:— of the Finance
Act, No. 11
of 2002.

25 “(d) for the period commencing on January 1, 2009 and
ending on December 31, 2010 at the rate of 5.0 *per*
centum.”.

30 16. It is hereby declared for the avoidance of doubts, Part I of the
that the provisions of Part I of the Finance Act, No. 11 of Finance Act,
2002 relating to the payment of the Ports and Airports No. 11 of
Development Levy shall not apply to any article originating 2002 not to
from outside Sri Lanka and imported into Sri Lanka apply.
commencing on or after January 1, 2011.

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

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