

Board of Investment of Sri Lanka

NIRANJALI WEERASEKERA –EX BOI OFFICER

Board of Investment of Sri Lanka

- Promotes foreign investment in Sri Lanka
- Origins in the Greater Colombo Economic Commission (GCEC) established in 1978
- Functions as the central facilitation point for investors
- Re-constituted as BOI in 1992
- Principal Law:
 - The Board of Investment of Sri Lanka Law No. 4 of 1978

As amended by:

1.No. 43 of 1980

4. No. 9 of 2002

2. No. 21 of 1983

5. No. 36 of 2009

3. No. 49 of 1992

6. No. 3 of 2012

Objectives of the BOI

- To foster and generate the economic development of the country.
- To widen and strengthen the base of the economy.
- To encourage and promote foreign investment within the Republic.
- To diversify the sources of foreign exchange earnings and to increase export earnings.
- To encourage and foster establishment and development of industrial and commercial enterprises within the Republic.

Contribution to Economic Development

- Increase in GDP growth
- Increase in export earnings
- Create opportunities for employment
- Transfer of technology
- Infrastructure development
- Poverty reduction

Facilities provided by the BOI

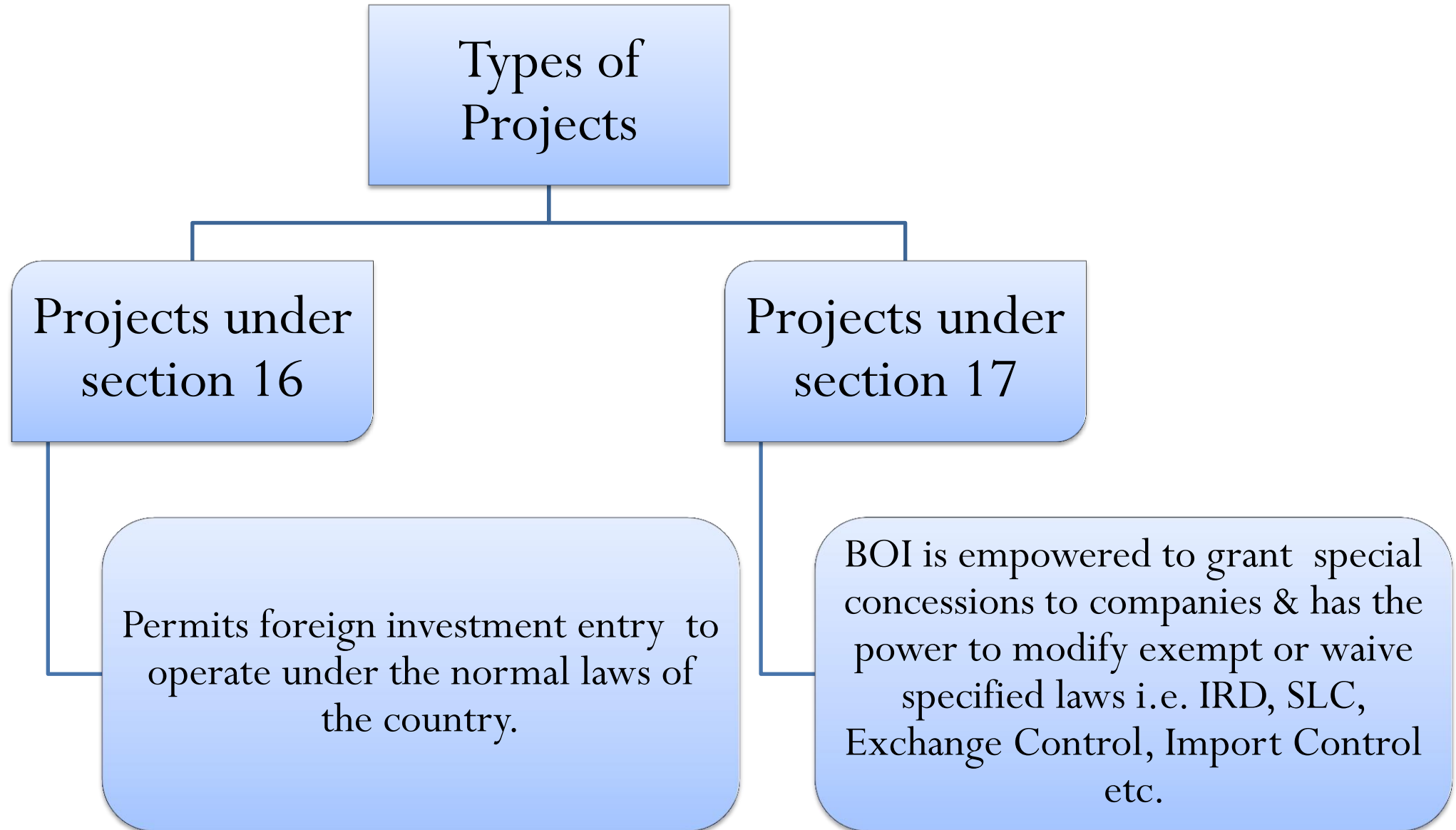
- Information and guidelines before submission of the application to the BOI
- Evaluation of applications
- Signing of agreements with BOI
- Providing assistance during the start up of the project
- Issuing recommendations for visas
- Granting approval for imports and exports of BOI enterprises

cont....

Facilities provided by the BOI cont....

- Advising on environmental norms
- Granting site approval and building plan approval for projects
- Issue certificate of conformity
- Attending to Industrial Relations activities
- Provision of common infrastructure facilities for new EPZZs and upgrading existing EPZZs

Types of projects approved by the BOI



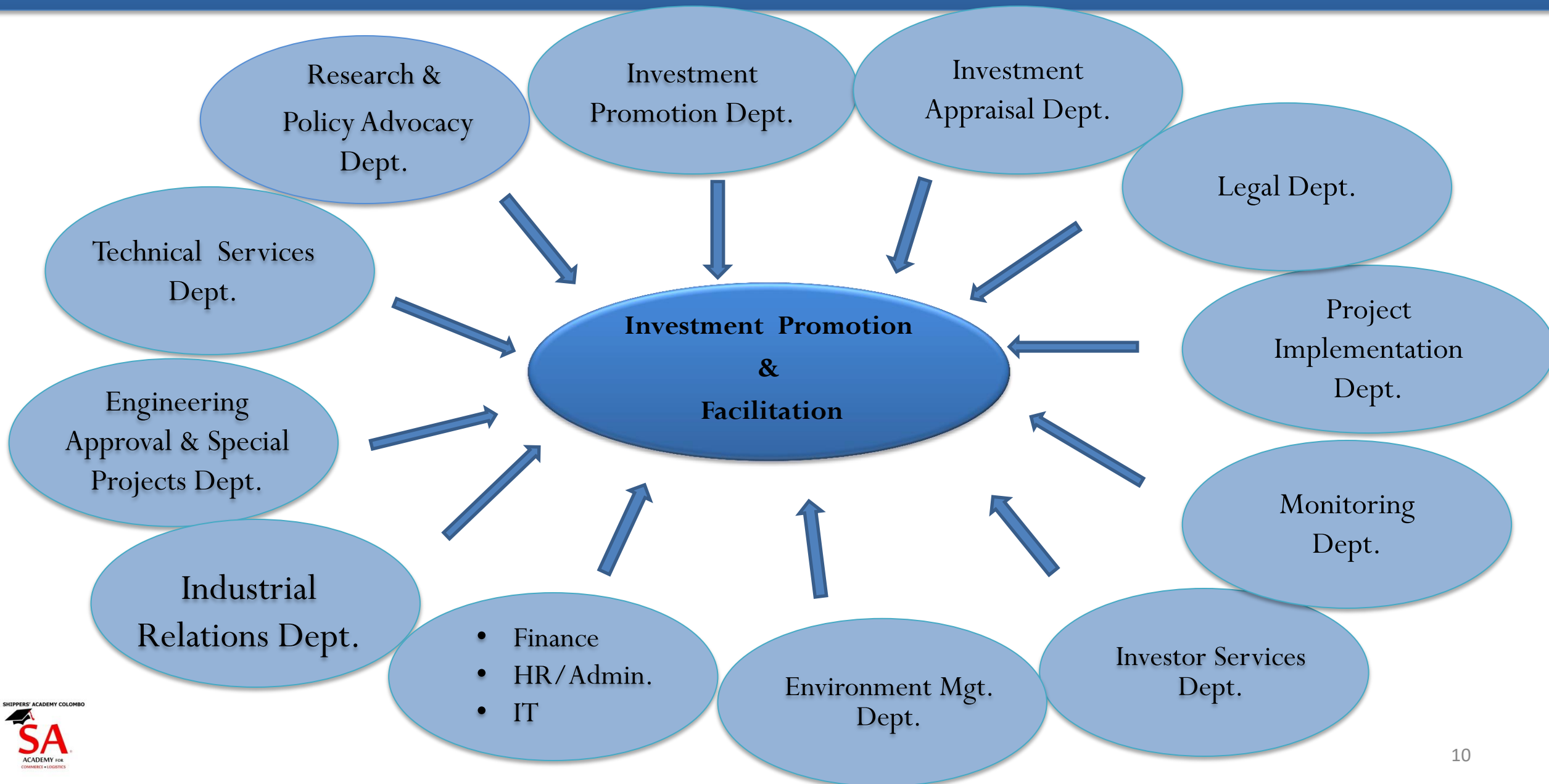
Process of implementation of a BOI Project

- Submission of an investment application
- Site selection
- Environmental clearance and site clearance
- Letter of approval
- BOI agreement
- Construction of factory premises
- Import of machinery and equipment
- Certificate of conformity

Incentives granted by the BOI for Agreements under Section 17 of the BOI Law

- Entitlement to import project related cargo – plant, machinery, construction material free of customs duty
- Facility to import raw material & accessories free of customs duty for export oriented projects
- Exemption from import control regulations
- Exemption from exchange control regulations
- Other benefits including tax holidays and concessionary tax rates

Key Departments of BOI



Services offered by the Investor Services Department

- Processing import/ export cusdecs
- Examination of sea freight @ air freight cargo
- Issue of certificates of origin for apparel products
- Granting approvals for subcontracts/ transfers of items
- Re-import and re-export of items
- Other approvals



Registration for services and processing of Cusdec

- Documents for registration
- Procedure for processing an import cusdec
- 1st import
- Taxes levied on imports
- Verification of cargo
- Exports of finished products
- Other approvals
- The way forward



The First Import

- First import of capital goods and construction material needs approval from the Engineering Approvals Dept.
- Master list of capital goods to be submitted for approval
- Raw material- after certificate of conformity.



Taxes on Imports

- Value Added tax (VAT)
- Port and airport development Levy (PAL)
- Nations Building Tax (NBT)
- EDB Cess (EIC)
- Excise Duty (XID)



Vat on Imports

- Enterprises located in Epzzs
- Enterprises located outside Epzzs
- Vat Exempted EPZZs
- Vat Exempted Items
- Deferement of VAT
- Upfront payment of VAT



Payment Terms

Terms of payments for imports

- Letters of Credit LC
- Documents against Acceptance DA
- Documents against payment DP
- Consignment Basis
- Advance payment-the maximum US\$ 50, 000
- Open Account

All BOI enterprises should follow applicable terms of payment regulations.

Terms of payments on imports are covered by Import Export Control Act

Export Documentation

- Exports
- Taxes to be paid on Exports
- Re – Exports
 - Machinery and equipment for repairs and return
 - Re exports of damaged , items, inferior quality raw material, accessories and consumables
 - Raw material and accessories imported on NFE terms due to cancellation of export orders

Why is cargo examined

- Why is cargo examined ?
 - To ensure only items declared in cusdec has been
 - Imported /exported
- Some aspects of Verification.
 - Marks & nos should be the same in cusdec as well as in pkg /pallet.
 - Details in packing list should not differ from the actual consignment.
 - Container seals should be intact.
 - Undeclared excess goods should not be in consignment .
 - Cargo should be taken directly to factory premises after examination.

Important facts for verification of imports

- Container numbers should be checked
- Re-check marks and nos.
- Check items specifications of break bulk cargo, transported in bags, boxes, crates, drums, or barrels
- A detailed packing list
- A knowledgeable officer from the enterprise
- In case of short receipt explanation from the supplier.
- If cargo is damaged insurance survey.

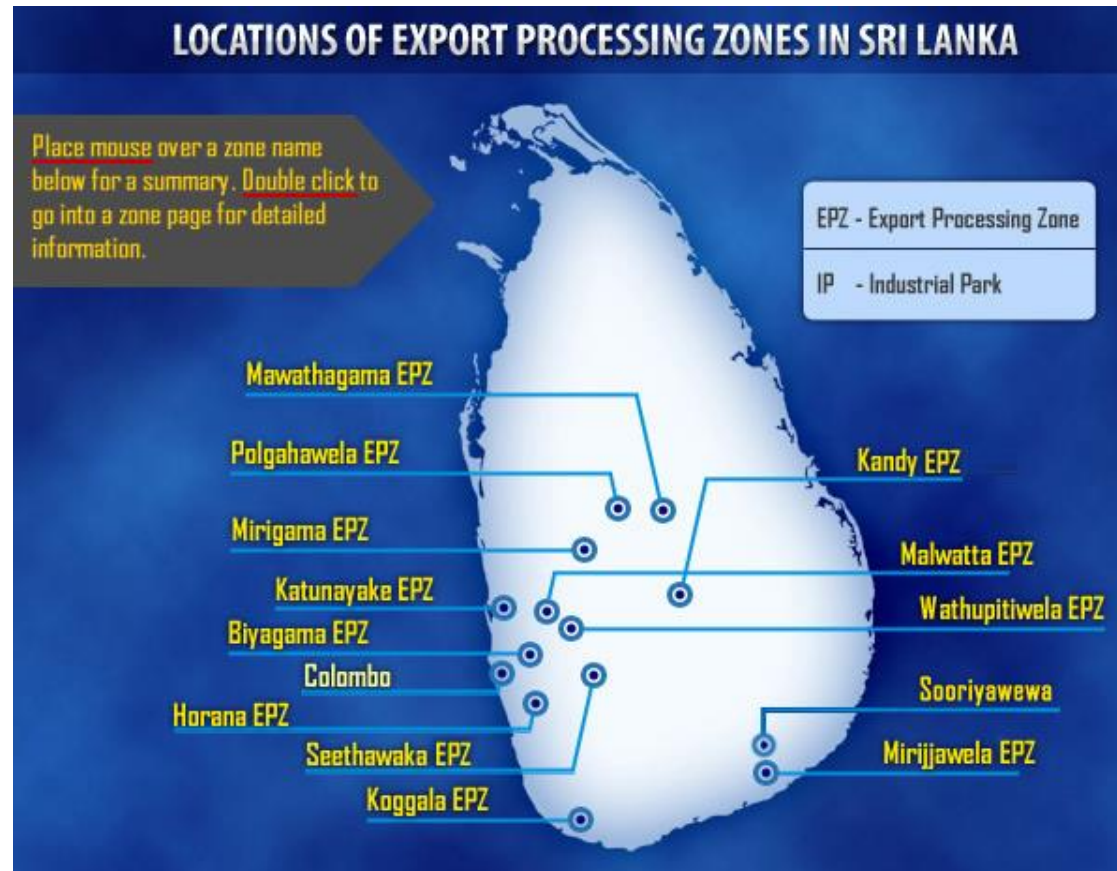
Supporting Documents for Verification

- Approvals from SLS, ITI, MOD etc.
- Quarantine certificate
- Catalogues for machinery and equipment
- Approval for consolidated cargo
- Survey report for damaged cargo – from port
- Approval for storage of import cargo at temporary location

BOI Verification Units

- | | | | |
|--------------|--------------|----------------|-----|
| • CVT | Orugodawatte | • Mirigama | EPP |
| • ACVT | Katunayake | • Malwatte | EPP |
| • Katunayake | EPZ | • Watupitiwela | EPZ |
| • Biyagama | EPZ | • Seethawaka | IP |
| • Koggala | EPZ | • Horana | EPZ |
| • Kandy | IP | | |

Zonal Operations



Other Privately Managed Zones

In addition to BOI administered zones, there are specialized sector specific privately owned industrial parks.

Apparel and Related Industries : MAS Fabric Park, Thulhiriya - www.masfabricpark.com

IT / Knowledge Services : Orion City IT Park, Colombo 9 - www.orioncity.com

Other Approvals

- Subcontracting
- Removal of raw material for processing and return
- Removal of finished and semi finished goods for processing
- Sale of finished products in the local market
- Loan of machinery and equipment

Declared free ports & bonded areas under Hub Regulations

Area	Location	Activity
1. Free Ports	1. Colombo Port 2. Hambanthota Port	➤ Manufacturing ➤ Minor Processing ➤ Logistic Value Addition
2. Specified Bonded Area	3. Mattala Airport 4. Mirijjawila Zone	➤ Manufacturing ➤ Minor Processing ➤ Logistic Value Addition
3. Bonded Area	5. Katunayake Zone 6. Koggala Zone	➤ Minor Processing ➤ Logistic Value Addition

Strategic Development Projects

- Extremely selective mechanism considering national interest
- Economic & social benefit to the country
- Ability to change the economic landscape of the country
- Full or partial exemptions from taxes and levies
- Final approval from parliament

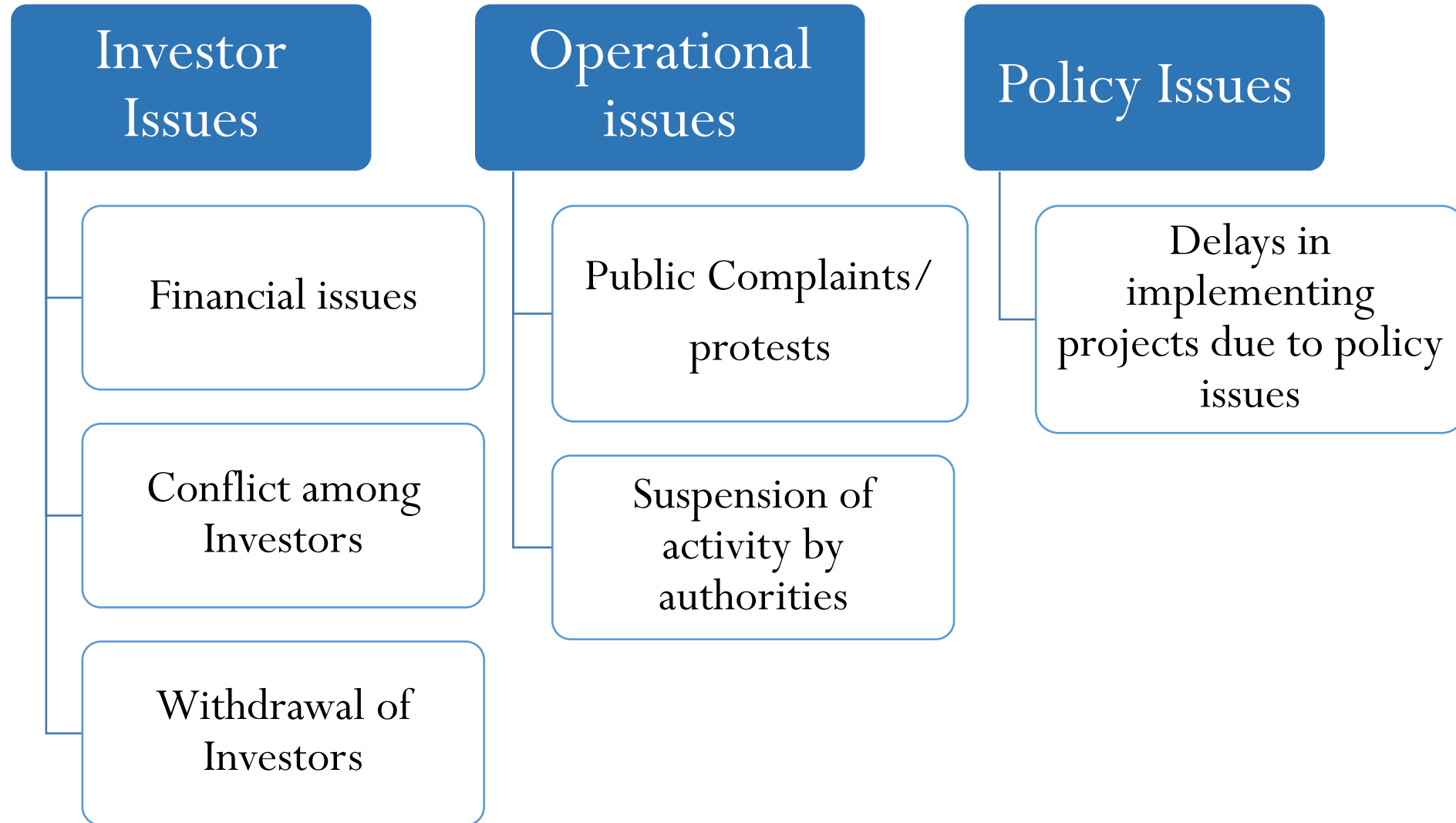
Implementation Period of a Project

- “The time period allowed in the BOI agreement to complete the project from the date of signing up to the date of commencement of commercial operations”

Certificate of Conformity

- Conformity of constructed building to the approved plans
- Availability of facilities for the staff
- Items imported under duty free facility have been properly utilized
- Fire safety/provision of fire fighting equipment, fire sump etc.
- Fencing and landscaping including internal roads
- General appearance of the building
- Installation of machinery including the power supply

Delays in Commencing Operations



Trade Facilitation Measures

- Facilitation measures to improve trade
- Paperless documentation
- Digital signature
- Single window
- Rex System
- Better cooperation btw government organizations

Single Window

- A mode of facilitating trade
- Submit regulatory documents at a single location & single submission
- Enable electronic interchange of data
- Provide messaging to logistic operators
- Facilitate electronic payments
- Messages from NSW computerized systems to other govt agencies

Digital Signature

- Moving towards a paperless environment
- A new function in Asycuda World
- Requirement:
 - User account in Asycuda World
 - Purchase Digital Certificate from Lanka Clear
- Public key connected to Asycuda World
- SLC to train enterprise personnel

Paperless Trade

- Evolution
 - Section 47 of SLC Ordinance
 - Gazette Notification 1786/10 of 29/11/2012
 - Electronic Transactions Act

The REX System

- Replacing Form A of Certificate of Origin
- In operation from 1st January 2019
- Goods exported to EU under for GSP
- A self declaration system
- Exporters should obtain a REX number from DOC



