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The Gazette of the Democratic Socialist Republic of Sri Lanka

EXTRAORDINARY

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PART I : SECTION (I) — GENERAL

Government Notifications

L.D.B 4/78.

THE BOARD OF INVESTMENT OF SRI LANKA LAW No. 4 OF 1978

REGULATIONS made by the Minister of Enterprise Development and Investment Promotion under Section 24 of the Board of Investment of Sri Lanka Law, No. 4 of 1978.

ROHITHA BOGOLLAGAMA,
Minister of Enterprise Development and
Investment Promotion.

Colombo,
16th May, 2006.

Regulations

1. These Regulations may be cited as the Board of Investment of Sri Lanka Regulations, No. 1 of 2006.

2. (1) The Board of Investment of Sri Lanka established by the Board of Investment of Sri Lanka Law, No. 4 of 1978 (hereinafter referred to as “the Board”) may, in addition to the provisions of Regulations No. 1 of 1978 published in *Gazette Extraordinary* No. 8/2 of October, 31, 1978 as last amended by regulations published in *Gazette Extraordinary* No. 1,242/29 of June, 28, 2002, where it considers it necessary so to do, incorporate in any agreement entered into with an enterprise under Section 17 of the said Law, any one of the provisions set out in Part A, Part B or Part C of this regulation.

(2) The provisions of Part A, Part B or Part C shall apply to an enterprise that establishes an undertaking within any area designated as a non-difficult, difficult or most difficult area respectively, by the Board taking into consideration the activities specified in each such Part.

3. On the expiry of the period of exemption granted, any enterprise referred to in Part A, Part B or Part C, shall for a further period of two (02) years, immediately succeeding the last date of that year in which the profits and income of such enterprise were so exempt from income tax, be charged with income tax in respect of the profits and income of the enterprises at the rate of ten per centum (10%) for each year of assessment. Such enterprise (other than an enterprise which is engaged in any export oriented industry or export oriented service) shall thereafter be charged with income tax at the rate of twenty per centum (20%) for any year of assessment. An enterprise which is engaged in export oriented industry or export oriented service shall be charged with income tax at the rate of fifteen per centum (15%) for any year of assessment.

4. The minimum investment specified in Items 1 to 9 of Part A, Part B and Part C shall be made in the purchase or construction of any building or in the purchase of any plant, machinery and equipment.

5. Custom duties in terms of Section 10 of the Customs Ordinance (Chapter 235) shall be charged and levied on the sale of all finished products by any enterprise in Sri Lanka, on all articles (*i.e.* raw materials, semi-finished products or any other inputs) used in the manufacture, production or processing of such finished products or a component thereof, had been imported into Sri Lanka by the enterprises free of custom duty.

6. For the purpose of these regulations -

“agriculture” shall include cultivation of plants of any description, and either the rearing or processing of fish, or both and farming associated with advanced technology, distribution, collection and marketing, procurement, storage, cold rooms, ice plants, dairy farming, poultry and animal husbandry and out grower schemes, plant and nursery, advanced technology being used for pre/post harvest management carried on by local investors but excluding processing of black tea ;

“existing enterprise” means an enterprise other than a new enterprise ;

“goods” mean all goods including food and beverages; textiles and leather products ; wood and wood products ; paper, paper products, printing and publishing ; chemicals, petroleum, coal, rubber and plastic ; non-metallic mineral products ; fabricated metal, industrial tools, machinery and transport equipment ; manufacture of boats and fishing gear but excluding black tea in bulk, crepe rubber, sheet rubber, scrap rubber, coconut oil, desiccated coconut (other than desiccated coconut manufactured using continuous scale automated process technology and marketed with a quality guarantee), copra, fresh coconuts, coconut fibre or such other commodity as may be determined by the Board ;

“Inland Revenue Act” means the Inland Revenue Act, No. 38 of 2000 and shall include any Act which may be enacted in its place ;

“new enterprise”, means an entirely new enterprise and shall not involve the reconstitution of an existing business or the transfer of assets of any description from an enterprise already existing within Sri Lanka. In the case of a taking over of a sick industry, any asset taken over shall not be considered to be a reconstitution ;

“services” shall include information technology and information technology enabled services, Business Process Outsourcing industry ; collection centres for the procurement of local produce using outgrower schemes ; tourism and recreation ; export oriented services (indirect exports related to the apparel sector) including garment washing and finishing plants ; embroidery services ; textile dyeing and finishing plant, textile printing ; texturing of fabric ; computer aided designs for garments and other industries ; vacuum packing of garments or any other service as approved by the Board.

“sick industry” means any existing enterprise which has not made any profit in relation to its transactions for any year of assessment continuously for a period of two (02) years immediately preceding the last year of assessment from the date of the application to the Board or which has not been in operation for at least six (06) months prior to the date of the application.

Part A

Items 1 to 9 set out below shall apply to an enterprise that establishes its undertaking in an area in any Divisional Secretary’s Division (other than the Districts of Colombo and Gampaha) designated by the Board as a “non-difficult area”.

1. The provisions of the Inland Revenue Act, relating to the imposition, payment and recovery of income tax in respect of profits and income shall not apply for a period as specified in Column II below for a new enterprise to carry on an undertaking for the the production or manufacture of goods (other than apparel) or provision of services with a minimum investment of Rupees Thirty Million (Rs. 30,000,000) with the employment of such number of local persons as specified in the corresponding entries in Column I below within a period of two (02) years from April, 01, 2006 :

<i>Column I</i> <i>Number of Employees</i>	<i>Column II</i> <i>Period of Exemption</i>
200 and above	05 years
100 – 199	03 years
50 – 99	02 years

The said exemption period shall be reckoned from the year in which the enterprise commences to make profits or any year of assessment not later than two (02) years reckoned from the date of commencement of commercial operation, whichever year is earlier.

2. The provisions of the Inland Revenue Act relating to the imposition, payment and recovery of income tax in respect of profits and income shall not apply for a period of three (03) years for a new enterprise which takes over a sick industry with the assets and employees of such sick industry for the production or manufacture of goods (other than apparel) or provision of services to the local market with an investment of not less than rupees thirty million (Rs. 30,000,000) within a period of two (02) years from April, 01, 2006 and that it continues the employment of the current number of employees of such sick industry or employees not less than two hundred (200) local persons, whichever is higher.

The said exemption period shall be reckoned from the year in which the enterprise commences to make profits or any year of assessment not later than two (02) years reckoned from the date of commencement of commercial operation, whichever year is earlier.

3. The provisions of the Inland Revenue Act relating to the imposition, payment and recovery of income tax in respect of profits and income shall not apply for a period of five (05) years for a new enterprise to carry on an undertaking for the manufacture of apparel with a minimum investment of Rupees Thirty Million (Rs. 30,000,000) with the employment of two hundred (200) or more local persons within a period of two (02) years from April, 01, 2006 and it exports not less than eighty per centum (80%) of its products.

The said exemption period shall be reckoned from the year in which the enterprise commences to make profits or any year of assessment not later than two (02) years reckoned from the date of commencement of commercial operation, whichever year is earlier.

4. The provisions of the Inland Revenue Act relating to the imposition, payment and recovery of income tax in respect of profits and income shall not apply for a period of five (05) years for a new enterprise which takes over a sick industry with the assets and employees of such sick industry for the production or manufacture of goods or provision of services with a minimum investment of Rupees Thirty Million (Rs. 30,000,000) with the employment of two hundred (200) or more local persons within a period of two (02) years from April, 01, 2006 and it exports not less than eighty per cent (80%) of its products in the case of manufacture of goods and it exports not less than seventy per centum (70%) in the case of provision of services.

The said exemption period shall be reckoned from the year in which the enterprise commences to make profits or any year of assessment not later than two (02) years reckoned from the date of commencement of commercial operation, whichever year is earlier.

5. The provisions of the Inland Revenue Act relating to the imposition, payment and recovery of income tax in respect of profits and income shall not apply for a period of five (05) years for a new enterprise to carry on an undertaking in agriculture with a minimum investment of Rupees Fifteen Million (Rs. 15,000,000) with the employment of not less than twenty (20) local persons within a period of two (02) years from April, 01, 2006.

The said exemption period shall be reckoned from the year in which the enterprise commences to make profits or any year of assessment not later than two (02) years reckoned from the date of commencement of commercial operation, whichever year is earlier.

6. The provisions of the Inland Revenue Act relating to the imposition, payment and recovery of income tax in respect of profits and income shall not apply for a period as specified in Column II below for a new enterprise or an existing enterprise that sets up an expansion unit or units to carry on an undertaking in education in the areas of Information Technology related Training, Vocational Training and Management, Skills Development, Training for Foreign Employment and English, Accountancy, Legal and Finance and other approved Courses for Business Process Outsourcing Industry, English for Business with a minimum investment of Rupees Fifteen Million (Rs. 15,000,000) within a period of two (02) years from April, 01, 2006 and that it shall train such number of persons per annum as specified in the corresponding entries in Column I below :

<i>Column I</i> <i>Number of Persons to be trained per annum</i>	<i>Column II</i> <i>Period of Exemption</i>
500	03 years
1000	05 years
1500	08 years

The said exemption period shall be reckoned from the year in which the enterprise commences to make profits or any year of assessment not later than two (02) years reckoned from the date of commencement of commercial operation, whichever year is earlier in respect of a new enterprise. In the case of an existing enterprise the said exemption period shall be reckoned from the year of assessment as may be specified by the Board.

7. The provisions of the Inland Revenue Act relating to the imposition, payment and recovery of income tax in respect of profits and income shall not apply for a period as specified in Column II below for a new enterprise or an enterprise that sets up an expansion unit or units to carry on an undertaking in education in the areas of Textile and Clothing Industry, Nurses' Training, Training for Food Processing and Agriculture and Plantation Industry with a minimum investment of Rupees Fifteen Million (Rs. 15,000,000) within a period of two (02) years from 01st April, 2006 and that it shall train such number of persons per annum as specified in the corresponding entries in Column I below :

<i>Column I</i> <i>Number of Persons to be trained per annum</i>	<i>Column II</i> <i>Period of Exemption</i>
100	03 years
300	05 years
500	08 years

The said exemption period shall be reckoned from the year in which the enterprise commences to make profits or any year of assessment not later than two (02) years reckoned from the date of commencement of commercial operation, whichever year is earlier.

8. The provisions of the Inland Revenue Act relating to the imposition, payment and recovery of income tax in respect of profits and income shall not apply for a period as specified in Column III below for an existing or new enterprise which out sources its products or services, either directly or indirectly, from rural sector by setting up of a manufacturing or servicing unit, as the case may be, with a minimum investment of an amount as specified in the corresponding entries in Column I below with the employment of such number of local persons as specified in the corresponding entries in Column II below within a period of two (02) years from 01st April, 2006 :

<i>Column I</i> <i>Investment</i>	<i>Column II</i> <i>Number of Employees</i>	<i>Column III</i> <i>Period of Exemption</i>
Rs. 15 Million	100	03 years
Rs. 20 Million	200	05 years
Rs. 30 Million	300	08 years

The said exemption period shall be reckoned from the year in which the enterprise commences to make profits or any year of assessment not later than two (02) years reckoned from the date of commencement of commercial operation, whichever year is earlier in respect of a new enterprise. In the case of an existing enterprise the said exemption period shall be reckoned from the year of assessment as may be specified by the Board.

9. The provisions of the Inland Revenue Act relating to the imposition, payment and recovery of income tax in respect of profits and income shall not apply for a period of five (05) years for an existing enterprise which is having its factory/factories located either in the Districts of Colombo or Gampaha relocates its factory/factories whilst maintaining a minimum employment of two hundred (200) local persons in its employment within a period of two (02) years from 01st April, 2006, to a site within the non-difficult area.

Such enterprise whilst maintaining a minimum employment of two hundred (200) local persons in its employment shall settle all terminal benefits in accordance with the labour regulations for the time being in force to its employees who have not been engaged or employed in its relocated factory/factories.

The said exemption period shall be reckoned from the year of assessment as may be specified by the Board.

Part B

Items 1 to 9 set out below shall apply to an enterprise that establishes its undertaking in an area in any Divisional Secretary's Division (other than the Districts of Colombo and Gampaha) designated by the Board as a "difficult area".

1. The provisions of the Inland Revenue Act relating to the imposition, payment and recovery of income tax in respect of profits and income shall not apply for a period as specified in Column II below for a new enterprise to carry on an undertaking for the production or manufacture of goods (other than apparel) or provision of services with a minimum investment of Rupees Thirty Million (Rs. 30,000,000) with the employment of such number of local persons as specified in the corresponding entries in Column I below within a period of two (02) years from 01st April, 2006 :

<i>Column I</i> <i>Number of Employees</i>	<i>Column II</i> <i>Period of Exemption</i>
200 and above	08 years
100 – 199	05 years
50 – 99	03 years

The said exemption period shall be reckoned from the year in which the enterprise commence to make profits or any year of assessment not later than two (02) years reckoned from the date of commencement of commercial operation, whichever year is earlier.

2. The provisions of the Inland Revenue Act relating to the imposition, payment and recovery of income tax in respect of profits and income shall not apply for a period of five (05) years for a new enterprise which takes over a sick industry with the assets and employees of such sick industry for the production or manufacture of goods (other than apparel) or provision of services to the local market with an investment of not less than Rupees Thirty Million (Rs. 30,000,000) within a period of two (02) years from 01st April, 2006 and that it continues the employment of the current number of employees of such sick industry or employees not less than two hundred (200) local persons, whichever is higher.

The said exemption period shall be reckoned from the year in which the enterprise commences to make profits or any year of assessment not later than two (02) years reckoned from the date of commencement of commercial operation, whichever year is earlier.

3. The provisions of the Inland Revenue Act relating to the imposition, payment and recovery of income tax in respect of profits and income shall not apply for a period as specified in Column II below for a new enterprise to carry on an undertaking for the manufacture of apparel with an investment of not less than Rupees Thirty Million (Rs. 30,000,000) with the employment of such number of local persons as specified in the corresponding entries in Column I below within a period of two (02) years from 01st April, 2006 and it exports not less than eighty per centum (80%) of its products :

<i>Column I</i> <i>Number of Employees</i>	<i>Column II</i> <i>Period of Exemption</i>
200 – 299	08 years
1000 – and above	10 years

The said exemption period shall be reckoned from the year in which the enterprise commences to make profits or any year of assessment not later than two (02) years reckoned from the date of commencement of commercial operation, whichever year is earlier.

4. The provisions of the Inland Revenue Act relating to the imposition, payment and recovery of income tax in respect of profits and income shall not apply for a period as specified in Column II below for a new enterprise which takes over a sick industry with the assets and employees of such sick industry for the production or manufacture of goods or provision of services with an investment of not less than Rupees Thirty Million (Rs. 30,000,000) with the employment of such number of local persons as specified in the corresponding entries in Column I below within a period of two (02) years from 01st April, 2006 and it exports not less than eighty per centum (80%) of its products in the case of manufacture of goods and it exports not less than seventy per centum (70%) in the case of provision of services :

<i>Column I</i>	<i>Column II</i>
<i>Number of Employees</i>	<i>Period of Exemption</i>
200 – 299	08 years
1000 – and above	10 years

The said exemption period shall be reckoned from the year in which the enterprise commences to make profits or any year of assessment not later than two (02) years reckoned from the date of commencement of commercial operation, whichever year is earlier.

5. The provisions of the Inland Revenue Act relating to the imposition, payment and recovery of income tax in respect of profits and income shall not apply for a period of eight (08) years for a new enterprise to carry on an undertaking in agriculture with a minimum investment of Rupees Fifteen Million (Rs. 15,000,000) with the employment of not less than twenty (20) local persons within a period of two (02) years from April 1, 2006.

The said exemption period shall be reckoned from the year in which the enterprise commences to make profits or any year of assessment not later than two (02) years reckoned from the date of commencement of commercial operation, whichever year is earlier.

6. The Provisions of the Inland Revenue Act relating to the imposition, payment and recovery of income tax in respect of profits and income shall not apply for a period as specified in Column II below for a new enterprise or an existing enterprise that sets up an expansion unit or units to carry on an undertaking in education in the areas of information Technology related Training, Vocational Training and Management, Skills Development, Training for Foreign Employment and English, Accountancy, Legal and Finance and other approved courses for Business Process Outsourcing Industry, English for Business with a minimum investment of Rupees Fifteen Million (Rs. 15,000,000/-) within a period of two (02) years from April 01, 2006 and that its shall train such number of persons per annum as specified in the corresponding entries in Column I below :

<i>Column I</i>	<i>Column II</i>
<i>Number of Persons to be Trained per annum</i>	<i>Period of Exemption</i>
500	05 Years
800	08 Years
1000	10 Years

The said exemption period shall be reckoned from the year in which the enterprise commences to make profits or any year of assessment not later than two (02) years reckoned from the date of commencement of commercial operation, whichever year is earlier in respect of a new enterprise. In the case of an existing enterprise the said exemption period shall reckon from the year of assessment as may be specified by the Board.

7. The provisions of the Inland Revenue Act relating to the imposition, payment and recovery of income tax in respect of profits and income shall not apply for a period as specified in Column II below for a new enterprises or an existing enterprise that sets up an expansion unit or units, to carry on an undertaking in education in the areas of Textile and Clothing Industry, Nurses' Training, Training for Food Processing Industry and Agriculture Plantation Industry with a minimum investment of Rupees Fifteen Million (Rs. 15,000,000/-) within a period of two (02) years from April 01, 2006 and that is shall train such number of persons per annum as specified in the corresponding entries in Column I below :

<i>Column I</i>	<i>Column II</i>
<i>Number of Persons to be trained per annum</i>	<i>Period of Exemption</i>
100	05 Years
250	08 Years
350	10 Years

The said exemption period shall be reckoned from the year in which the enterprise commences to make profits or any year of assessment not later than two (02) years reckoned from the date of commencement of commercial operation, whichever year is earlier.

8. The provisions of the Inland Revenue Act relating to the imposition, payment and recovery of income tax in respect of profits and income shall not apply for a period as specified in Column III below for an existing or new enterprise which out sources its products or services, either directly or indirectly, from rural sector by setting up of a manufacturing or servicing unit, as the case may be, with a minimum investment of an amount as specified in the corresponding entries in Column I below with the employment of such number of local persons as specified in the corresponding entries in Column II below within a period of two (02) years from April 01, 2006 :

<i>Column I</i>	<i>Column II</i>	<i>Column III</i>
<i>Investment</i>	<i>Number of employees</i>	<i>Period Exemption</i>
Rs. 10 Mn.	75	05 Years
Rs. 15 Mn.	100	08 Years
Rs. 20 Mn.	225	10 Years

The said exemption period shall be reckoned from the year in which the enterprise commences to make profits or any year of assessment not later than two (02) years reckoned from the date of commencement of commercial operation, whichever year is earlier in respect of a new enterprise. In the case of an existing enterprise the said exemption period shall reckon from the year of assessment as may be specified by the Board.

9. The provisions of the Inland Revenue Act relating to the imposition, payment and recovery of income tax in respect of profits and income shall not apply for a period of eight (08) years for an existing enterprise which is having its factory/factories located either in the Districts of Colombo or Gampaha relocates its factory/factories whilst maintaining a minimum employment of two hundred (200) local persons in its employment within a period of two (02) years from April 01, 2006 to a site within the difficult area.

Such enterprises whilst maintaining a minimum employment of Two Hundred (200) local persons in its employment shall settle all terminal benefits in accordance with the labour regulations for the time being in force to its employees who have not been engaged or employed in its relocated factory/factories.

The said exemption period shall be reckoned from the year of assessment as may be specified by the Board.

Part C

Items 1 to 9 set out below shall apply to an enterprises that establishes its undertaking in an area in any Divisional Secretary's Division (other than the Districts of Colombo and Gampaha) designated by the Board as a "most difficult area".

1. The provisions of the Inland Revenue Act relating to the imposition, payment and recovery of income tax in respect of profits and income shall not apply for a period as specified in Column II below for a new enterprise to carry on an undertaking for the production or manufacture of goods (other than apparel) or provision of services with a minimum investment of Rupees Thirty Million (Rs. 30,000,000/-) with the employment of such number of local persons as specified in the corresponding entries in Column I below within a period of two (02) years from April 01, 2006 :

<i>Column I</i>	<i>Column II</i>
<i>Number of Employees</i>	<i>Period of Exemption</i>
200 and Above	10 Years
100 to 199	08 Years
50 to 99	05 Years

The said exemption period shall be reckoned from the year in which the enterprise commences to make profits or any year of assessment not later than two (02) years reckoned from the date of commencement of commercial operation, whichever year is earlier.

2. The provisions of the Inland Revenue Act relating to the imposition, payment and recovery of income tax in respect of profits and income shall not apply for a period of eight (08) years for a new enterprise which takes over a sick industry with the assets and employees of such sick industry for the production or manufacture of goods (other than apparel) or provision of services to the local market with an investment of not less than Rupees Thirty Million (Rs. 30,000,000) within a period of two (02) years from April 01, 2006 and that it continues the employment of the current number of employees of such sick industry or employs not less than two hundred (200) local persons, whichever is higher.

The said exemption period shall be reckoned from the year in which the enterprise commences to make profits or any year of assessment not later than two (02) years reckoned from the date of commencement of commercial operation, whichever year is earlier.

3. The provisions of the Inland Revenue Act relating to the imposition, payment and recovery of income tax in respect of profits and income shall not apply for a period of ten (10) years for a new enterprise to carry on an undertaking for the manufacture of apparel with an investment of not less than Rupees Thirty Million (Rs. 30,000,000/-) with the employment of two hundred (200) or more local persons within a period of two (02) years from April 01, 2006 and it exports not less than eighty per centum (80%) of its products.

The said exemption period shall be reckoned from the year in which the enterprise commences to make profits or any year of assessment not later than two (02) years reckoned from the date of commencement of commercial operation, whichever year is earlier.

4. The provisions of the Inland Revenue Act relating to the imposition, payment and recovery of income tax in respect of profits and income shall not apply for a period of ten (10) years for a new enterprise which takes over a sick industry with the assets and employees of such sick industry for the production or manufacture of goods or provision of services with an investment of not less than Rupees Thirty Million (Rs. 30,000,000) with the employment of two hundred (200) or more local persons within a period of two (02) years from 01st April 2006 and it exports not less than eighty per centum (80%) of its products in the case of manufacture of goods and it exports not less than seventy per centum (70%) in the case of provision of services.

The said exemption period shall be reckoned from the year in which the enterprise commences to make profits or any year of assessment not later than two (02) years reckoned from the date of commencement of commercial operation, whichever year is earlier.

5. The provisions of the Inland Revenue Act relating to the imposition, payment and recovery of income tax in respect of profits and income shall not apply for a period of Ten (10) years for a new enterprise to carry on an undertaking in agriculture with a minimum investment of Rupees Fifteen Million (Rs.15,000,000) with the employment of not less than twenty (20) local persons within a period of two (02) years from April 01, 2006.

The said exemption period shall be reckoned from the year in which the enterprise commences to make profits or any year of assessment not later than two (02) years reckoned from the date of commencement of commercial operation, whichever year is earlier.

6. The provisions of the Inland Revenue Act relating to the imposition, payment and recovery of income tax in respect of profits and income shall not apply for a period as specified in Column II below for a new enterprise or an existing enterprise that sets up an expansion unit or units to carry on an undertaking in education in the areas of Information Technology related Training, Vocational Training and Management, Skills Development, Training for Foreign Employment and English, Accountancy, Legal and Finance and other approved Courses for Business Process Outsourcing Industry, English for Business with a minimum investment of Rupees Fifteen Million (Rs. 15,000,000) within a period of two (02) years from April 01, 2006 and that it shall train such number of persons per annum as specified in the corresponding entries in Column I below :

<i>Column I</i>	<i>Column II</i>
<i>Number of Persons to be trained per annum</i>	<i>Period of Exemption</i>
300	05 Years
500	08 Years
750	10 Years

The said exemption period shall be reckoned from the year in which the enterprise commences to make profits or any year of assessment not later than two (02) years reckoned from the date of commencement of commercial operation, whichever year is earlier in respect of a new enterprise. In the case of an existing enterprise the said exemption period shall reckon from the year of assessment as may be specified by the Board.

7. The provisions of the Inland Revenue Act relating to the imposition, payment and recovery of income tax in respect of profits and income shall not apply for a period as specified in Column II below for a new enterprise or an existing enterprise that sets up an expansion unit or units to carry on an undertaking in education in the areas of Textile and Clothing Industry, Nurses' Training, Training for Food Processing Industry and Agriculture Plantation Industry with a minimum investment of Rupees Fifteen Million (Rs. 15,000,000) within a period of two (02) years from April 01, 2006 and that it shall train such number of persons per annum as specified in the corresponding entries in Column I below :

<i>Column I</i>	<i>Column II</i>
<i>Number of Persons to be trained per annum</i>	<i>Period of Exemption</i>
75	05 Years
150	08 Years
250	10 Years

The said exemption period shall be reckoned from the year in which the enterprise commences to make profits or any year of assessment not later than two (02) years reckoned from the date of commencement of commercial operation, whichever year is earlier.

8. The provisions of the Inland Revenue Act relating to the imposition, payment and recovery of income tax in respect of profits and income shall not apply for a period as specified in Column III below for an existing or new enterprise which out sources its products or services, either directly or indirectly, from rural sector by setting up of a manufacturing or servicing unit, as the case may be, with a minimum investment of an amount as specified in the corresponding entries in Column I below with the employment of such number of local persons as specified in the corresponding entries in Column II below within a period of two (02) years from April 01, 2006 :

<i>Column I</i>	<i>Column II</i>	<i>Column III</i>
<i>Investment</i>	<i>Number of Employees</i>	<i>Period Exemption</i>
Rs. 10 Mn.	50	05 Years
Rs. 12 Mn.	100	08 Years
Rs. 15 Mn.	200	10 Years

The said exemption period shall be reckoned from the year in which the enterprise commences to make profits or any year of assessment not later than two (02) years reckoned from the date of commencement of commercial operation, whichever year is earlier in respect of a new enterprise. In the case of an existing enterprise the said exemption period shall reckon from the year of assessment as may be specified by the Board.

9. The provisions of the Inland Revenue Act relating to the imposition, payment and recovery of income tax in respect of profits and income shall not apply for a period of ten (10) years for an existing enterprise which is having its factory/factories located either in the Districts of Colombo or Gampaha relocates its factory/factories whilst maintaining a minimum employment of two hundred (200) local persons in its employment within a period of two (02) years from April 01, 2006 to a site within the most difficult area.

Such enterprise whilst maintaining a minimum employment of two hundred (200) local persons in its employment shall settle all terminal benefits in accordance with the labour regulations for the time being in force to its employees who have not been engaged or employed in its relocated factory/factories.

The said exemption period shall reckon from the year of assessment as may be specified by the Board.

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