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The Gazette of the Democratic Socialist Republic of Sri Lanka

EXTRAORDINARY

අංක 1819/2 - 2013 ජූලි මස 15 වැනි සඳුදා - 2013.07.15

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## PART I : SECTION (I) — GENERAL

### Government Notifications

STRATEGIC DEVELOPMENT PROJECTS ACT No. 14 OF 2008

Order under Sub-Section (4) of Section 3

BY virtue of the powers vested in me by Sub-section (4) of Section 3 of the Strategic Development Projects Act No. 14 of 2008 as amended, I, Lakshman Yapa Abeywardena, Minister of Investment Promotions, being the Minister in Charge of the subjects of Investment Promotions do by this Order declare that :-

1. The notification containing the relevant information of a Project to establish a branch campus of University of Central Lancashire at Mirigama Export Processing Zone in the Western Province, which was identified as a Strategic Development Project for the purpose of aforesaid Act, was published in *Gazette Extraordinary* No. 1796/8 dated 06th February 2013 ;
2. The Project Company shall ensure that the management of the proposed Branch Campus adheres to the provisions of the Universities Act No. 16 of 1978 in conducting its activities if and to the extent such provisions are applicable to its activities and such project is in the National Interest and is of Economic and Social benefit to the Country.
3. The approval of Cabinet of Ministers has been obtained in terms of Sub-section (3) of Section 3 to declare the project to establish a branch Campus of University of Central Lancashire at Mirigama Export Processing Zone in the Western Province as a Strategic Development Project ;
4. The above Strategic Development Project shall be called and known as a "Project to establish a branch Campus of University of Central Lancashire at Mirigama Export Processing Zone in the Western Province and that the Project Company is known as UCLAN Lanka (Private ) Limited ;
5. The aforesaid Project shall commence its Commercial Operations within a period of Ten (10) years in Four (04) phases from the date of the Project Agreement signed with the Board of Investment of Sri Lanka on 13th December 2012 ; and
6. The exemption from the enactments specified in the schedule to this order shall apply to the Project Company and shall be operative for the duration specified in this Schedule. The date on which the exemptions shall become operative shall be the 13th December 2012.



SCHEDULE

(a) Inland Revenue Act No. 10 of 2006

- (i) The provisions of the Inland Revenue Act No. 10 of 2006 relating to the imposition of income tax on the Project Company on the profits and income from Project shall not apply for a period of Fifteen (15) years ("Tax Exemption Period"). The tax on dividends distributed to shareholders out of profits shall be exempted from income tax during the said Tax Exemption Period and one year thereafter ;

The said exemption period to commence from the first year in which the Project Company makes taxable profit or Five (05) years after commencement of Commercial Operations, whichever is earlier.

After the expiration of the aforesaid Tax Exemption Period the profits and income of the Project Company shall be charged at the rate of the Twenty-five per Centum (25%) of the applicable rate for a period of Ten (10) years immediately succeeding the last date of the Tax Exemption Period.

- (ii) The expatriate staff of the Project Company shall be exempted from the charge and payment of Pay As You Earn Tax (PAYE) subject to a restriction that this concession shall apply subject to the maximum number of 20 employees at any point of time. This concession shall be applicable for a period of Five (05) years from the date of commencement of Commercial Operations.

- (iii) The recipient shall be fully exempted from the charge of income tax under any provision of the Inland Revenue Act and the Project Company shall be exempted from the payment of Withholding Tax on the following :

- (a) interest on foreign loans taken for capital expenditure ;  
(b) technical fees to consultants ;  
(c) management fees up to 3% on gross revenue ;  
(d) royalty fees up to 1.5% on gross revenue ;  
(e) marketing fees up to 1.5% on gross revenue.

(b) The Value Added Tax Act (VAT) No. 14 of 2002

The importation of project related goods and services and the local purchases of Project related goods and services during the Project implementation period shall be fully exempted from charge and payment of Value Added Tax (VAT) under the Value Added Tax (VAT) Act No. 14 of 2002. The VAT exemption shall be applicable not only for direct supplies to the Project Company/Project but also for supplies made by Sub-contractor approved by the Project Company to a contractor for supplies to the Project Company/Project as described and permitted in the VAT Act.

(c) The Ports and Airports Development Levy Act No. 18 of 2011

The payment and charge of Port and Airport Development Levy (PAL) shall be fully exempted on all items imported for implementing the Project (whether directly imported by the Company or sourced through contractors approved by the Project Company) during the Project implementation period.

(d) Finance Act No. 5 of 2005

The Project Company or a sub-contractor approved by the Project Company shall be fully exempted from the payment of Construction Industry Guarantee Levy Act No. 05 of 2005 during the project implementation period.

SCHEDULE (*Contd.*)

(e) Economic Service Charge Act No. 13 of 2006

The Project company shall be exempted from the payment of Economic Service Charge Act No. 13 of 2006 up to the end of the Tax-Holiday Period.

(f) Customs Ordinance (Chapter 235)

All imports/local purchases of Project related items and materials required for the Project, whether directly imported by the Project Company or sourced through contractors, shall be exempted from the payment of customs duty, provided that, the goods are consigned in the name of the Project Company and are imported for the purpose of the implementation of the Project.

LAKSHMAN YAPA ABEYWARDENA, MP  
Minister of Investment Promotions.

Colombo.  
11th July, 2013.

08 - 15