

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

Part II of November 07, 2025

SUPPLEMENT

(Issued on 07.11.2025)



**STRATEGIC DEVELOPMENT PROJECTS
(AMENDMENT)**

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BILL

to amend the Strategic Development Projects Act, No. 14 of 2008

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STATEMENT OF LEGAL EFFECT

Clause 2: This clause amends section 2 of the Strategic Development Projects Act, No. 14 of 2008 (hereinafter referred to as the “principal enactment”) and the legal effect of the section is to limit the number of years of tax holiday and any exemption or concession granted for the Strategic Development Projects.

Clause 3: This clause replaces section 3 of the principal enactment, and the legal effect of the section is to set out the identification procedure of the Strategic Development Projects which entitle for any tax holiday, exemption or concession.

Clause 4: This clause replaces section 4 of the principal enactment and the legal effect of the sections 4, 4A, 4B, 4C, 4D, 4E and 4F is to provide respectively for-

- (a) the procedure applicable for *ex-post* monitoring of Strategic Development Projects;
- (b) the establishment of a transparent and fair procedure for the imposition of sanctions on a Strategic Development Project Entity;
- (c) the mandatory filing of tax returns, the liability to income tax on withholding payments, and the taxation of employment income of employees of Strategic Development Project Entities;
- (d) specifying the commencement of the tax holiday at the certified date of commercial operations and prohibit any extension of that period;
- (e) ensuring transparency by requiring the Ministry of Finance to publish an annual report on tax expenditures for all Strategic Development Projects;
- (f) a periodic review, of the continued relevance and efficiency of exemptions, concessions, or tax holidays granted under this Act; and
- (g) granting power to the Minister to make regulations as authorized or required.

Clause 5: This clause replaces section 6 of the principal enactment, and the legal effect of the section is to insert certain new definitions of expressions in the principal enactment.

Strategic Development Projects (Amendment)

L.D.-O 38/2025

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. of 2025. Short title

5 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

10 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”
15 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.
20

(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).
25

"Ex-post
monitoring
of Strategic
Development
Project

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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.

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(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.

15

(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

20

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

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(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:-

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(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

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

5 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.

10 (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.

20 (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.

25 (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;

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

10 (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 15 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.

20 (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 25 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 30 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.

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.

5 (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.

10 (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
15 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*.

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

Replacement
of section 6 of
the principal
enactment

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

25 “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;

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

5 “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.”.

10 **6.** For the avoidance of doubt, it is hereby declared that Avoidance of
any tax holiday, exemptions and concessions or other benefit doubt.
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
15 thereto, continue to be valid for the duration specified therein.

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

