



PARLIAMENT OF THE DEMOCRATIC SOCIALIST REPUBLIC OF SRI LANKA

COLOMBO PORT CITY ECONOMIC COMMISSION (AMENDMENT)

A BILL

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

*Presented by the Prime Minister and Minister of Education,
Higher Education and Vocational Education
on 05th of December, 2025*

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STATEMENT OF LEGAL EFFECT

Clause 2: This clause amends section 27 of the Colombo Port City Economic Commission Act, No. 11 of 2021 (hereinafter referred to as the “principal enactment”), and the legal effect of the section as amended is to make provision for an applicant not to pay certain fees to the Commission until a certificate of registration is issued to such applicant.

Clause 3: This clause amends section 35 of the principal enactment, and the legal effect of the section as amended is to terminate the exemption from income tax granted in respect the employment income of an employee of an authorised person.

Clause 4: This clause amends section 36 of the principal enactment, and the legal effect of the section as amended is to make the provisions of the Foreign Exchange Act, No. 12 of 2017 applicable for the conversion of Sri Lanka Rupees into any designated foreign currency.

Clause 5: This clause amends section 42 of the principal enactment to rectify certain textual errors, for purposes of clarity.

Clause 6: This clause inserts new sections 42A, 42B, 42C, 42D, 42E and 42F in the principal enactment, and the legal effect of the new sections is to make provision for the Central Bank to carry out regulation and supervision of authorised persons licensed to carry on offshore banking business in accordance with international standards.

Clause 7: This clause replaces section 43 of the principal enactment and the legal effect of the new section is to make provision for the Minister assigned the subject of Finance to suspend, revoke or cancel a licence issued to carry on offshore banking business on the recommendation of the Central Bank.

Clause 8: This clause repeals section 45 of the principal enactment.

Clause 9: This clause replaces section 46 of the principal enactment and the legal effect of the new section is to provide for the type of businesses that may be conducted by an authorised person licensed to carry on offshore banking business.

Clause 10: This clause replaces section 48 of the principal enactment and the legal effect of the new section is to make provisions relating to the audit of accounts of a person licensed to carry on offshore banking business.

Clause 11: This clause repeals section 49 of the principal enactment.

Clause 12: This clause inserts new section 51A in the principal enactment to exclude banks licensed under the Banking Act that operate within the Area of Authority of the Colombo Port City, from the application of the principal enactment.

Clause 13: This clause amends section 52 of the principal enactment, and the legal effect of the section as amended is to make provision to prescribe the criteria for the identification of Businesses of Strategic Importance.

Clause 14: This clause inserts new sections 52A, 52B, 52C, 52D and 52E in the principal enactment, and the legal effect of the new sections is to make provision for the evaluation of the performance of the Businesses of Strategic Importance.

Clause 15: This clause amends section 53 of the principal enactment and it is consequential to the amendment made by clause 13.

Clause 16: This clause amends section 71 of the principal enactment and it is consequential to the amendments made by clauses 8 and 13.

Clause 17: This clause amends section 75 of the principal enactment, and the legal effect of the section as amended is to insert new definitions in the principal enactment.

*Colombo Port City Economic Commission
(Amendment)*

L.D.-O 47/2025

AN ACT TO AMEND THE COLOMBO PORT CITY ECONOMIC
COMMISSION ACT, NO. 11 OF 2021

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

1. This Act may be cited as the Colombo Port City Economic Commission (Amendment) Act, No. of 2025. Short title

5 2. Section 27 of the Colombo Port City Economic Commission Act, No. 11 of 2021 (in this Act referred to as the “principal enactment”) is hereby amended by the insertion immediately after subsection (2) thereof, of the following new subsection: - Amendment
of section 27
of Act, No.
11
of 2021

10 “(2A) Unless a licence and a certificate of
 registration are issued to an applicant as required
 under the provisions of subsections (3) and (4) of
 section 26, the Commission shall not charge any
15 fee, including a land use fee, other than the fee
 specified in subsection (2) from such applicant.”

3. Section 35 of the principal enactment is hereby repealed and the following section is substituted therefor: - Replacement
of section 35
of the
principal
enactment

20 “Authorised person permitted to employ a resident or non-resident person 35. (1) A person to whom a registration, licence, authorisation or other approval has been issued or granted prior to the date of commencement of this section by the Commission 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.

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(2) For the purposes of subsection (1), for a period of three years commencing from the

month immediately following the month in which this section comes into operation-

5 (a) any employment income of a resident employee employed by a person referred to in subsection (1) 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; and

10 (b) any employment income of a non-
resident employee employed by a
person referred to in subsection (1)
shall be exempt from income tax and
notwithstanding anything to the contrary
15 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.

(3) Any employment income of a resident employee and a non-resident employee of a person to whom a registration, licence, authorisation or other approval has been issued or granted by the Commission on or after the date on which this section comes into operation shall be liable to income tax.”.

4. Section 36 of the principal enactment is hereby amended by the substitution for the words “to a designated foreign currency in such manner and subject to such conditions as shall be prescribed.”, of the words and figures “to a designated foreign currency as may be prescribed under the provisions of the Foreign Exchange Act, No. 12 of 2017.”.

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

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

5 “(1) Notwithstanding the provisions of the Banking Act, the provisions of this Part shall be applicable in relation to offshore banking business to be engaged in, in and from the Area of Authority of the Colombo Port City.”;

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

10 “(2) A company or a body corporate incorporated or established in another country and authorised to carry on banking business under any law, charter, statute, article of association or any other instrument
15 constituting or defining such incorporation or establishment and authorisation in that 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
20 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.”; and

25 (3) in subsection (3) of that section, by the substitution for the words “grant a licence under the Banking Act”, of the words “grant a licence under this Act”.

30 **6.** The following new sections are hereby inserted immediately after section 42 of the principal enactment and shall have effect as sections 42A, 42B, 42C, 42D, 42E and 42F of that enactment: -

35 “Application of international banking standards **42A.** (1) The Central Bank shall carry out the regulation and supervision of a person to whom a licence has been issued to carry on offshore banking business under this Part.

Insertion of new sections 42A, 42B, 42C, 42D, 42E, and 42F in the principal enactment

(2) For the purposes of subsection (1), the Central Bank shall have the authority to issue any Order, direction or determination as it may consider necessary, to any person to whom a licence has been issued to carry on offshore banking business under this Part, in accordance with the international standards adopted from time to time.

(3) A person to whom a licence has been issued to carry on offshore banking business under this Part shall comply with the Order, direction or determination referred to in subsection (2).

(4) For the purposes of subsection (2), the international standards shall include, but not be limited to, the requirements on capital adequacy, liquidity, risk management, supervisory review, and market discipline.

42b. A person to whom a licence has been issued to carry on offshore banking business under this Part shall maintain the minimum capital requirement, capital adequacy ratio and leverage ratio as may be determined by the Central Bank in accordance with international standards adopted from time to time.

42c. A person to whom a licence has been issued to carry on offshore banking business under this Part shall establish and maintain a robust risk management framework to identify, measure, monitor, and mitigate risks including, but not limited to, credit risk, operational risk, liquidity risk and market risk in accordance with the international standards adopted from time to time.

42d. A person to whom a licence has been issued to carry on offshore banking business

under this Part shall maintain liquidity requirements as may be determined by the Central Bank from time to time, in accordance with international standards adopted from time to time.

5

Disclosure and
transparency

42E. (1) A person to whom a licence has been issued to carry on offshore banking business under this Part shall make periodic public disclosure including, but not limited to, of its financial position, capital adequacy, and liquidity, subject to the directions issued by the Central Bank in accordance with the international standards adopted from time to time.

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(2) Such disclosure shall be in a form and manner as may be specified by the Central Bank by way of directions.

Directives,
guidelines,
and
prudential
standards

20

42F. Where a person to whom a licence has been issued to carry on offshore banking business under this Part –

(a) fails to comply with any provision of this Act or any regulatory requirement imposed thereunder;

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(b) engages in any fraudulent, unsafe or unsound banking practices; or

(c) carries on its operations in a manner which the Central Bank is of the view that it would be detrimental to the preservation of financial stability,

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the Central Bank may require such person to take such corrective measures as it may consider necessary, or impose such penalties and restrictions as it may determine:

5 Provided that nothing contained in this section shall restrict or prevent the Central Bank from recommending to the Minister assigned the subject of Finance to suspend, revoke or cancel the licence issued to such person to carry on offshore banking business under this Part, with notice to the Commission.”.

7. Section 43 of the principal enactment is hereby repealed and the following section is substituted therefor: -

Replacement
of section 43
of the principal
enactment

10 “Suspension, **43.** (1) A licence to carry on offshore banking
revocation business in and from the Area of Authority of
or the Colombo Port City in terms of this Part
cancellation may be suspended, revoked or cancelled by the
of a licence Minister assigned the subject of Finance on the
15 recommendation of the Central Bank:

20 Provided that prior to the suspension, revocation or cancellation of a licence under this section, the Minister assigned the subject of Finance shall afford the licensee an opportunity of being heard in its defence.

25 (2) The Minister assigned the subject of Finance may call for further information on such other matters which in his opinion merit inquiry, from the Central Bank, the Commission or such other person, prior to making a decision on suspension, revocation or cancellation of a licence. Such decision shall be communicated to the licensee, the Central Bank and the Commission.”.

30 **8.** Section 45 of the principal enactment is hereby repealed.

Repeal of
section 45 of
the principal
enactment

9. Section 46 of the principal enactment is hereby repealed and the following section is substitute therefor: -

Replacement
of section 46
of the principal
enactment

- “Nature of
business
that may be
conducted
by a person
issued with
a licence to
carry on
offshore
banking
business
- 5 **46. (1)** Any person to whom a licence has been issued to carry on offshore banking business under this Part may conduct any of the following businesses: -
- 10 (a) accept savings, time and demand deposits from any non-resident in any designated foreign currency;
- 15 (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;
- 20 (d) engage in any transaction in any designated foreign currency with any other offshore unit;
- (e) engage in any other transaction in any designated foreign currency with a non-resident;
- (f) engage in any other transaction in any designated foreign currency, as may be envisaged under this Act; or
- 25 (g) engage in any other transaction in any designated foreign currency, authorised by the Commission with the concurrence of the Central Bank.
- 30 (2) Without prejudice to the provisions of subsection (1), a person to whom a licence has been issued to carry on offshore banking

business under this Part may accept savings, time and demand deposits from, or lend to any authorised person or resident in any designated foreign currency, subject to the prior written approval of the Central Bank:

Provided that in granting such approval, the Central Bank shall satisfy itself that the envisaged transaction shall not be detrimental-

(a) to the objects of the Central Bank under the provisions of the Central Bank of Sri Lanka Act, No. 16 of 2023 to achieve and maintain domestic price stability and securing the financial system stability; and

(b) to effectively carry out the prudent and effective management of official international reserves under the provisions of the Central Bank of Sri Lanka Act, No, 16 of 2023:

Provided further that, the approval under this subsection may be granted to a specific class or classes of residents or transactions and subject to such terms and conditions as the Central Bank may consider necessary.

(3) Without prejudice to the other provisions of this section, a person to whom a licence has been issued to carry on offshore banking business under this Part may, subject to such terms and conditions as the Central Bank may consider necessary, borrow in any designated foreign currency from banks licensed under the Banking Act.

(4) Nothing contained in this section shall prevent a person to whom a licence has been

5 issued to carry on offshore banking business under this Part from opening and maintaining a non-interest-bearing rupee account in any licensed commercial bank in Sri Lanka for the purposes of meeting expenditure relating to its operations, and credit to such account shall be through conversion of foreign currency remitted into Sri Lanka.”.

10 **10.** Section 48 of the principal enactment is hereby repealed and the following section is substituted therefor: -

Replacement of section 48 of the principal enactment

10 “Audit of accounts

48. (1) The Central Bank shall-

- 15 (a) issue by way of a direction, a list of qualified auditors to audit the accounts of a person to whom a licence has been issued to carry on offshore banking business under this Part;
- (b) cause such person to appoint an auditor from among such auditors;
- 20 (c) require such person to submit the report of the auditor for the review of the Central Bank in such form and manner and intervals as may be determined by the Central Bank; and
- 25 (d) require such further audits by the same auditor or such other auditor from the list, as may be required, if in the opinion of the Central Bank, the audit report submitted under paragraph (c) is inadequate, the scope of the audit is limited, or for such other reason as the
- 30 Central Bank may think fit:

Provided however that all costs associated with any audit carried out hereunder shall be borne by such person.

- 5 (2) A person to whom a licence has been issued to carry on offshore banking business under this Part shall cause a copy of such audit report as referred to in subsection (1) to be served on the Commission at the same time such report is submitted to the Central Bank.”.

11. Section 49 of the principal enactment is hereby repealed.

Repeal of section 49 of the principal enactment

- 10 **12.** The following new section is hereby inserted immediately after section 51 of the principal enactment and shall have effect as section 51A of that enactment: -

Insertion of new section 51A in the principal enactment

- 15 “This Part not to apply to banks licensed under the Banking Act **51A.** Nothing contained in this Part shall apply to banks licensed under the Banking Act that carry out their operations in and from the Area of Authority of the Colombo Port City with the approval of the Central Bank under the Banking Act.”.

13. Section 52 of the principal enactment is hereby amended as follows: -

Amendment of section 52 of the principal enactment

- 20 (1) in subsection (2) of that section, by the substitution for the words “may identify businesses,”, of the words “may identify businesses according to the criteria as may be prescribed,”;
- 25 (2) immediately after subsection (3) of that section, by the insertion of the following new subsection: -

- 30 “(3A) The granting of tax related exemptions referred to in subsection (3) shall be subject to a technical analysis by the Ministry of Finance, with the relevant technical inputs provided by the Commission. It shall be the

responsibility of the Commission to monitor the ongoing performance of Businesses of Strategic Importance against the specified targets.”;

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

10 “(5) Regulations may be made prescribing minimum investment and category, minimum job creation, and exemptions and incentives.

15 (5A) The Ministry of Finance may, in consultation with the Commission, review the exemptions and incentives applicable to Businesses of Strategic Importance under this Act, every five years.”; and

- (4) by the repeal of subsection (7) of that section and the substitution therefor, of the following subsection: -

20 “(7) The period of validity of such exemptions or incentives granted in terms of this section shall be as prescribed.”.

25 **14.** The following new sections are hereby inserted immediately after section 52 of the principal enactment and shall have effect as sections 52A, 52B, 52C, 52D and 52E of that enactment: -

Insertion of new sections 52A, 52B, 52C, 52D and 52E in the principal enactment

30 “Ex-post monitoring of Businesses of Strategic Importance **52A.** (1) The Commission shall, from time to time as it deems appropriate in respect of any project, evaluate the ex-post monitoring of key performance indicators, and disclose the outcomes and fiscal impacts of the Businesses of Strategic Importance to the public by publication on its official website.

5 (2) Where any authorised person of Businesses of Strategic Importance fails to comply with the approved key performance indicators, the Commission shall issue a notice of non-compliance to the authorised person, which shall include—

- (a) the nature of the non-compliance;
- (b) a specified time frame for corrective action;
- 10 (c) a directive requiring immediate compliance and recommendation to take any other remedial or enforcement action as may be necessary to ensure compliance; and
- 15 (d) a requirement to submit a compliance plan, where appropriate.

20 (3) Where any authorised person of Businesses of Strategic Importance fails to take corrective action within the time specified by the Commission, the Commission may, having regard to the nature and gravity of the non-compliance, take one or more of the following actions:-

- 25 (a) restrict, suspend or revoke any or all exemptions or incentives granted under this Act in respect of the Businesses of Strategic Importance; or
- (b) impose administrative penalties to recover the loss incurred in that connection.

30 Notice to show cause **52B.** (1) The Commission shall, before taking action specified in paragraph (a) or (b) of subsection (3) of section 52A, issue a notice in

writing to the authorised person of the Businesses of Strategic Importance, specifying the grounds for the action.

5 (2) A notice under subsection (1) shall require the authorised person of the Businesses of Strategic Importance to show cause within a period of one month from the date of receipt of the notice, as to why the actions specified in paragraph (a) or (b) of subsection (3) of section 10 52A should not be taken.

15 (3) The authorised person of the Businesses of Strategic Importance shall be afforded a reasonable opportunity to be heard, either in person or through an authorised representative, before a final decision is made.

20 (4) Upon the consideration of any representations made by the authorised person of the Businesses of Strategic Importance or his representative, the Commission may, for the reasons to be recorded in writing, restrict, suspend, or revoke any or all exemptions or incentives granted under this Act in respect of the Businesses of Strategic Importance.

25 Filing of tax returns **52c.** Every authorised person shall file tax returns in terms of the provisions of the Inland Revenue Act, No. 24 of 2017.

30 Annual report of tax expenditures for the Businesses of Strategic Importance **52d.** The Ministry of Finance shall, in respect of each financial year, publish on its official website an annual report on tax expenditures relating to all Businesses of Strategic Importance under this Act.

Review **52e.** The Ministry of Finance may, in consultation with the Commission, review the tax holiday period, and the exemptions and

incentives applicable to Businesses of Strategic Importance under this Act, upon the expiry of five years.”.

- 15 **15.** Section 53 of the principal enactment is hereby amended by the repeal of paragraph (c) of subsection (2) of that section and the substitution therefor, of the following paragraph: -

Amendment of
section 53 of
the principal
enactment

10 “(c) the proposed date of commencement and the date on which such exemptions or incentives shall cease as prescribed;”

- 16.** Section 71 of the principal enactment is hereby amended in subsection (2) of that section as follows: -

Amendment of
section 71 of
the principal
enactment

- (1) by the repeal of paragraph (o) of that subsection; and
- 15 (2) by the repeal of paragraph (p) of that subsection and the substitution therefor, of the following paragraph: -

20 “(p) prescribing minimum investment and category, minimum job creation, and exemptions and incentives;”.

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

Amendment
of section 75
of the
principal
enactment

- (1) by the insertion immediately after the definition of the expression “business”, of the following new definition: -
- 25

“ “Central Bank” means the Central Bank of Sri Lanka established under the Central Bank of Sri Lanka Act, No. 16 of 2023; ”; and

- (2) by the insertion immediately after the definition of the expression “Government Marketable Land”, of the following new definition: -

5 “ “international standards” means the
standards that comprise of
principles, guidelines, processes,
or characteristics, that have been
developed through the consensus
of experts from many countries and
10 published by a globally recognized
institution including the Basel
Committee on Banking Supervision
and the Financial Stability Board;”.

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

Sinhala text
to prevail in
case of
inconsistency

