

## **SCHEDULE 'A' OF THE CUSTOMS ORDINANCE**

### **Prescribed under Section 10 of the Customs Ordinance (Chapter 235)**

1. Schedule A, being the "Table of Duties" (including the list of concessions and the list of exemptions), is comprised of a list of commodities and groups of commodities, and rates of duties prescribed for each commodity or group of commodities.
2. (i) The said list of commodities is in accordance with the "Harmonized Commodity Description and Coding System" (hereinafter referred to as the "Harmonized System"), established by international convention, to which, Sri Lanka is a signatory. The Harmonized System is comprised of the headings and subheadings consisting of commodities or groups of commodities, numerical codes assigned for those headings and subheadings, both categories arranged in to Sections and Chapters with some Sections, Chapters and Subheadings having preceding Legal Notes, and the General Rules for the Interpretation of the Harmonized Commodity Description and Coding System. The said Subheadings are identified by six-digit numerical codes known as Harmonized System Codes or Commodity Codes.  
  
(ii) Depending upon the national requirements, the list of commodities referred to in paragraph (i) above is further subdivided at national level by creating National Subdivisions under Harmonized System Codes. Such National Subdivisions are identified by sub-commodity codes comprised of eight-digits.
3. For determination of the duty rate or rates applicable for any goods, wares or merchandise, hereinafter referred to as commodities, the same shall be classified in the said list of commodities, and the appropriate Harmonized System Code shall be selected.
4. Where a commodity code is subdivided at national level, it shall be mandatory to classify the commodity beyond the six digit level, down to the lowest hierarchical national level.
5. The classification of the commodities in the nomenclature down to the sixth digit level (to determine the appropriate Harmonized System Code) shall be governed by the principles set out under the General Rules for the interpretation (GRI) of the Harmonized System.
6. For the purposes of paragraph 05, due reference shall also be made to the Explanatory Notes to the said Harmonized System.
7. Where nationally subdivided, the classification beyond the six-digit level shall be governed by the following principles:
  - i. Where the National Subdivision (NSD) are created at two hierarchical levels and identified by three dashes ("Three - dash NSD") and four dashes ("Four - dash NSD") respectively preceding the text, the Three – dash NSD shall be considered as hierarchically higher to the Four-dash NSD. First the applicable Three –dash NSD under the appropriate Harmonized System Code shall be selected and thereafter the applicable Four – dash NSD under the selected Three –dash NSD shall be selected.
  - ii. The classification among the NSD shall be according to the text of each subdivision, but shall be governed – mutatis mutandis – by the provisions of GRI; the text providing the most specific description shall determine the appropriate NSD. For that purpose, Three-dash NSD are comparable only with the other Three-dash NSD created under the same six-digit code (Harmonized System Code); likewise, Four dash NSD are comparable only with the other Four-dash NSD created under the same Three –dash NSD.

- iii. NSD shall be considered in the same numeric sequence as they appear in the Table of Duties. All preceding subdivisions under the selected six-digit code should be considered in their numerical sequence and exhausted, before choosing a particular NSD, as indicated in subparagraph (ii) above.
8. Every commodity so classified down to the lowest hierarchical level, shall be levied, subject to provisions of paragraphs 09 and 10 respectively, with the General Rate of duty or the Preferential Rate of duty where applicable, prescribed against the respective Commodity Code (Harmonized System Code) or the NSD Code appropriate for that commodity.
9. For the purposes of paragraph 08, wherever more than one General rate of duty is specified, the rate that accrues the highest amount of duty shall apply, unless specified otherwise.
10. During the implementation of Tariff Liberalization Programme of a Free Trade Agreement, to which Sri Lanka is a party, if the rate of duty of a commodity reflected in the Column (4) of the Schedule against the respective Free Trade Agreement is more than the General Rate of Duty reflected in the Column (5) of the Schedule, then the General Rate of Duty shall be applied.
11. For the purposes of paragraph 08, wherever a Preferential Rate and a General Rate of duty are prescribed for any commodity, the Preferential rate shall be levied provided that the commodity is proved to the satisfaction of the Director General of Customs to have been produced or manufactured in the respective country or groups of countries as prescribed and are in accordance with the terms and conditions of the resolution prescribing such Preferential Rate or rates, as published in the Gazette.
12. Where the commodities qualify for concessionary rates listed in Annex-1 to schedule "A", the commodities shall be levied with the concessionary rates; where the commodities are qualified for exemptions as per list of exemptions in Annex – II, the commodity shall be exempted from such duties. For purpose of this paragraph, Director General of Customs shall be the final authority as for deciding whether the commodity qualifies for such concession or exemption.
13. Machinery, plant and equipment, if imported disassembled or unassembled for convenience of packing, handling and/or transport, and presented in different consignments, are to be classified as the article (commodity) resulting after assembly if the Director General of Customs is satisfied that the goods warranted presentation in that manner, and the rate of duty applicable for such disassembled or unassembled goods shall be the rate of duty applicable to the assembled article.
14. The Hybrid Electric Vehicles of Chapter 87 should include those vehicles that are (a) driven by both electric motors and mechanical energy generated by on board internal combustion engine and (b) driven by both electric motors and mechanical energy generated by on board internal combustion engine and also with electric energy supplied from an external source. (Eg: National Grid) which are commercially know as Plug – In Hybrid Electric Vehicles (PHEV)

## COMPUTATION OF IMPORT LEVIES

Following duties and fiscal levies are collected by Sri Lanka Customs, on imported goods, at the time of importation.

Customs Duty (Preferential and General)	Nation Building Tax (NBT)
Value Added Tax (VAT)	Export Development Board Cess
Port and Airport Development Levy (PAL)	Excise (Special Provisions) Duty (ED)
Special Commodity Levy (SCL)	

### Abbreviations used

<b>v</b>	CIF Value in Rupees
<b>c</b>	Cess under Export Development Board Act
<b>d</b>	Customs Duty *
<b>e</b>	Excise (Special Provisions) Duty
<b>t</b>	Value Added Tax

<b>p</b>	Ports and Airports Development Levy
<b>n</b>	Nation Building Tax
<b>re</b>	Rate of Excise (Special Provisions) Duty
<b>rt</b>	Rate of Value Added Tax
<b>rn</b>	Rate of Nation Building Tax

#### Customs Duty

$$d = (\text{CIF value}) * (\text{Customs Duty Rate})$$

or

$$d = (\text{Quantity}) * (\text{Unit Rate of Customs Duty})$$

#### Cess Levy

$$c = (v + 10\%v) * (\text{Cess Rate})$$

or

$$c = (\text{Quantity}) * (\text{Unit Rate of Cess})$$

#### Excise (Special Provisions) Duty

$$e = (v + 15\%v + d + c + p) * r_e$$

or

$$e = (\text{Quantity}) * (\text{unit rate of Excise Duty})$$

#### Value Added Tax

$$t = (v + 10\%v + d + c + p + e) * r_t$$

#### Nation Building Tax

$$n = (v + 10\%v + d + c + p + e) r_n$$

#### Port and Airport Development Levy

$$p = (\text{CIF value}) * (\text{PAL Rate})$$

#### Special Commodity Levy

$$\text{SCL} = (\text{Quantity}) * (\text{unit rate of SCL})$$

**\* Note:** If the Customs Duty is waived by the Ministry of Finance or a concessionary Duty rate or a preferential rate is granted, then 'd' stands for the actual amount of Duty paid. In the event the Customs Duty payment is suspended (for e.g. under the Bonding Regime), then 'd' stands for "actual amount of Duty that was payable".

**COUNTRIES COMING UNDER VARIOUS PREFERENTIAL TRADE AGREEMENTS**  
**AGREEMENT ON GLOBAL SYSTEM OF TRADE PREFERENCE (GSTP)**

1. Algeria	21. Malaysia
2. Argentina	22. Mexico
3. People's Republic of Bangladesh	23. Mozambique
4. Benin	24. Nicaragua
5. Bolivia	25. Nigeria
6. Brazil	26. Islamic Republic of Pakistan
7. Cameroon	27. Peru
8. Chile	28. Philippines
9. Cuba	29. Republic of Korea
10. Democratic People's Republic of Korea	30. Romania
11. Ecuador	31. Singapore
12. Egypt	32. Democratic Socialist Republic of Sri Lanka
13. Ghana	33. Sudan
14. Guinea	34. Thailand
15. Guyana	35. Trinidad and Tobago
16. Republic of India	36. Tunisia
17. Indonesia	37. United Republic of Tanzania
18. Islamic Republic of Iran	38. Vietnam
19. Iraq	39. Yugoslavia
20. Libyan Arab Jamahiriya	40. Zimbabwe

***INDO – SRI LANKA FREE TRADE AGREEMENT***

1. Republic of India	2. Democratic Socialist Republic of Sri Lanka
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***PAKISTAN – SRI LANKA FREE TRADE AGREEMENT***

1. Islamic Republic of Pakistan	2. Democratic Socialist Republic of Sri Lanka
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***SOUTH ASIAN ASSOCIATION FOR REGIONAL COOPERATION (SAARC)***

- |                                    |   |
|------------------------------------|---|
| 1. People's Republic of Bangladesh | 5. Kingdom of Nepal                           |
| 2. Kingdom of Bhutan               | 6. Islamic Republic of Pakistan               |
| 3. Republic of India               | 7. Democratic Socialist Republic of Sri Lanka |
| 4. Republic of Maldives            |   |

***AGREEMENT ON SOUTH ASIAN FREE TRADE AREA (SAFTA)***

- |                                    |   |
|------------------------------------|---|
| 1. People's Republic of Bangladesh | 5. Kingdom of Nepal                           |
| 2. Kingdom of Bhutan               | 6. Islamic Republic of Pakistan               |
| 3. Republic of India               | 7. Democratic Socialist Republic of Sri Lanka |
| 4. Republic of Maldives            |   |

***LEAST DEVELOPED COUNTRIES (LDCS) UNDER SAFTA***

- |                                    |                         |
|------------------------------------|-------------------------|
| 1. People's Republic of Bangladesh | 3. Republic of Maldives |
| 2. Kingdom of Bhutan               | 4. Kingdom of Nepal     |

**INDICATORS FOR PREFERENTIAL RATES OF DUTY**

<b>(AP)</b>	-	For Imports under the Asia – Pacific Trade Agreement (APTA)
<b>(AD)</b>	-	For Imports from Least Developed Countries (LDCs) under APTA
<b>(BN)</b>	-	For Imports from Bangladesh
<b>(GT)</b>	-	For Imports under the Agreement on Global System of Trade Preference (GSTP)
<b>(IN)</b>	-	For Imports under Indo – Sri Lanka Free Trade Agreement
<b>(PK)</b>	-	For Imports under Pakistan – Sri Lanka Free Trade Agreement
<b>(SA)</b>	-	For Imports from South Asian Association for Regional Cooperation (SAARC) countries
<b>(SF)</b>	-	For Imports under the Agreement on South Asian Free Trade Area (SAFTA)
<b>(SD)</b>	-	For Imports from Least Developed Countries (LDCs) under SAFTA

## **SPECIAL COMMODITY LEVY (SCL)**

Special Commodity Levy is imposed in terms of Section 2 of Special Commodity Levy Act, No. 48 of 2007.

The purpose of the introduction of this Levy was to overcome the complexities associated with the application and administration of multiple taxes on essential commodities. Accordingly, the Special Commodity Levy is applicable on such specified items as a composite tax in lieu of all other prevailing levies [such as Customs Duty, VAT, EDB Cess, Excise (Special Provisions) Duty, PAL and NBT].

A separate chart showing the SCL currently in force is set out at the end of this document; see the Chart in the main Tariff folder.

## **EDB CESS and Maximum-Retail-Price (MRP) based Cess**

EDB Cess and Maximum Retail Price (MRP) based Cess is imposed in terms of Section 14(1) of the Sri Lanka Export Development Act No. 40 of 1979. Please refer the Imports Tariff for the rates specified. Wherever more than one rate (out of the three rates - namely, ad-valorem rate, Maximum Retail Price (MRP) based rate and Unit Rate) are specified, the applicable rate shall be the rate which results in the highest amount as Cess.

However, the Cess imposed shall not apply to following.

1. Ayurveda, Siddha and Unani raw and prepared drugs and Medicinal plants specified by Notifications published in *Gazette* by the Director General of Customs in consultation with the Secretary of the Ministry which is responsible to the subject of Ayurveda and Ayurveda Siddha and Unani preparations (other than cosmetic preparations) imported, subject to the approval of the Secretary to the Treasury;
2. Any product or preparation registered as a drug or a device under the Cosmetic Devices and Drugs Act;
3. Raw materials, intermediate goods, parts and accessories to be used for the manufacture of fashion jewellery, and containers for packing jewellery, imported on the recommendation of the Secretary, Ministry of Industrial Development.
4. Goods for any specified project referred to in paragraph f(ii) of Part-II of the First Schedule to the Value Added Tax Act, No: 14 of 2002, as identified by the Minister in charge of the subject of Finance, on which taxes are borne by the Government taking into consideration the economic benefit to the country.

## Cess based on Maximum Retail Price [MRP]

A Cess levy called "MRP-based Cess" payable on selected commodities falling within HS 1704.10.10, 1704.90.10, 1806.31, 1806.32, 1905.31.10, 1905.32.10, 1905.40.10, 1905.90.20, 3401.11.10, and 3401.19.10 was introduced on 15.10.2007.

The levy is a percentage of the maximum retail price of such goods in Sri Lanka minus permissible abatement. The percentage of abatement is determined by the Ministry of Finance and Planning by taking into consideration the charges incurred after importation and the profit margin. The abatement is presently decided at 35%.

Under this scheme the importer of such goods is required, at the time of importation, to have the MRP clearly marked on the packing of each product in English language. The regulations to this effect are published under the Consumer Affairs Authority Act No. 09 of 2003, for selected items from time to time.

On submission of CusDec for such goods, the Importer must make a separate declaration giving the maximum retail price in Sri Lanka Rupees against each product of different brand, Article Number, size, etc. The format of this declaration was published under Customs DOPL No. 606B.

## EXCISE (Special Provisions) DUTY - EXEMPTIONS

Excise (Special Provisions) Duty is imposed in terms of section 3 of the Excise (Special Provisions) Act No. 13 of 1989. Please refer the Imports Tariff Guide for the rates specified.

Excise (Special Provisions) Duty is exempted on the following:

1	A motor vehicle/article imported - <ul style="list-style-type: none"><li>• by a Sri Lanka Diplomatic Officer who serves in Missions abroad, under the Ministry of Foreign Affairs Circular No 165 of 07.04.2000.</li><li>• under various agreements and MOU's entered into by the government of Sri Lanka with overseas organizations and foreign governments.</li><li>• by a Public Officer under the Public Administration Circular No. 22/99 of 08.10.1999 and subsequent amendments.</li><li>• by any person who is recommended by the President of the Democratic Socialist Republic of Sri Lanka to have rendered distinguished service to the country.</li><li>• by a primary holder of Sri Lanka Nation Building Bond (SLNBB), under the circular issued by the Secretary to the Treasury on Concessionary duties and taxes.</li></ul>
2	Goods imported in connection with Tsunami reconstruction activities in terms of general and special directions issued by the Secretary to the Treasury under the special government orders.
3	Locally assembled/manufactured vehicle using new vehicle components containing not less than 30% domestic value addition as recommended by the Minister-in-charge of the subject of industries. However, with respect to HS Code 87.03, the exemption will be granted only for the vehicles classified under the following National Subdivisions: 8703.21.69    8703.22.59    8703.23.52    8703.31.70    8703.32.51    8703.32.59    8703.32.71    8703.32.79
4	Locally assembled/manufactured articles, classified under the HS Chapters 84 and 85, with not less than 30% domestic value addition as recommended by the Minister-in-charge of the subject of industries.
5	Every article entitled to duty free clearance under the Passenger Baggage (Exemption) Regulations made under Section 107 of the Customs Ordinance.
6	Every article cleared ex-bond for use as ships' stores or for re-export.

7	Every article manufactured in Sri Lanka and supplied to any exporter in Sri Lanka where sufficient proof is furnished to the satisfaction of the Director General of Excise that such manufactured article was exported.
8	Hearses imported by registered funeral undertakers, subject to the approval of the Secretary to the Treasury.
9	Vehicles imported or locally manufactured, which are procured through financial leasing or direct purchasing utilizing funds from the Consolidated Fund by the Government agencies on the approval of Department of National Budget

### LIST OF ITEMS THAT REQUIRE FOOD AND DRUG INSPECTOR'S APPROVAL

1	Almond
2	Animal and Vegetable fat
3	Anise seeds
4	Apples
5	Artificial honey, caramel, dextrose
6	Bacon, Ham and other meat products
7	Badian
8	Barley
9	Barley wheat flour
10	Bay leaves
11	Black grams
12	Bread, chips, biscuits etc
13	Brown sugar
14	Bulbs, tubers, tuberous roots, rhizomes and edible vegetables
15	Butter – other forms
16	Cereal flour
17	Cereal groats and cereal meals
18	Cheese and Curd
19	Chick peas
20	Cinnamon and Cinnamon tree flowers
21	Clarified butter–ghee
22	Clarified butter–ghee
23	Coconut copra oil
24	Coffee, Tea, Matē, spices
25	Colours – natural and artificial
26	Coriander
27	Corn oil
28	Cumin seed
29	Dairy products, birds eggs, natural honey
30	Dates, bananas, coconuts, cashew nuts

66	Maize
67	Maize grit
68	Maldive fish
69	Malt
70	Malt extract
71	Malt extract preparations of flour being infant foods
72	Malted milk
73	Manioc, arrowroot, salep, sweet potatoes and other roots
74	Margarine
75	Meat and other edible meat offal, fresh, chilled or frozen
76	Meat and other meat offal salted, in brine dried or smoked
77	Meat extracts and meat juices
78	Meat, dead poultry and edible offal, fresh, chilled or frozen
79	Milk and Cream, Sweetened Cream
80	Milk and whey
81	Milk in powder form
82	Mineral water
83	Mixed vegetable oils (cotton seed, olive etc)
84	Moong beans
85	Mustard flour
86	Mustard oil
87	Natural yeast
88	Nutmeg, mace and cardamoms
89	Oats
90	Onions – Red and Bombay
91	Palm Kernel oil
92	Palm oil
93	Palm stearin
94	Pastries
95	Pears and quinces



31	Dried –dehydrated vegetables
32	Edible fruits and nuts
33	Extracts, essences or concentrates of coffee or Matē and preparations
34	Extracts, essences or concentrates of tea or Matē and preparations
35	Fats and oils of fish and marine mammals
36	Fatty acids
37	Fennel
38	Figs, fresh or dried
39	Fish – fresh, chilled or frozen
40	Fish dried, salted, in brine or smoked
41	Fish extracts
42	Fish fillets, chilled or frozen
43	Fish, crustaceans and mollusks
44	Flakes of potato
45	Flavours – natural and artificial
46	Flour of dried leguminous vegetables
47	Fresh or dried grape fruits
48	Fresh or dried oranges, mandarins
49	Fruit juices
50	Garlic
51	Ginger
52	Glucose monohydrate
53	Gluten
54	Grapes, fresh or dried, including raisins, currants etc.
55	Guts, bladders and stomach of animals; sausage casings
56	Hazel nuts
57	Honey treacle
58	Insulin
59	Jams, fruit jellies, marmalades
60	Lard
61	Lemons and Limes
62	Linseed oil
63	Liquid glucose
64	Liquid malt extract
65	Macaroni, spaghetti and similar products

96	Pepper
97	Prepackaged foods and beverages of all types
98	Preparations for the manufacture of beverages
99	Prepared baking powder
100	Prepared or preserved fish (canned fish)
101	Preserved fruits
102	Red split – lentils
103	Rice and rice flour
104	Saccharine, Aspartame, etc. (artificial sweeteners)
105	Saffron, Turmeric
106	Sago
107	Sauces, mixed condiments and mixed seasoning
108	Sesamum (Gingerly) oil
109	Sodium bicarbonate
110	Soups and Broths
111	Soya Beans (oil seeds and oleaginous fruit)
112	Soya flour
113	Sprats, salted or not salted
114	Starches
115	Sugar confectionery
116	Sugar, of beet or cane
117	Sunflower seed oil
118	Textured Vegetable Protein
119	Thyme
120	Un-rendered pig fat
121	Vacuum salt
122	Vanilla
123	Vegetable saps and extracts
124	Vegetables – fresh
125	Vegetables preserved
126	Vinegar and other sugar substitutes for vinegar
127	Wheat and Meslin
128	White sugar
129	Yeast extract
130	Yellow split peas

## LIST OF CONCESSIONS (IMPORTS)

Item	Description	Rate of Duty
01	Containers for the purpose of packing of gem and jewellery, imported on the recommendation of the Secretary to the Ministry of Industry & Commerce, and subject to the approval of the Director General of Customs.	7.5%
02	Containers and parts thereof for the purpose of packing of Cosmetics, imported on the recommendation of the Secretary to the Ministry of Industry & Commerce, and subject to the approval of the Director General of Customs.	7.5%
03	Enameled copper wire used for automated winding of induction electric motors, imported on the recommendation of the Secretary to the Ministry of Industry & Commerce, and subject to the approval of the Director General of Customs.	7.5%
04	Thermosetting paints for mirror backing to be used for mirror industry, imported on the recommendation of the Secretary to the Ministry of Industry & Commerce, and subject to the approval of the Director General of Customs.	15%

## LIST OF EXEMPTIONS (IMPORTS)

The following categories of goods are exempted from Customs Import Duty, provided that the Director General of Customs is satisfied that those goods have been imported for the very purpose/proposes approved under the respective category and that the approval had been obtained from the Secretary to the Treasury, or from such other authority as delegated by the Secretary to the Treasury:

- 1 Passengers' baggage as defined by regulations made by the Minister of Finance under Section 107A of the Customs Ordinance (Chapter 235).
- 2 Films of educational, scientific or cultural character produced by the United Nations Organization or any of its specialized agencies imported, on the recommendation of the Secretary of the respective line Ministry, subject to approval of the Director General of Customs.
- 3 Temporary import of professional and scientific equipment and pedagogic material, imported subject to a guarantee prescribed by the Director General of Customs.
- 4 Articles awarded abroad to any person for distinction in art, literature, science or sport, or for public service or otherwise as a record of meritorious achievement and conduct, imported by or on behalf of that person, on the recommendation of the Secretary to the respective line Ministry, subject to submission of the relevant document to the Director General of Customs.
- 5 Raw materials and packing materials for the manufacture of pharmaceuticals, imported by the pharmaceutical manufacturers, on the recommendation of the Secretary to the Ministry of Health, subject to approval of the Director General of Customs.

- 6 Ayurveda, Siddha and Unani, raw and prepared drugs (other than Cosmetics Preparations) and medicinal plants and Ayurveda, Siddha and Unani medicinal raw materials, specified by notification published in Gazette by the Director General of Customs in consultation with the Secretary to the Ministry of Indigenous Medicines, imported on the recommendation of the Secretary to the Ministry of Indigenous Medicines, subject to approval by Director General of Customs.
- 7 Packing materials for packing of Ayurveda, Siddha and Unani, raw and prepared drugs and medicinal raw materials other than Ayurveda/Herbal Soap and Ayurveda/Herbal Tooth Paste, imported on the recommendation of the Secretary to the Ministry of Indigenous Medicines, subject to approval by Director General of Customs.
- 8 Prefabricated poultry houses, plant, machinery and equipment including parts and accessories of poultry industry, on the recommendation of the Secretary to the Ministry of Livestock Development, imported subject to approval by the Director General of Customs.
- 9 Machinery including medical, surgical and dental equipment, instruments, apparatus, accessories and parts thereof, ambulances, required for the provision of health services, imported on the recommendation of the Secretary to Ministry of Health, subject to approval by the Director General of Customs.
- 10 Articles of foreign production upon which import duty had previously been paid, re-imported subject to approval by the Director General of Customs.
- 11 Goods being gifts from persons or organizations overseas for the relief of distress caused by natural or other disasters, imported on the recommendation of the Secretary to the respective line Ministry, subject to approval of the Director General of Customs.
- 12 Goods for display or use at exhibitions, fairs, meetings or similar events, imported subject to a guarantee prescribed by the Director General of Customs.
- 13 Materials and parts for the fabrication of plant, machinery & equipment; capital and intermediate goods, and transport equipment, imported for the exclusive use of an industry which exports and/or supplies to direct exporters, 50% or more of its output, under such terms and conditions approved by the Secretary to the Treasury.
- 14 Inputs (raw materials, components and parts) imported under inward processing scheme for export, under such terms and conditions approved by the Minister of Finance.
- 15 Ornamental fish for re-export under such terms and conditions approved by the Director General of Customs.
- 16 Fish caught by a fishing vessel operating from a Sri Lankan Port and which has been duly registered at a Port of Registry in Sri Lanka or issued with a landing permit by the Secretary to the Ministry of Fisheries.
- 17 Equipment and materials for use within the limits of an Airport in Sri Lanka and parts and accessories for repair and maintenance of air crafts in connection with the establishment and maintenance of an International Air Service, imported on the recommendation of the Secretary to the respective line Ministry, subject to approval of the Director General of Customs.
- 18 Apparatus, drugs and chemicals imported for educational purposes or for research work, imported on the recommendation of the Secretary to the respective line Ministry/authorized officers of respective Universities, subject to approval by the Director General of Customs.
- 19 Containers and accessories thereof, including container seals used for the safe carriage and security of goods, imported subject to approval by the Director General of Customs.
- 20 Products and preparations certified by the Ministry of Health as having been registered as drugs under the Cosmetics Devices and Drugs Act, imported subject to approval by the Director General of Customs.
- 21 Import of personal items (including gifts) worth not more than Rs. 15,000/= subject to approval by the Director General of Customs.

- 22 Import of samples in relations to business worth not more than Rs. 50,000/= subject to such terms and conditions as prescribed by the Director General of Customs.
- 23 Multi-layered packing materials consisting of laminates of paper, polyethylene film and aluminum foil, or of polyethylene and ethylene vinyl alcohol polymer used for packing of liquid milk, vegetable juices and fruit juices, imported on the recommendation of the secretary to the Ministry of Industry and Commerce, subject to approval by the Director General of Customs.
- 24 Long grain Pakistani rice (Basmati) and potatoes up to the limits of quota determined under the Pakistan–Sri Lanka Free Trade Agreement, on the recommendation of the Secretary, Ministry of Industry and Commerce or the Director General of Commerce, imported subject to approval by the Director General of Customs.
- 25 Any machinery, equipment, materials and utility vehicles required for the purpose of providing electricity including distribution of electricity, by the Ceylon Electricity Board and its subsidiary companies, and such items for the use of any project for the generation of power including solar and wind power, under any agreement entered into between Government of Sri Lanka and its Development Partners, as recommended by the Secretary to the Ministry of Power and Energy, subject to approval by the Director General of Customs.
- 26 Cinematographic goods and any film which is produced in Sri Lanka and sent abroad for further processing or printing/copying, with the recommendation of the National Film Corporation, imported subject to approval of the Director General of Customs.
- 27 Finished leather to be used for the shoe and bags manufacturing industry, imported on the recommendation of the Secretary to the line Ministry subject to approval by the Director General of Customs.
- 28 Tools, materials and equipment, imported by a manufacturer to manufacture electronic and robotic related products, according to design made in Sri Lanka on the recommendation of a national university, ( established under the University Grants Commission) through the Secretary to the Ministry in charge of subject of Higher Education/ Technical Education and subject to the approval of the Director General of Customs.
- 29 Weapons, armaments, ancillary equipment, ammunition, explosives, communication equipment, military vehicles, air crafts, vessels, equipment and spare parts thereof capable of being used by the armed forces and imported by the Service Commanders and the Inspector General of Police for the purpose of National Security as recommended by the Secretary to the Ministry of Defense, subject to approval by the Secretary to the Treasury.
- 30 Raw materials, components, parts and accessories for the manufacture of fishing boats by manufacturers, imported on the recommendation of the Secretary to the Ministry of Fisheries subject to approval by the Director General of Customs.
- 31 Following equipment, accessories and parts thereof, for use in agriculture and related activities, imported on the recommendation of the Secretary to the Ministry of Agriculture, subject to approval by the Director General of Customs: Weather stations, Green houses, poly tunnels, sprinkler/ misting systems, drip irrigation systems fertigation systems, hydroponic systems, mulch films, pond liner and shade for netting.
- 32 Lacquers, coating and varnishes used exclusively for coating of metal cans and closures which are used for packaging of food, imported on the recommendation of the secretary to the Ministry of Industry and Commerce, subject to approval by the Director General of Customs.
- 33 Import of vehicles, chassis fitted with engines, bodies and cut portions, as defined in chapter 87 where excise (special provisions) duty is applicable.
- 34 Parts and accessories of motor vehicles and locomotives imported by the Sri Lanka Transport Board and Department of Sri Lanka Railway, on the recommendation of the Secretary to the Ministry of Transport, subject to approval by the Director General of Customs.
- 35 Unbranded new tyre casings without any markings, imported by a branded tyre manufacturer for local value addition process on the recommendation of the Secretary to

the Ministry of Industry and Commerce and subject to the approval of the Director General of Customs.

- 36 Ingredients other than maize ,lentils and rice, for the purpose of manufacturing animal and poultry feed , imported on the recommendation of the Secretary to the Ministry in charge of subject of Livestock Development, subject to approval by the Director General of Customs.
- 37 Bars and rods ,not further worked that hot rolled, hot drawn or extruded, imported on the recommendation of the Secretary to the Ministry of Industry and Commerce by a local leaf spring manufacture, subject to approval of the Director General of Customs.
- 38 I Sections ( HS Codes 7216.32), H Sections (HS Code 7216.33) and otherwise plated or coated with zinc ( HS Code 7212.30), imported by a prefabricated building manufacture on the recommendation of the Secretary to the Ministry of Industry and Commerce and approved by the Secretary to the General Treasury.

### **NATION BUILDING TAX (NBT) - EXEMPTIONS**

Nation Building Tax was introduced under the Nation Building Tax Act, No. 09 of 2009 and subjected to amendments several times.

The rate of NBT payable on the goods is indicated against each HS Code.

Goods exempted from payment of NBT and that could be identified by HS Code are indicated directly in the Guide. Exemptions that are subject to conditions are indicated below:

(i)	Any article not being plant, machinery or fixtures imported by any person exclusively for use in, or for the manufacture of any article for export.
(ii)	Any article sold by any person to whom the NBT Act applies, to any exporter, if the Commissioner General of Inland Revenue is satisfied on the production of any documentary evidence that – (i) such article; or (ii) any other article manufactured, of which such article is a constituent part, has in fact been exported from Sri Lanka;
(iii)	Any article which is imported, is proved to the satisfaction of the Commissioner General of Inland Revenue, that such article is imported to Sri Lanka for – (i) display at an exhibition; (ii) the temporary use in Sri Lanka in any project approved by the Minister; (iii) for the purposes of repairs to that article to be carried out in Sri Lanka; or (iv) any other similar purpose, and is to be re-shipped, within a period of one year from the date of importation of such article to Sri Lanka;
(iv)	Any article imported, if proved to the satisfaction of the Director General of Customs, that such article was, prior to its importation, taken out of Sri Lanka for repairs;
(v)	Any cinematographic film or tele-drama produced in Sri Lanka and taken out of Sri Lanka for further processing or printing with the approval of the National Film Corporation;
(vi)	Any spare part imported by any airline or shipping company, if proved to the satisfaction of the Commissioner-General, that such spare part is to be used for the maintenance of any aircraft or ship, used in international traffic and owned or chartered by such airline or shipping company;
(vii)	Any article sold to – <ul style="list-style-type: none"> <li>• the United Nations Organization or to any specialized agency of such organization or</li> <li>• the diplomatic mission of any foreign Government or to any member of the diplomatic staff of such mission or</li> <li>• to any other person approved by the Minister on the recommendation of the Minister of Foreign Affairs as being of the status of a diplomatic mission.</li> </ul>
(viii)	Any article imported if such article is subject to the Special Commodity Levy charged under the Special Commodity Levy Act, No. 48 of 2007.

(ix)	Fertilizer.
(x)	Petroleum and Petroleum products.
(xi)	L.P. Gas.
(xii)	Pharmaceuticals.
(xiii)	Any article for the use in any project approved by the relevant Minister and by the Minister in charge of the subject of Finance, taking into consideration the economic benefit to the country, and where the tax.

### **PORT AND AIRPORT DEVELOPMENT LEVY (PAL) - EXEMPTIONS**

Port and Airport Development Levy was introduced under Section 2 of Finance Act No. 11 of 2002. With effect from 01.01.2009, PAL is payable on all imported articles, at the rate of 5% of CIF value.

Items on which PAL is payable at 2%, and items exempted from payment of PAL, (and which can be identified by HS Codes) are specified in the relevant column of the tariff against each HS Code.

Instances where PAL is conditionally exempted are listed below:

(I)	Goods to any infrastructure development project funded through foreign loans or donations directly to government ministries, as approved by the Minister of Finance.
(II)	Goods to any specified project identified by the Minister in charge of the subject of Finance, taking into consideration the economic benefit to the country, on which the tax is borne by the Government.
(III)	Goods for the use of international events conducted in Sri Lanka, on donations from abroad, as approved by the Minister in charge of the subject of Finance having regard to the interests of the national economy.
(IV)	Samples in relation to business, worth not more than Rs: 25,000/=, subject to such terms and conditions as prescribed by the Director General of Customs.
(V)	Plant, machinery of equipment imported by any enterprise qualified for a tax holiday under Section 16D or under Section 17A of the Inland Revenue Act, No: 10 of 2006, for the use by such enterprises for the purposes specified in the agreement entered into with the Board of Investment of Sri Lanka established under the Board of Investment of Sri Lanka Law, No: 4 of 1978, on which tax is deferred during the project implementation period subject to the fulfillment of the conditions specified in the agreement entered into.
(VI)	Import of project related articles, not being plant, machinery of equipment by any enterprise engaged in construction activities, qualified for a tax holiday under Section 17A of the Inland Revenue Act, No: 10 of 2006, which has entered into an agreement with the Board of Investment of Sri Lanka established under the Board of Investment of Sri Lanka Law, No: 4 of 1978, other than articles in the negative list published by the Secretary to the Treasury, during the project implementation period, for the use by such enterprise for construction purposes, subject to the condition such articles are not obtainable in Sri Lanka and recommended by the Director General of Board of Investment on the request made to in that regard by such enterprise.
(VII)	Any goods (other than motor vehicles, and goods for personal use) required for the purpose of provision of services being international transportation, which is consigned to Sri Lankan Airlines Limited, Mihin Lanka (Pvt.) Ltd and Sri Lankan Catering (Pvt) Ltd.

(VIII)	Medical equipment to be donated to a health institution which provides health care services free of charge as approved by the Minister of Finance with the recommendation of the relevant line Ministry
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### VAT EXEMPTIONS

The general VAT rates are shown in respective Tariff Lines in the Guide. In addition to that, the following categories of imports are exempted from VAT, subject to fulfilling the conditions specified under each category.

i	Any plant, machinery or equipment for any project, or, any goods that are to be used as exhibition materials or as materials in any technical demonstration, which are to be re-exported after the completion of such project, exhibition or demonstration, as the case may be.
ii	Goods by the mission of any state or any organization to which the provisions of the Diplomatic Privileges Act. No. 9 of 1996 applies, or by any diplomatic personnel of such mission or organization, including the import under a temporary admission carnet for re-export.
iii	Any article entitled to duty free clearance under the Passenger's Baggage (Exemptions) Regulations made under section 107 of the Customs Ordinance or any article cleared duty free on a re-importation certificate as provided for in Schedule A of the Customs Ordinance, or any article cleared ex-bond for use as ship stores.
iv	Goods by any organization approved by the Minister, where he is satisfied that such goods are gifts from persons or organizations abroad for the relief of sudden distress caused by natural or human disasters or such goods being medical machinery, medical equipment or an ambulance.
v	Goods by any person who has entered into an agreement; (a) prior to May 16, 1996 ; or (b) prior to April 1, 1998 in respect of a project, the total cost of which is not less than Rs. 500 million, with the Board of Investment of Sri Lanka, under section 17 of the Board of Investment of Sri Lanka Law No. 4 of 1978 , which goods are prescribed as a project related article, to be utilized in the project specified in the agreement, during; (i) the project implementation period of such project as specified in such agreement ; or (ii) up to the date of completion of such project, which date shall not be later than thirty six months from the date of the last agreement entered into prior to the 19, November 2003, Whichever is earlier, other than any article in the negative list* <b>(the Negative List is appended to this main List)</b> published by the Secretary to the Treasury for the purposes of this paragraph.
vi	Goods by any person who has entered into an agreement with the Board of Investment of Sri Lanka, under section 17 of the Board of Investment of Sri Lanka Law No. 4 of 1978, which is prescribed as a project related article, to be utilized in the project specified in the agreement, which project once completed will be solely in the business of making exempt supplies, (a) for a period of two years from August 1, 2002 or (b) until the completion of the project as determined by the Board of Investment of Sri Lanka, whichever is earlier, other than any article in the negative list* published by the Secretary to the Treasury for the purposes of this paragraph.
vii	Personal items and samples in relation to business worth not more than ten thousand rupees, through parcel post or courier; <b>and samples in relation to a business, worth not more than Rupees twenty five thousand, subject to such terms and conditions as prescribed by the Director General of Customs.</b>
viii	A motor vehicle by a disabled person specially designed for use by disabled persons, approved by the Minister, on his being satisfied that such vehicle is for use specifically by such person.

ix	Any capital items required for the purposes of providing training by any institution providing vocational training or practical training approved by the Minister in charge of the subject of Tertiary Education and Training in consultation with the Minister where the Government has provided funds or other assistance to such institution and the surplus funds of such institution are re-invested as to the maintenance or improvement of such institution.
X	The import <b>and supply of goods at</b> duty free shops, for payment in foreign currency.
xi	<b>Artificial limbs, crutches, wheel chairs,</b> Braille writing papers, Braille writing boards and any other articles which are used by disabled persons which are approved by Minister, taking into consideration the degree of relief requested by such persons, on an application made for that purpose.
xii	Accessories for hearing aids and such aids or appliances which are worn or carried or implanted in the human body to compensate for a defect or disability.
xiii	Ayurvedic for preparations which belongs to the ayurvedic pharmacopoeia or Ayurvedic preparations (other than cosmetic preparations) or Unani, siddha or Homeopathic preparations (other than cosmetic preparations) and raw materials for the production or manufacture of such products or drugs.
xiv	Pharmaceutical products and drugs (other than cosmetics) including such products and drugs certified by Cosmetics Devices and Drugs Authority, established by the Cosmetic Devices and Drugs Act No. 27 of 1980, and raw materials for the production or manufacture of such products or drugs.
xv	Oil for ships.
xvi	Goods to any project approved by the Commissioner General, as having a capital investment of not less than rupees one hundred million which are considered as a project related capital goods, other than the goods in the negative list* published by the Secretary to the Treasury, during the project implementation period which shall not exceed three years from the commencement of the project, provided that such project makes taxable supplies upon the completion of the project (effective from 01.01.2005).
xvii	Samples of garments for business purposes by any garment buying office in Sri Lanka registered with the Textile Quota Board established under the Textile Quota Board Act, No. 33 of 1996, so long as such item is not sold.
xviii	Furnace oil, Copper cables for telecommunication industry, Garbage trucks, Ties and bows, designer pens, Frozen bait, Fish hooks/rods/reels, fishing tackle, Marine propulsion engines, breeding animals of cattle, buffalos, poultry, pigs, goats, sheep's and their semen and embryos.
xix	Finished leather to be used for the shoe manufacturing industry, on the recommendation of the Secretary to the Ministry of Industrial Development subject to approval by the Minister in charge of the subject of Finance.
xx	Any bus by the holder of any valid passenger service permit issued by the National Transport Commission or any Provincial Road Passenger Transport Authority for the replacement of a bus which is being used for the transport of passengers and which has been so used for not less than five years at the time of import
xxi	Any bus with the approval of National Transport Commission or any Provincial Road Passenger Transport Authority by the owner of such bus to replace of any bus destroyed due to terrorist activities.
xxii	Machinery and equipment required for the purpose of generating electricity, imported/consigned to Ceylon Electricity Board or to an institution which has entered into an agreement with the Ceylon Electricity Board to supply electricity.
xxiii	The following goods imported with the approval of the National Film Corporation: (a) Cine films and cinematographic films, exposed or developed (b) Magnetic cine sound recorders, cinematographic cameras and projectors, (c) Apparatus and equipment for cinematographic laboratories, (d) Electric filament or discharge lamps, arc lamps and carbons therefore, (e) Following goods for the improvement of film theatres with digital technology: Speakers, amplifiers, digital stereo processors, cinema media players, digital readers (f) Parts and accessories of (b) to (e)
xxiv	<del>Plant and machinery by an undertaking qualified for a tax holiday under section 24C of the Inland Revenue Act No. 10 of 2006, for use by such undertaking for the purpose of manufacturing or for the provision of services.</del>



xxv	Brass sheets, brass ingots, thread, dyes, paraffin wax or shellac for manufacture of brassware by the National Craft Council with the approval of Ministry of Rural Industries and self-employment promotion.
xxvi	Chemical naphtha by the Ceylon Petroleum Corporation to be supplied to Ceylon Electricity Board for the generation of electricity.
xxvii	Packing material exclusively for the use of packing pharmaceuticals manufactured in Sri Lanka and which are imported by the manufacturer of such pharmaceuticals so far as such packing materials are not manufactured in Sri Lanka and approved by the Minister in charge of the subject of Finance on the recommendation of the Secretary to the Ministry of Health care and Nutrition.
xxviii	Goods to any infrastructure development project funded through foreign loans or donations directly to government ministries, as approved by the Minister of Finance.
xxix	Goods to any project identified as a Strategic Development Project in terms of section 3(4) of the Strategic Development Project Act No. 14 of 2008.
xxx	Goods to any specified project identified by the Minister in charge of the subject of Finance, taking into consideration the economic benefit to the country, on which the tax is borne by the Government.
xxxi	Any machinery or high-tech equipment for the telecom industry, having identified that such machinery or equipment is imported or purchased exclusively for the use in the telecom industry, and imported or purchased by any operator of telecommunication services.
xxxii	Spare parts and accessories for exclusive use by Sri Lanka Transport Board and Department of Sri Lanka Railways
xxxiii	Green houses, poly tunnels and materials for the construction of green houses, by any grower of agricultural products or plants of any type, subject to condition that such items are not manufactured in Sri Lanka, and approved by the Director-General, Department of Fiscal Policy on the recommendation of the Secretary to the Ministry of Agriculture.
xxxiv	Any goods (other than motor vehicles, and goods for personal use) required for the purpose of provision of services being international transportation, which is consigned to Sri Lankan Airlines Limited, Mihin Lanka (Pvt) Ltd and Sri Lankan Catering (Pvt) Ltd.
xxxv	Raw materials exclusively for use in the manufacture of spectacles and spectacle frames.

**The negative list referred to in the above exemptions is as follows:**

Cement  
Electric wire and cable  
Steel  
Wall tiles and floor tiles (Ceramic and Granite)  
Paints  
PVC and other plastic products

**VALUE ADDED TAX (VAT) CONSOLIDATED LEVY:**

The amount of tax, due on the supply of the following locally made items, allowed up to 40% of the total annual production for sale locally by export oriented companies shall be as indicated below. Further no other tax or levy including any duty under Customs Ordinance or Cess under Section 14 (1) of Sri Lanka Export Development Act, No. 40 of 1979 shall be charged or collected on such sale of the items

- Garments and towels - Rs 25 /= per piece
- Bags made out of fabric - Rs 40/= per piece
- Linen and curtains - Rs 40/= per kg

**Regulations Published by Sri Lanka Standards Institution  
(Gazette Extraordinary No. 1844/49 of 08.01.2014)**

- 1 These regulations may be cited as the Imports (Standardization and Quality Control) Regulations 2013 and the Schedule 1(A) shall come into operation on 8<sup>th</sup> January 2014 and the Schedule 1(B) shall come into operation on 1<sup>st</sup> May 2014.
- 2 The Schedule I of the Imports (Standardization and Quality Control) Regulations 2006, published in the Gazette Extraordinary No. 1447/28 of June 1, 2006 as amended by the regulations published in the Gazette Extraordinary No. 1627/3 of November 9, 2009, are hereby repealed. Provided that notwithstanding such repeal, all orders issued under the provisions of any regulation which so repealed shall continue to be valid and effectual as if such orders had been issued in terms of this regulation in so far as is required for the purpose of discharging the rights and obligations contained therein.
- 3 No importer shall import the articles set out in Column III of the Schedules 1(A) and 1(B) hereto unless they conform to the Sri Lanka Standards set out in the corresponding entry in Column IV of that Schedules 1(A) and 1(B).
- 4 Every importer shall in respect of each article imported by him, furnish to the Director General of the Sri Lanka Standards Institution, periodically as required by him, a certificate of compliance with the Sri Lanka Standard stipulated for that article, issued by a laboratory in the exporting country, either accredited by a recognized accreditation body or recognized by the Sri Lanka Standards Institution.
- 5 Every importer who imports any article set out in the Schedules shall (before Customs Clearance) make available to the Director General of Sri Lanka Customs and the Director General of Sri Lanka Standards Institution, all documents relating to the articles and such samples from each consignment as may be required by them.
- 6 The article(s) covered under these Regulations shall be assessed for conformity to Sri Lanka Standards on the basis of relevant conformity assessment procedures and guidelines, laid down by the Director General of the Sri Lanka Standards Institution.
- 7 No importer shall sell, offer for sale, use or distribute articles covered under these Regulations unless approval is granted to him to do so, by the Director General of the Sri Lanka Standards Institution.
- 8 Where the articles are found to be not conforming to the Sri Lanka Standards specified in the Schedules 1(A) and 1(B), the Director General of the Sri Lanka Standards Institution shall have the authority to permit such items to be re-processed under supervision to meet the prescribed Sri Lanka standards or to permit the importer to return the consignment to the seller in the exporting country or to order disposal of such items in an appropriate manner in consultation with the Controller General of Department of Import and Exports Control, Director General of Sri Lanka Customs and Managing Director of Sri Lanka Ports Authority.

