



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

**STRATEGIC DEVELOPMENT PROJECTS
(AMENDMENT) ACT, No. 26 OF 2025**

[Certified on 17th of December, 2025]

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Strategic Development Projects (Amendment)
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AN ACT TO AMEND THE STRATEGIC DEVELOPMENT PROJECTS
ACT, No. 14 OF 2008

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

1. This Act may be cited as the Strategic Development Projects (Amendment) Act, No. 26 of 2025.

Short title

2. Section 2 of the Strategic Development Projects Act, No. 14 of 2008 (hereinafter referred to as the “principal enactment”), as last amended by Act, No. 12 of 2011, is hereby further amended in proviso thereof, by the substitution for the words “twenty-five years.”, of the words “ten years.”.

Amendment
of section 2
of Act, No.14
of 2008

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 Section 3 of the principal enactment is hereby repealed and the following section is substituted therefor: -

Replacement
of section 3 of
the principal
enactment

“Identification
of Strategic
Development
Project

3. (1) The Board of Investment of Sri Lanka shall, subject to the criteria as may be prescribed, identify any proposed project as a Strategic Development Project.

(2) Upon being identified the proposed project as a Strategic Development Project, the Board of Investment of Sri Lanka shall refer such project proposal to the Ministry of Finance for *ex-ante* cost-benefit analysis.

(3) The Ministry of Finance shall, with the technical input from the Board of Investment of Sri Lanka, carry out such *ex-ante* cost-benefit analysis of the project and submit a recommendation to the Board of Investment of Sri Lanka within one month from the date of such reference under subsection (2).

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(4) The Board of Investment of Sri Lanka shall, upon being satisfied that such a project meets the eligibility criteria as prescribed under subsection (1) and having regard to the recommendation made under subsection (3), grant such number of years of tax holiday and any exemption or concession as may be prescribed.

(5) Upon the identification of a project as a Strategic Development Project under this section, the Board of Investment of Sri Lanka shall communicate such decision to the Minister.

(6) The Minister shall, with the concurrence of the Cabinet of Ministers, publish an Order in the *Gazette*, specifying –

(a) the name and nature of the Strategic Development Project;

(b) the date on which the exemptions from the enactments specified in the Schedule hereto, granted in terms of section 2, shall become operative in respect of that project; and

(c) any other necessary information as he deems appropriate.

(7) Such Order made under subsection (6), shall be placed before Parliament for information.”.

Replacement
of section
4 of the
principal
enactment

4. Section 4 of the principal enactment is hereby repealed and the following sections are substituted therefor: -

"Ex-post
monitoring
of Strategic
Development
Project

4. (1) The Board of Investment of Sri Lanka shall, from time to time as it deems appropriate, carry out *ex-post* monitoring in respect of any Strategic Development Project and submit a report to the Ministry of Finance.

(2) The Ministry of Finance shall disclose the project outcomes and fiscal impacts of the project to the public by publication of the report submitted under subsection (1) on its official website.

(3) Where any Strategic Development Project fails to comply with the approved key performance indicators, the Board of Investment of Sri Lanka shall issue a notice of non-compliance to the Strategic Development Project Entity, which shall include—

(a) the nature of the non-compliance;
and

(b) a specified period of time for corrective action.

(4) Where any Strategic Development Project fails to take corrective action within the period of time specified by the Board of Investment of Sri Lanka, the Board of Investment of Sri Lanka may, in consultation with the Ministry of Finance, and having regard to the nature and gravity of the non-compliance, take one or more of the following actions:-

(a) restrict, suspend or revoke any or all exemptions, concessions or tax holiday granted under this Act in respect of the Strategic Development Project; or

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- (b) impose administrative penalties to recover the loss incurred in that connection.

Notice to
show cause

4A. (1) The Board of Investment of Sri Lanka shall, before taking action specified in paragraph (a) or (b) of subsection (4) of section 4, issue a notice in writing to the Strategic Development Project Entity, specifying the grounds for the action.

(2) A notice under subsection (1) shall require the Strategic Development Project Entity to show cause within a period of one month from the date of receipt of the notice, as to why the sanctions specified in paragraph (a) or (b) of subsection (4) of section 4 shall not be imposed.

(3) The Strategic Development Project Entity shall be afforded a reasonable opportunity to be heard, either in person or through an authorised representative, before a final decision is made.

(4) Upon the consideration of any representations made by the Strategic Development Project Entity or its representative, the Board of Investment of Sri Lanka may, for the reasons to be recorded in writing, restrict, suspend, or revoke any or all exemptions, concessions or tax holiday granted under this Act in respect of the Strategic Development Project or impose administrative penalties to recover the loss incurred in that connection.

Liability to
pay the tax

4B. Notwithstanding the provisions of section 2 –

- (a) every Strategic Development Project Entity shall file tax returns

in terms of the provisions of Inland Revenue Act, No. 24 of 2017;

(b) every Strategic Development Project Entity shall be liable to pay income tax with respect to withholding payments; and

(c) every employment income of resident and non-resident employee from any Strategic Development Project Entity shall be liable to pay income tax.

Commencement of the tax holiday period **4C.** (1) The tax holiday period applicable to a Strategic Development Project shall commence on the date of commencement of commercial operations of such project, as certified by the Board of Investment of Sri Lanka.

(2) The tax holiday period granted to a Strategic Development Project under this Act shall not be extended under any circumstances.

Annual report of tax expenditures for the Strategic Development Project **4D.** 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 Strategic Development Projects under this Act.

Review **4E.** The Ministry of Finance may, in consultation with the Board of Investment of Sri Lanka, review the continued relevance and efficiency of the exemptions, concessions or tax holiday granted under this Act, upon the expiry of five years from the date of commencement of this section.

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Regulations **4F.** (1) The Minister may make regulations in respect of matters for which regulations are authorized or required to be made or to be prescribed by this Act.

(2) 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 such regulation.

(3) Every regulation made by the Minister, shall within a period of three months 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 duly done thereunder.

(4) A Notification of the date of disapproval shall be published in the *Gazette*.

Replacement
of section 6 of
the principal
enactment

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

“Interpretation **6.** In this Act, unless the context otherwise requires –

“Board of Investment of Sri Lanka” means, the Board of Investment of Sri Lanka, established under the provisions of the Board of Investment of Sri Lanka Law, No. 4 of 1978;

“Minister” means, the Minister assigned the subject of Investment under Article 44 or 45 of the Constitution; and

“Strategic Development Project Entity”
means an enterprise with which the
Board of Investment of Sri Lanka
has entered into an agreement
under the Board of Investment
of Sri Lanka Law, No. 4 of 1978
and identified as a Strategic
Development Project, under
Section 3 of this Act.”.

6. For the avoidance of doubt, it is hereby declared that any tax holiday, exemptions and concessions or other benefit lawfully granted to a Strategic Development Project prior to the coming into operation of this Amendment Act shall, subject to compliance with the terms and conditions attached thereto, continue to be valid for the duration specified therein.

Avoidance of doubt.

7. 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

