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- Cabinet not to adopt venture as a strategic development project with p'ment approval
- Gazette notification issued in September outlines tax holidays for 25 years

Port City to get sweeping tax exemptions

By Uditha Jayasinghe

CABINET yesterday approved the Port City venture to be adopted as a Strategic Development Project paving the way for significant tax exemptions including 25 years of corporate tax income, tax on dividends and VAT on construction to be passed by Parliament.

The Port City project, renamed the Colombo International Financial City (CIFC), was restarted by the Government after the signing of a fresh agreement in August. However, the initial exemptions proposed under the Strategic Development Project Act of 2008 under the administration of former President Mahinda Rajapaksa in 2014 expired before they could be presented to parliament.

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ENVIRONMENT MONITORING TEAM VISITS PORT CITY SITE

MEMBERS of the Environmental Monitoring Committee (EMC) appointed by the Coast Conservation Department (CCD) to oversee the environmental compliance of the Colombo Port City Development Project made an inspection tour at the project site on 1 November.

The EMC team which comprised of representatives from 20 government agencies including the CCD, CEA, RDA, SLLRDC, Department of Archaeology, Ministry of Fisheries, Ministry of Environment, Navy etc., expressed their satisfaction of the project's compliance.

They concluded that the reclamation and construction work is carried out according to conditions outlined in the development permit issued by the CCD.

Port City...

The $1.3 b project, expected to be implemented over the next eight years, was adopted as a Strategic Development Project by the Cabinet on a proposal made by Development Strategies and International Trade Malik Samarawickrama.

A new set of exemptions for the Port City was outlined in an Extraordinary Gazette Notification released on 19 September. Under the slew of exemptions foreigners working for the Chinese company are exempted from Pay As You Earn (PAYE), ports and airport development levy, CESS, Nation Building Tax of 2% and Customs Duty.

"The provisions of the Inland Revenue Act, No. 10 of 2006 relating to the imposition of income tax on the Project Company on the profit and income generated from the activities from the said Project shall not apply for the period of twenty five (25) years ("Tax Exemption Period")," the gazette said.

"The said Tax Exemption Period shall commence from the year in which the Project Company makes taxable profit or six (06) years after commencement of construction of the project, whichever occurs earlier," it added. The gazette is likely to be re-issued ahead of the Government presenting it before parliament for approval. "The Port City would create a new land of 269 hectares and is a flagship project in the context of the development strategy of the Government. Potential employment generation, attract secondary FDI and develop the Colombo International Financial Centre," were the reasons listed by the minister in the Cabinet paper for the project to be included as a Strategic Development Project.