PARLIAMENT OF THE DEMOCRATIC SOCIALIST REPUBLIC OF SRI LANKA

COLOMBO PORT CITY ECONOMIC COMMISSION ACT, No. 11 OF 2021

[Certified on 27th of May, 2021]

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Colombo Port City Economic Commission
Act, No. 11 of 2021

[Certified on 27th of May, 2021]

L.D.—O. 4/2021

AN ACT TO PROVIDE FOR THE ESTABLISHMENT OF A SPECIAL ECONOMIC ZONE; TO ESTABLISH A COMMISSION EMPOWERED TO GRANT REGISTRATIONS, LICENCES, AUTHORISATIONS AND OTHER APPROVALS TO CARRY ON BUSINESSES AND OTHER ACTIVITIES IN AND FROM SUCH ZONE; TO PROVIDE FOR THE IDENTIFICATION OF A SINGLE WINDOW INVESTMENT FACILITATOR FOR THE PROMOTION OF EASE OF DOING BUSINESS WITHIN SUCH ZONE; TO DETERMINE AND GRANT INCENTIVES AND OTHER EXEMPTIONS FOR THE PROMOTION OF BUSINESSES OF STRATEGIC IMPORTANCE WITHIN SUCH ZONE; TO ENTER INTO TRANSACTIONS AS PROVIDED, OF GOVERNMENT MARKETABLE LAND AND PROJECT COMPANY MARKETABLE LAND AND PREMISES AND CONDOMINIUM PARCELS STANDING THEREON WITHIN SUCH ZONE; TO PROMOTE AND FACILITATE INTERNATIONAL TRADE, SHIPPING LOGISTIC OPERATIONS, OFFSHORE BANKING AND FINANCIAL SERVICES, INFORMATION TECHNOLOGY AND BUSINESS PROCESS OUTSOURCING, CORPORATE HEADQUARTERS OPERATIONS, REGIONAL DISTRIBUTION OPERATIONS, TOURISM, AND OTHER ANCILLARY SERVICES WITHIN SUCH ZONE; TO ESTABLISH AN INTERNATIONAL DISPUTE RESOLUTION CENTRE WITHIN SUCH ZONE; TO PROMOTE URBAN AMENITY OPERATIONS AND THE SETTLEMENT OF A RESIDENTIAL COMMUNITY WITHIN SUCH ZONE; AND FOR MATTERS CONNECTED THEREWITH OR INCIDENTAL THERETO.

Preamble

WHEREAS in furtherance of the Directive Principles of State Policy enshrined in the Constitution of the Democratic Socialist Republic of Sri Lanka, which requires the State to ensure by means of public and private economic activity, the rapid development of the country, whilst co-ordinating public and private economic activity in the national interest, the Government of Sri Lanka has considered it necessary to establish a Special Economic Zone within which there is ease of doing business that will attract new investments primarily to facilitate the diversification of the service economy, to promote the inflow of foreign exchange into such Zone, to generate new employment opportunities within such Zone whilst facilitating the development of technical,

professional, technological and entrepreneurial expertise and to facilitate the promotion of urban amenity operations within such Zone, through the settlement of a residential community:

AND WHEREAS it has become necessary having regard to the national interest or in the advancement of the national economy, to establish a Special Economic Zone to be called "the Colombo Port City Special Economic Zone" which will be an international business and services hub with specialized infrastructure and other facilities within such Zone, for the promotion and facilitation of economic activity including international trade, shipping logistic operations, offshore banking and financial services, information technology and business process outsourcing, corporate headquarters operations, regional distribution operations, tourism, and other ancillary services:

NOW THEREFORE be it enacted by the Parliament of the Democratic Socialist Republic of Sri Lanka as follows: -

Short title

1. This Act may be cited as the Colombo Port City Economic Commission Act, No. 11 of 2021.

PART I

ESTABLISHMENT OF THE COLOMBO PORT CITY SPECIAL ECONOMIC ZONE AND THE COLOMBO PORT CITY ECONOMIC COMMISSION

Establishment of the Colombo Port City Special Economic Zone

2. There shall be established a Special Economic Zone to be called the Colombo Port City Special Economic Zone (hereinafter referred to as the "Colombo Port City"). The Area of Authority of the Colombo Port City herein established, shall consist of the boundaries as set out in Schedule I to this Act.

Establishment of the Colombo Port City Economic Commission

3. (1) There shall be established a Commission called the Colombo Port City Economic Commission (hereinafter referred to as the "Commission") which shall be entrusted, in the manner set out in this Act, with the administration, regulation and control of, all matters connected with businesses and other operations, in and from the Area of Authority of the Colombo Port City.

(2) The Commission shall, by the name assigned to it under subsection (1), be a body corporate with perpetual succession and a common seal and may sue and be sued in such name.

(3) The Commission shall have the objectives and the powers, duties and functions as are set out in this Act.

(4) The Commission shall be responsible to facilitate prepare, develop, amend, update, publish and enforce all Community Rules applicable within the Area of Authority of the Colombo Port City.

(5) The Commission shall, in the exercise, performance and discharge of its powers, duties and functions, where so required by the respective written laws applicable to any Regulatory Authority, obtain the concurrence of the relevant Regulatory Authority in respect of the subjects vested in or assigned to, such Regulatory Authority and to the extent specifically provided for in this Act:

Provided that, the concurrence of the relevant Regulatory Authority sought shall be limited to the implementation by the Commission, within the Area of Authority of the Colombo Port City, of the respective written laws applicable to such Regulatory Authority.

(6) The relevant Regulatory Authority from whom such concurrence is being sought by the Commission, shall as soon as practicable in the circumstances, as a matter of priority, communicate its decision to the Commission.

Master Plan of the Colombo Port City

4. (1) The Master Plan as approved by the Commission with the concurrence of the President or in the event that the subject of the Colombo Port City is assigned to a Minister, with the concurrence of such Minister, shall be the basis on which all zoning and other physical development activities within the Area of Authority of the Colombo Port City, shall be implemented.

(2) The Commission shall, in consultation with the Project Company, and with the concurrence of the President or in the event that the subject of the Colombo Port City is assigned to a Minister, with the concurrence of such Minister, identify any amendments to the Master Plan, if such amendments are considered necessary in the national interest or in the advancement of the national economy, to ensure through its viability the enhancement of the businesses carried on, in and from the Area of Authority of the Colombo Port City.

(3) The Commission shall be vested with the responsibility of ensuring the due implementation of the Master Plan and the Development Control Regulations, which shall be made in terms of this Act.

(4) The Commission shall submit to the President or in the event that the subject of the Colombo Port City is assigned to a Minister, to such Minister, an annual progress report, setting out the progress on the implementation of the Master Plan.

(5) The Commission shall, having consulted the Project Company, submit for the consideration of the President or

in the event that the subject of the Colombo Port City is assigned to a Minister, of such Minister, its recommendations on any revision to the Master Plan, along with such annual progress report.

(6) The President or in the event that the subject of the Colombo Port City is assigned to a Minister, such Minister, may for the purposes of this section, issue such general or special directions in writing to the Commission, if it is so required in the national interest or in the advancement of the national economy.

PART II

OBJECTIVES AND POWERS, DUTIES AND FUNCTIONS OF THE COMMISSION

Objectives of the Commission

5. The objectives of the Commission shall be to -

(*a*) promote the Colombo Port City to be a leading Special Economic Zone in the region and an attractive investment destination;

(*b*) attract enhanced foreign direct investments into the country;

(*c*) create a safe and conducive business environment and facilitate ease of doing business in and from the Area of Authority of the Colombo Port City and also endeavour to ensure that the Ease of Doing Business Index in relation to the Area of Authority of the Colombo Port City is maintained at a level similar to other attractive economic zones in the region;

(*d*) ensure ease of transacting its business operations and administration efficiently, reliably and transparently in order to enhance investor confidence;

(*e*) encourage and promote global and regional investments in international trade, shipping logistic operations, offshore banking and finance, information technology and business process outsourcing, corporate headquarters operations, regional distribution operations, tourism and other ancillary services;

(*f*) promote and develop innovation and entrepreneurship;

(*g*) promote tourism and ancillary services by facilitating duty free shopping, entertainment and other similar facilities;

(*h*) generate employment opportunities;

(*i*) promote sustainable development; and

(*j*) promote urban amenity operations with the settlement of a residential community within the Area of Authority of the Colombo Port City.

Powers, duties and functions of the Commission

6. (1) The Commission shall, in furtherance of the national interest or in the advancement of the national economy, exercise, perform and discharge, the powers, duties and functions as are set out below: –

(*a*) to issue or grant a registration, licence, authorisation and other approval to engage in business, in and from the Area of Authority of the Colombo Port City and facilitate businesses and investments in terms of this Act;

(*b*) to facilitate and exercise regulatory supervision and control over all investments and businesses in and from the Area of Authority of the Colombo Port City, in terms of this Act, with the concurrence of the relevant Regulatory Authority:

Provided that, the concurrence of the relevant Regulatory Authority sought shall be limited to the implementation by the Commission, within the Area of Authority of the Colombo Port City, of the respective written laws applicable to such authority;

(*c*) to lease, subject to the provisions of this Act and other applicable written laws, Government Marketable Land situated within the Area of Authority of the Colombo Port City and vested in the Commission in terms of this Act;

(*d*) to lease, subject to the provisions of this Act and other applicable written laws, Project Company Marketable Land situated within the Area of Authority of the Colombo Port City and vested in the Commission in terms of this Act, together with Project Company which holds Master Leases relating thereto;

(*e*) to lease or transfer on freehold basis, subject to the provisions of this Act and other applicable written laws, condominium parcels standing on Government Marketable Land situated within the Area of Authority of the Colombo Port City and vested in the Commission in terms of this Act, together with the respective investor or developer, as the case may be;

(*f*) to lease or transfer on freehold basis, subject to the provisions of this Act and other applicable written laws, condominium parcels standing on Project Company Marketable Land situated within the Area of Authority of the Colombo Port City and vested in the Commission in terms of this Act, together with the Project Company which holds Master Leases relating thereto;

(*g*) to be the Single Window Investment Facilitator while being the sole point of contact to investors and promote the ease of doing business through the expeditious facilitation and issuance of all registrations, licences, authorisations and other approvals required for engaging in business in and from the Area of Authority of the Colombo Port City, where so required by the respective written laws applicable to such Regulatory Authority;

(*h*) to function as the Single Window Investment Facilitator, and evaluate, make recommendations on or approve or facilitate the approvals as set out in this Act proposals submitted to the Commission for engaging in business in and from the Area of Authority of the Colombo Port City, in terms of Part VI of this Act;

(*i*) to plan, issue and monitor compliance, notwithstanding anything to the contrary in any other written law, of all other permits, clearances, work permits and such other approvals as may be required to engage in development activities, operate businesses, shopping, entertainment including gaming activities and such other facilities, to obtain possession of commercial residential facilities, in and from the Area of Authority of the Colombo Port City;

(*j*) to develop and approve environmental standards and plan, monitor and execute environmental improvements as may be required within the Area of Authority of the Colombo Port City;

(*k*) to ensure that the implementation of development work, (inclusive of the construction, in accordance with the provisions of Part X of this Act, of condominium parcels), activities and services within the Area of Authority of the Colombo Port City, are carried out in compliance with the Master Plan and

the Development Control Regulations as may be prescribed, subject to any directions as may be given by the President or in the event that the subject of the Colombo Port City is assigned to a Minister, by such Minister;

(*l*) to enter into contracts with any person as may be necessary in the exercise, performance and discharge of its powers, duties and functions;

(*m*) to co-operate and enter into agreements with international financial and business centres, regulators and other bodies, institutions, organisations, and persons, for the achievement of its objectives and the exercise, performance and discharge of its powers, duties and functions;

(*n*) to charge fees and other charges as may be determined by the Commission for ancillary services and facilities provided directly by the Commission or through the Estate Manager within the Area of Authority of the Colombo Port City;

(*o*) to impose conditions or requirements and issue directions in relation to any service or facility provided by the Commission or through the Estate Manager within the Area of Authority of the Colombo Port City;

(*p*) to identify local assessment rates and any other levies applicable within the Area of Authority of the Colombo Port City as authorised by this Act, at rates as shall be prescribed;

(*q*) to facilitate the establishment and operation, within the Area of Authority of the Colombo Port City, any stock, precious metal or commodity, exchange or market, to be operated by authorised persons, for trade in any designated foreign currency, subject to such terms, conditions and procedures as may be prescribed;

(*r*) to call for documents or information as may be required, in respect of any application made by any company or person to the Commission, for registration as an authorised person;

(*s*) to amend, transfer, assign, renew or accept the surrender of, any registration, licence, authorisation or other approval, at the request of an authorised person;

(*t*) to amend, cancel, suspend or revoke any registration, licence, authorisation or approval granted by the Commission, in the event of a material default or breach by an authorised person;

(*u*) to prepare, develop, amend, update, publish and enforce all Community Rules and, enforce the Development Control Regulations as may be prescribed for applicability within the Area of Authority of the Colombo Port City;

(*v*) to facilitate the formulation of regulations on matters required to be prescribed in terms of this Act;

(*w*) to make rules and codes in respect of matters set out in this Act and specify procedures and standards, issue directions and guidelines as may be required for the due administration and management of the powers, duties and functions of the Commission, which shall be applicable within the Area of Authority of the Colombo Port City;

(*x*) to facilitate the expeditious resolution of any commercial dispute involving an authorised person as provided for in this Act;

(*y*) to make recommendations relating to policy formulation to the President or in the event that the subject of the Colombo Port City is assigned to a Minister, to such Minister, on any matter pertaining to the Area of Authority of the Colombo Port City;

(*z*) to submit reports on any specific matter relating to the Area of Authority of the Colombo Port City, as may be requested by the President or in the event that the subject of the Colombo Port City is assigned to a Minister, by such Minister;

(*aa*) to submit to the President or in the event that the subject of the Colombo Port City is assigned to a Minister, to such Minister, and to the Minister assigned the subject of Finance, an annual report on the operations, income and expenditure of the Commission, to be placed before Parliament;

(*ba*) to appoint, remove and exercise disciplinary control over, the Director-General and determine the terms and conditions of his service including the salary, and any other allowances, in consultation with the President or in the event that the subject of the Colombo Port City is assigned to a Minister, with such Minister and to remunerate the Director-General out of the Fund of the Commission;

(*ca*) to appoint and dismiss and exercise disciplinary control over the staff of the Commission and to determine the terms and conditions of their service including their salaries, wages and any other allowances, as may be determined by the Commission;

(*da*) to engage the services of consultants or advisors as may be necessary to assist the Commission in the exercise, performance and discharge of its powers, duties and functions in such manner and at such

amounts as may be determined by the Commission in consultation with the President or in the event that the subject of the Colombo Port City is assigned to a Minister, with such Minister and remunerate them out of the Fund of the Commission;

(*ea*) to hold, take on lease or rent in the name of the Commission any office and other space as may be required for operational or administrative purposes of the Commission;

(*fa*) to manage the Fund of the Commission, make investments, operate and maintain bank accounts and borrow funds subject to such regulations as may be prescribed in terms of this Act, and to approve and manage the annual budget of the Commission;

(*ga*) to regulate gaming activities within the Area of Authority of the Colombo Port City and where required, to make regulations for the management of such activities;

(*ha*) to delegate or assign to the company incorporated in terms of the Companies Act, No. 7 of 2007 and designated the Estate Manager in terms of section 59 of this Act, such functions as are connected with the subjects of condominium management and apartment ownership or any other assigned function, which may be prescribed ; and

(*ia*) generally, to do all other acts and things, incidental to or consequential upon, the exercise, performance and discharge of the powers, duties and functions vested in, assigned or delegated to the Commission in terms of this Act.

(2) In the exercise, performance and discharge of its powers, duties and functions as set out in subsection (1), the Commission shall, when engaging in international promotional activities in relation to the Colombo Port City, ensure to the greatest extent possible, a domestic content in the development of documentaries, preparation of content, designing and information technology support, and a participation of local aptitude and skills in such promotional activities.

PART III

COMPOSITION OF AND THE ADMINISTRATION AND MANAGEMENT OF THE AFFAIRS OF THE COMMISSION

Composition of the Commission and appointment of the Chairperson

7. (1) The Commission shall consist of not less than five members and not more than seven members, who shall be appointed by the President while ensuring that the majority including the Chairperson of the Commission are Sri Lankans. In making such appointments, consideration shall be afforded to ensure that such members possess relevant knowledge, expertise and experience and national or international recognition, in the fields of Investment, Finance, Law, Information Technology, Engineering, Business or Accountancy. The President shall appoint one member from amongst such members, to be the Chairperson of the Commission.

(2) In appointing the members of the Commission, consideration shall be afforded to ensure that the composition of the Commission is representative, in terms of knowledge, expertise and experience and national or international recognition.

Term of office

8. The Chairperson and members of the Commission shall hold office for a period of three years from the date of appointment unless such person earlier vacates office by death, resignation or removal under subsection (3) of section 9.

Re-appointment, resignation and removal &c,.

9. (1) The Chairperson or members of the Commission shall be eligible for re-appointment unless any such person has been removed from office under subsection (3) hereunder.

(2) The Chairperson or a member of the Commission may resign from their office by a written communication addressed to the President or in the event that the subject of the Colombo Port City is assigned to a Minister, to such Minister, in that regard and such resignation shall take effect on it being accepted by the President or such Minister.

(3) The President may remove the Chairperson or a member of the Commission, from office,-

(*a*) on written notice, if the Chairperson or any member becomes incapable, due to ill-health, of effectively performing the duties of his office;

(*b*) with immediate effect, if the Chairperson or any member has since being so appointed, been declared bankrupt or been convicted of a criminal offence, by a court of competent jurisdiction; or

(*c*) being satisfied, upon consideration of representations made, that the Chairperson or any member is guilty of fraud, grave misconduct or gross negligence, which warrants his removal from office with immediate effect.

(4) Upon the vacation of office by the Chairperson or a member as the case may be, of the Commission, by death, resignation or removal, the President shall appoint another person to fill such vacancy and such person shall hold office for the unexpired period of the term of office of the Chairperson or the member who so vacated office.

(5) Where the Chairperson or a member of the Commission is temporarily unable to discharge the functions of his office for a considerable period on account of ill-health, absence from Sri Lanka or any other cause, the President may appoint another member to act in place of such Chairperson or a person as a member, during the absence of the Chairperson or such member as the case may be.

Quorum and meetings of the Commission

10. (1) The quorum for a meeting of the Commission shall be four members. The meetings of the Commission shall be presided over by the Chairperson of the Commission. In the absence of the Chairperson from any meeting of the Commission, the meeting shall be chaired by a member elected by the members present.

(2) All questions for decision at any meeting of the Commission shall be decided by the vote of the majority of members present and voting at such meeting. In the case of an equality of votes, the Chairperson shall, in addition to his vote, have a casting vote.

(3) A meeting of the Commission may be held either–

(*a*) by the number of members who constitute a quorum being assembled at the place, date and time appointed for the meeting; or

(*b*) by means of audio-visual communication by which all members participating and constituting a quorum can simultaneously see and hear each participating member for the duration of the meeting.

(4) The Commission may make rules for the conduct of meetings of the Commission and the procedure to be followed thereat and the Community Rules as required for the guidance of the Commission in its day to day activities within the Area of Authority of the Colombo Port City.

No act or proceeding of the Commission to be invalid by reason of a vacancy or any defect in the appointment of a member

11. No act or proceeding of the Commission shall be, or be deemed to be, invalid by reason only of the existence of any vacancy among its members or any defect in the appointment of a member thereof.

Remuneration of Chairperson and members

12. The remuneration of the Chairperson and other members of the Commission shall be as may be determined by the President.

Procedure if Chairperson or member has an interest in any person to whom a licence has been issued under this Act

13. (1) The Chairperson or any other member of the Commission who, whether directly or indirectly, has any interest in an authorised person, shall forthwith inform the Director-General in writing of the nature and extent of such interest. Such member shall not thereafter participate or vote on any decision directly or indirectly relating to such interest.

(2) If the Chairperson or any other member of the Commission, who has, whether directly or indirectly, any interest in an authorised person, participates directly or indirectly in any decision, such decision shall be voidable.

Commission to manage the Fund of the Commission

14. (1) The Commission shall be charged with the financial management of the affairs of the Commission and the due operation and management of the Fund established in terms of section 23 of this Act.

(2) In the discharge of the functions under this Act, the Commission may make investments, operate and maintain bank accounts and borrow funds as provided for in terms of this Act and subject to such regulations as may be prescribed and approve and manage the annual budget of the Commission.

(3) The financial year of the Commission shall be the calendar year.

Audit of the accounts of the Commission

15. (1) The accounts of the Commission shall be audited annually by a qualified auditor in terms of Article 154 of the Constitution. For the purposes of this section, the qualified auditor so appointed may be an international firm of accountants.

(2) The final Audit Report shall be submitted to the President, or in the event that the subject of the Colombo Port City is assigned to a Minister, to such Minister, to be tabled in Parliament.

Maintenance of books and accounts

16. (1) The Commission shall maintain books, registers and records of minutes, accounts, cash securities, vouchers and other documents in compliance with the applicable International Financial Reporting Standards.

(2) The Commission shall prepare annually a financial statement in compliance with International Financial Reporting Standards. The Commission shall also appoint annually an international firm of accountants to audit and report on its financial statement and state whether in its opinion, the financial statement so audited provides a true and fair view of the financial affairs of the Commission.

Commission to call for information

17. The Commission may, where so required, call for information and reports as it may deem necessary for the purposes of this Part of this Act.

Delegation of the powers, duties and functions of the Commission

18. The Commission may delegate such of its powers, duties and functions under this Act, as the Commission may determine, either to the Director-General, to any officer of the Commission or any person holding a position of responsibility employed by the Commission, and the Director-General, officer of the Commission or person holding a position of responsibility employed by the Commission shall exercise, perform and discharge such delegated powers, duties and functions subject to the direction and supervision of the Commission.

Administrative units of the Commission

19. (1) The Commission shall establish such number of administrative units within the Commission as may be required for the efficient exercise, performance and discharge of its powers, duties and functions in terms of this Act.

(2) The Director-General may, with the approval of the Commission, delegate in writing to any administrative unit or employee of the Commission, such of the powers, duties or functions of the Director-General as may be considered necessary from time to time, and any such administrative unit or employee to whom any such powers, duties or functions are delegated, shall be responsible for the same, and shall exercise them subject to the direction and supervision of the Commission or the Director-General.

Commission, its officers and other employees not to be liable for acts done in good faith

20. The Commission, its officers and employees shall not be liable for any act done or purported to be done or any omission made, in good faith during the exercise, performance or discharge of its or their powers, duties or functions under this Act, provided that such immunity shall not extend to –

(*a*) liability for a criminal offence under any written law for the time being in force;

(*b*) any act done in contravention of the provisions of this Act, or any other applicable written law, or any regulations made thereunder.

Expenses incurred by the Commission in any suit or proceeding

21. Any expense incurred by the Commission in any suit or proceeding brought by or against the Commission before any court or the International Commercial Dispute Resolution Centre established in terms of this Act, or such other body shall be paid out of the Fund of the Commission and any costs paid to, or recovered by the Commission in any such suit or proceeding, shall be credited to the Fund of the Commission.

Expenses incurred by a member, officer, &c,. of the Commission in any suit or proceeding

22. Any expense incurred by any member, officer or employee of the Commission in any suit or proceeding brought against such person before any court or the International Commercial Dispute Resolution Centre established in terms of this Act, or such other body in respect of any act which is done, or is purported to be done, in terms of this Act or on the direction of the Commission shall be paid out of the Fund of the Commission and any costs paid to, or recovered by, the Commission in any such suit or proceeding, shall be credited to the Fund of the Commission:

Provided however, if the court or the International Commercial Dispute Resolution Centre or such other body, holds that such act was not done in good faith, such expense paid out of the Fund of the Commission shall be recovered from such person and be credited to the Fund of the Commission.

PART IV

FUND OF THE COMMISSION

Fund of the Commission

23. (1) The Commission shall have its own Fund.

(2) There shall be paid into the Fund of the Commission –

(*a*) a sum of Sri Lanka Rupees four hundred million being the initial contribution payable by the Project Company to the Fund of the Commission, on account of the Commission discharging *inter alia*, the functions of the investment facilitator of the Colombo Port City, which sum shall be used by the Commission to defray initial setting up and operational expenditure of the Commission, including international promotional expenditure of the Colombo Port City and Sri Lanka and such other expenses as may be incurred by the Commission in terms of this Act;

(*b*) all sums of money equivalent to one *percentum* of all sums received from any lease of Project Company Marketable Land situated within the Area of Authority of the Colombo Port City, on account of the Commission discharging *inter alia*, the functions of the investment facilitator in relation to Marketable Land situated within the Area of Authority of the Colombo Port City, executed from the date of commencement of this Act and ending on June 30, 2028, after deducting therefrom, the initial contribution made by the Project Company in terms of paragraph (*a*) above and any taxes as may be payable thereon which sum shall be used by the Commission to defray expenditure incurred by the Commission in terms of this Act as set out in paragraph (*a*) (the Commission having remitted the entire balance of all sums so received to the Project Company simultaneous to the execution of indentures of lease of Project Company Marketable Land);

(*c*) all sums of money equivalent to one *percentum* from all sums received from July 1, 2023 and ending on June 30, 2028, from any lease of Government Marketable Land situated within the Area of Authority of the Colombo Port City, retained by the Commission, as a service fee, to defray expenditure incurred by the Commission for international promotional expenditure of the

Colombo Port City and Sri Lanka, (the Commission having remitted the entire balance of all sums so received to the Consolidated Fund, simultaneous to the execution of the respective indentures of lease, which sums will form part of Government Revenue);

(*d*) all sums of money as may be received by the Commission by way of local assessment rates and any other levies imposed by the Commission at such rates as prescribed within the Area of Authority of the Colombo Port City, (which sums shall be credited to the Consolidated Fund on a quarterly basis, and will form part of Government Revenue);

(*e*) all sums of money as may be received by the Commission by way of fees or charges, as the case may be, imposed by the Commission or the Estate Manager, for services or facilities provided within the Area of Authority of the Colombo Port City, as may be decided by the Commission in the exercise, performance and discharge of the powers, duties and functions assigned to the Commission or the Estate Manager, in terms of this Act;

(*f*) all grants, donations, gifts or bequests from any legitimate source whatsoever, whether domestic or foreign as shall be received by the Commission, through the Department of External Resources of the General Treasury;

(*g*) all sums of money borrowed by the Commission in accordance with regulations which shall be made for such purpose; and

(*h*) any other sums of money as may accrue to the Commission, in the exercise, performance and discharge of the powers, duties and functions of the Commission.

(3) There shall be paid out of the Fund of the Commission, all sums of money as may be required in order to defray any expenditure incurred by the Commission, in the exercise, performance and discharge of its powers, duties and functions in terms of this Act, while ensuring that-

(*a*) the limitations set out in paragraph (*c*) of subsection (2), correlated to the achievement of the objectives of the Commission through international promotional activities, are adhered to;

(*b*) the balance to be remitted to the Project Company under paragraph (*b*) of subsection (2) are so remitted; and

(*c*) all funds required to be credited to the Consolidated Fund in terms of the provisions of this Act, are so credited.

(4) The Fund of the Commission shall be audited annually by a qualified auditor in terms of Article 154 of the Constitution. For the purposes of this section, the qualified auditor so appointed may be an international firm of accountants.

(5) The final audit report shall be submitted to the President, or in the event that the subject of the Colombo Port City is assigned to a Minister, to such Minister, to be tabled in Parliament.

(6) It is hereby noted that the Commission shall be estimated to be self-sustainable by July 1, 2028.

(7) For the purposes of subsection (2), when carrying out international promotional activities of the Colombo Port City and Sri Lanka and incurring related expenditure, the Commission shall ensure the involvement of both international and local expertise and aptitude.

PART V

THE DIRECTOR-GENERAL AND THE STAFF OF THE COMMISSION

Appointment of the Director-General of the Commission

24. (1) The Commission shall, in consultation with and with the approval of the President, appoint a suitable person, possessing such qualifications and experience and local or international exposure to be the Director-General of the Commission (in this Act referred to as the "Director-General").

(2) The Director-General shall be the Chief Executive Officer of the Commission.

(3) The Director-General shall be appointed for a term of three years from the date of appointment on such terms and conditions as may be determined by the Commission in consultation with and with the approval of the President. The Director-General shall be eligible for reappointment unless removed from office in terms of subsection (6) of this section.

(4) The Director-General shall, subject to the general direction and control of the Commission, be responsible for the conduct of all affairs of the Commission.

(5) The Director-General shall be paid such remuneration as may be determined by the Commission, in consultation with the President.

(6) The Commission may, in consultation with and with the approval of the President, for reasons assigned, remove the Director-General from office.

(7) The Director-General may resign from his office by a written communication in that regard addressed to the Commission and to the President, and such resignation shall take effect on it being accepted by the President.

(8) The provisions of subsection (3) of section 9 shall *mutatis mutandis*, apply in relation to the removal of the Director-General.

Powers, duties and functions of the Director-General

25. The powers, duties and functions of the Director-General shall be to-

(*a*) establish and manage a dedicated Secretariat for the Commission, and to support and assist the Commission in the exercise, performance and discharge of its powers, duties and functions;

(*b*) conduct the day-to-day management and administration of the affairs of the Commission;

(*c*) manage human resources and related services as may be assigned or delegated by the Commission;

(*d*) prepare the annual budget of the Commission in consultation with the Commission, and forward the same to the President for his approval in consultation with the Minister assigned the subject of Finance;

(*e*) recommend to the Commission the fees and other charges to be imposed for the services and facilities provided by the Commission including for the issue or grant of a registration, licence, authorisation, permit, certificate and such other approval, as may be required;

(*f*) recommend to the Commission the renewal, suspension, revocation, cancellation or termination of any registration, licence, authorisation, permit, certificate and such other approval issued or granted by the Commission in terms of this Act;

(*g*) carry out any act as may be required in the discharge of his functions as the Director-General; and

(*h*) perform such other functions as may be assigned or delegated by the Commission.

PART VI

APPLICATION FOR AND APPROVAL AS AN AUTHORISED PERSON, AGREEMENT REQUIRED TO BE SIGNED, SINGLE WINDOW INVESTMENT FACILITATION, SRI LANKA CITIZENS ENGAGING IN BUSINESS, EMPLOYMENT, PURCHASING, LEASING OR RENTING PROPERTY, OR UTILISING FACILITIES OR SERVICES

Authorised persons to be permitted to engage in business in and from the Area of Authority of the Colombo Port City

26. (1) A person other than an authorised person in terms of this Act, shall not be permitted to engage in business, in and from the Area of Authority of the Colombo Port City.

(2) In the case of a person intending to engage in business in and from the Area of Authority of the Colombo Port City, a licence issued by the Commission under this Part of this Act, shall be required for an applicant to be qualified as an authorised person and to be permitted to engage in business in and from the Area of Authority of the Colombo Port City.

(3) In the case of a company intending to engage in business in and from the Area of Authority of the Colombo Port City–

(*a*) a license issued by the Commission under this Part of this Act; and

(*b*) a Certificate of Registration issued under Part VII of this Act,

shall be required for an applicant to be qualified as an authorised person and be permitted to engage in business in and from the Area of Authority of the Colombo Port City.

(4) In the case of a company intending to engage in offshore banking business-

(*a*) a license issued by the Commission under this Part of this Act;

(*b*) a Certificate of Registration issued under Part VII of this Act; and

(*c*) a license issued under Part VIII of this Act,

shall be required for an applicant to be qualified as an authorised person and to be permitted to engage in offshore banking business in and from the Area of Authority of the Colombo Port City.

Application for registration, licence or authorisation or other approval, as may be required to engage in business in and from the Area of Authority of the Colombo Port City

27. (1) An application for a registration, licence, authorisation or such other approval as may be required to engage in business in and from the Area of Authority of the Colombo Port City in terms of this Act, shall be made to the Commission, in such form and manner, and on payment of the applicable fee for obtaining a registration, licence or authorisation or such other approval, as shall be prescribed.

(2) Every application shall be accompanied by such information, documents and a non-refundable processing fee, as may be determined by the Commission.

(3) Every application shall specify the total value of the proposed foreign direct investment, to be made in any designated foreign currency other than Sri Lanka Rupees, which shall also be set out in the relevant agreement to be executed by the Commission and the authorised person in terms of section 32 of this Act.

(4) No foreign currency deposit in an account maintained or operated in Sri Lanka, in any licensed commercial bank or licensed specialised bank within the meaning of the Banking Act and no foreign currency raised through a foreign currency loan obtained from any such licensed commercial bank or licensed specialised bank, shall be used by an authorised person for the purpose of such investment, within the Area of Authority of the Colombo Port City. As such, subject to the provisions of subsection (5) of this section and section 39 of this Act, all investments made to carry on

business in and from the Area of Authority of the Colombo Port City shall, in the interest of national economy, be raised outside Sri Lanka.

(5) Any person or company, to whom the restrictions specified in the Land (Restrictions on Alienation) Act, No. 38 of 2014 do not apply, and who has leased land as permitted in terms of section 38 or section 39 of this Act, may along with an investor or a consortium of investors, apply to engage in business in and from the Area of Authority of the Colombo Port City in any designated foreign currency other than in Sri Lanka Rupees, on the basis that the value of the land so leased forms part of such investment. The Commission may grant such approval on the basis that dividend or any other financial benefit on such investment shall be made in a designated foreign currency other than in Sri Lanka Rupees, subject to such other conditions as may be prescribed:

Provided that, in the event a dividend or any other financial benefit accrues to such person or company within a period of five years from the date of the respective lease paid for in Sri Lanka Rupees under section 39 of this Act, such person shall be required to remit such dividend or any other financial benefit to a Resident Foreign Currency Account operated and maintained in the name of the person or company that paid for the lease in Sri Lanka Rupees under section 39, in Sri Lanka outside the Area of Authority of the Colombo Port City.

Commission may call for further information

28. (1) The Commission may call for any further information and documents as may be required with regard to any application made in terms of subsection (1) of section 27 and the applicant shall submit such information and documents within such period of time as may be determined by the Commission and communicated to the applicant.

(2) Every registration, licence, authorisation or other approval issued or granted by the Commission in terms of this Act shall-

(*a*) be in such form as may be determined by the Commission;

(*b*) be granted on payment of a fee in such amount as may be prescribed by taking into consideration *inter alia* the type of business for which the same is being granted;

(*c*) specify the period of validity, if any, of the registration, licence or authorisation or such other approval;

(*d*) specify the business to be engaged by an authorised person, in and from the Area of Authority of the Colombo Port City; and

(e) specify the conditions, if any, to be attached to such registration, licence, authorisation or such other approval.

(3) The procedure for –

(*a*) approval of an applicant as an authorised person;

(*b*) amendment, surrender, transfer, assignment or renewal of a registration, licence or authorisation or other approval at the request of an authorised person; and

(*c*) suspension, revocation or cancellation, for good cause, of a registration, licence or authorisation or other approval, granted by the Commission, in the event of a material default or breach by an authorised person, having informed the authorised person the reasons therefor in writing,

shall be as prescribed.

(4) The Commission shall maintain a Register which shall contain details of all authorised persons and the type of registration, licence, authorisation or other approval issued or granted to each of them, in the form and manner as may be determined by the Commission.

No information which is false to be included in the application

29. No applicant shall make –

(*a*) in relation to any application submitted in terms of this Part of this Act; or

(*b*) in relation to any information or particulars that the applicant is required to furnish in terms of this Act,

any representation or statement that the applicant knows is false or misleading in any material particular. Any person who contravenes the provisions of this section commits an offence in terms of this Act.

Commission to function as the Single Window Investment Facilitator in relation to the grant of any registration, licence, authorisation or other approval in terms of this Act

30. (1) Subject to Part VII, Part VIII and section 33 of this Act, the Commission shall be the Single Window Investment Facilitator responsible for the consideration and determination, in an expeditious and coordinated manner, whether to accept or reject for good reason, any application made to the Commission for a registration, licence, authorisation or other approval as may be necessary, to engage in any business in, to invest in, to reside in or to be employed in the Area of Authority of the Colombo Port City.

(2) The Commission shall, in its capacity as the Single Window Investment Facilitator, determine to either accept or reject an application received by the Commission in terms of section 27 of this Act. If an application is found to be acceptable, the Commission shall inform the applicant in writing, of its decision. In the event of an application being rejected, the Commission shall inform the applicant of the fact of rejection in writing, along with its reasons for such decision. The decision of the Commission shall be final.

(3) The Commission shall obtain the concurrence of any relevant Regulatory Authority in the process of granting such registration, licence, authorisation or other approval, where so required by the respective written laws applicable to such Authority, in respect of the subjects vested in or assigned to, such Authority and to the extent specifically provided for in this Act:

Provided that, the concurrence of the relevant Regulatory Authority sought shall be limited to the implementation by the Commission, within the Area of Authority of the Colombo Port City, of the respective written laws applicable to such Authority:

Provided further, the relevant Regulatory Authority from whom such concurrence is being sought by the Commission, shall, as soon as practicable in the circumstances, as a matter of priority, communicate its decision to the Commission.

(4) To ensure that the processing of applications made to the Commission is carried out in an expeditious manner, the Commission shall require any relevant Regulatory Authority to operate an office within the Area of Authority of the Colombo Port City. The relevant Regulatory Authority shall ensure that such office is managed by officers of sufficient seniority and authority, to ensure expeditious processing of such applications and communicating its decision.

Registration, licence, authorisation or other approval to be granted by the Commission to operate as an authorised person

31. (1) Where the Commission, after evaluation of an application received in terms of section 27 of this Act, considers such application to be acceptable in the national interest or in the advancement of the national economy, it shall proceed to issue or grant the registration, licence, authorisation or other approval, applied for.

(2) The registration, licence, authorisation or other approval so issued or granted, may be subject to such terms or conditions as the Commission considers necessary.

(3) Where a registration, licence, authorisation or other approval is so issued or granted by the Commission, it shall be the responsibility of the Commission to be satisfied after due concurrence obtained from the relevant Regulatory Authorities, where so required by the respective written laws applicable to such Authority, that all legal and regulatory requirements have been duly complied with, in respect of the relevant registration, licence, authorisation or other approval, unless any condition to the contrary is specified in any such document.

Commission required to enter into an agreement with every authorised person

32. The Commission shall enter into an agreement with every authorised person setting out *inter alia* any terms, conditions, restrictions attached, the total value of the foreign direct investment committed to be made (inclusive of any sum paid in terms of section 39), and any concessions or exemptions and the period pertaining to which they are granted under this Act, in relation to the investment to be engaged in within the Area of Authority of the Colombo Port City. Every such agreement shall include a provision whereby the parties agree to the resolution of any dispute concerning thereof or arising therefrom, by way of arbitration in terms of Part XIII of this Act. Any equity contribution made as provided for in subsection (5) of section 27 shall also be separately reflected therein.

Commission to be the Single Window Investment Facilitator for all other permits &c,.

33. (1) The Commission, as the Single Window Investment Facilitator, shall accept an application for and facilitate the processing of, any visa, entry permit or work permit, and other approvals as may be required by an authorised person, any consultant of, or any person specially authorised by an authorised person or an employee of an authorised person, and a person who intends to engage in business, to invest in, to reside in or to be employed in the Area of Authority of the Colombo Port City, as may be necessary.

(2) Where the Commission after evaluation of an application under subsection (1) considers such application

to be acceptable in the national interest or in the advancement of the national economy, it may inform the Controller of Immigration and Emigration of such fact and recommend that such visa, entry permit or work permit or other approval, be granted as a matter of priority.

(3) On the basis of the decision of the Controller of Immigration and Emigration, the Commission shall, if the application is accepted by the Controller of Immigration and Emigration, inform the applicant in writing, and facilitate the issuance of such visa, entry permit, work permit or other approval as the case may be, or if the application is rejected, inform the applicant in writing of the same setting out the reasons therefor as informed by the Controller of Immigration and Emigration. The decision of the Controller of Immigration and Emigration shall be final.

Procedure for the suspension, revocation or cancellation of any registration, licence, authorisation or other approval, or any visa, entry or work permit or other approval after grant or issue of the same

34. Where the Commission subsequent to the facilitation and the issuing or granting-

(*a*) of any registration, licence, authorisation or other approval in terms of section 31; or

(*b*) of any visa, entry permit or work permit or other approval as set out in section 33,

becomes aware of a reason that compels the Commission to recommend to the Controller of Immigration and Emigration to suspend, revoke or cancel the same, as he may deem necessary, the Commission shall inform the Controller of Immigration and Emigration and the authorised person, of the same. The Controller of Immigration and Emigration shall thereupon take action to suspend, revoke, or cancel the registration, licence, authorisation or other approval as the case may be. Upon the taking of action for such suspension, revocation or cancellation as the case may be, the Controller of Immigration and Emigration shall notify the Commission of the same and the Commission shall immediately thereupon notify the relevant authorised person accordingly. The decision of the Controller of Immigration and Emigration shall be final.

Authorised person permitted to employ a resident or non-resident

35. An authorised person permitted to engage in business in and from the Area of Authority of the Colombo Port City, may employ any person, whether a resident or a non-resident, and such employee shall be remunerated in a designated foreign currency, other than in Sri Lanka Rupees, and –

(*a*) any employment income of a resident employee so received shall be exempt from income tax and shall be deemed to be a permissible credit to a personal foreign currency account of such resident employee;

(*b*) any employment income of a non-resident employee so received shall be exempt from income tax and notwithstanding anything to the contrary contained in any other written law, such non-resident employee shall not be liable to income tax in Sri Lanka on any income earned outside Sri Lanka.

Authorised person may maintain a Sri Lanka Rupees Account in a licensed commercial bank in Sri Lanka to convert Sri Lanka Rupees as may be prescribed

36. An authorised person engaged in business in and from the Area of Authority of the Colombo Port City may accept payments in Sri Lanka Rupees in respect of any goods or services provided by such authorized person within the Area of Authority of the Colombo Port City, to a citizen of Sri Lanka or a resident. Any Sri Lanka Rupees so accepted by such authorised person may be converted to a designated foreign currency in such manner and subject to such conditions as shall be prescribed.

Authorised person may apply to engage in business in Sri Lanka with a citizen of Sri Lanka or resident of Sri Lanka, doing business in Sri Lanka outside the area of Authority of the Colombo Port City

37. (1) An authorised person may, subject to the applicability of all written laws for the time being in force and regulations which may be made hereunder, in the national interest and in order to safeguard the interest of the domestic economy, apply to the Commission for an authorisation to engage in business in Sri Lanka, with a citizen of Sri Lanka or a resident, who is engaged in business in Sri Lanka outside the Area of Authority of the Colombo Port City.

(2) The Commission having considered such request, may in the national interest or in the advancement of the national economy, and while ensuring the interest of the domestic economy, issue such an authorisation in such manner and subject to such conditions as shall be prescribed.

(3) Where the Commission issues an authorization to an authorized person under subsection (1) to engage in business with a citizen of Sri Lanka or a resident who is engaged in business in Sri Lanka outside the Area of Authority of the Colombo Port City, such authorized person shall not be entitled to claim or receive any exemptions or incentives as provided for in Part IX of this Act or under any other Part of this Act, in relation to engaging in business in Sri Lanka with a citizen of Sri Lanka or a resident outside Area of the Authority of the Colombo Port City.

Lease of Marketable Land, or transfer on freehold basis, lease or rent of condominium parcels, in designated foreign currency (other than in Sri Lanka Rupees)

38. The Commission may, subject to the provisions of this Act, the provisions of the Land (Restrictions on Alienation) Act, No. 38 of 2014 and other applicable written laws-

(*a*) lease, Government Marketable Land situated within the Area of Authority of the Colombo Port City and vested in the Commission in terms of this Act;

(*b*) lease, Project Company Marketable Land situated within the Area of Authority of the Colombo Port City and vested in the Commission in terms of this Act, jointly with the Project Company which holds Master Leases relating thereto;

(*c*) lease or transfer on freehold basis, condominium parcels standing on Government Marketable Land situated within the Area of Authority of the Colombo Port City and vested in the Commission in terms of this Act, jointly with the respective investor or developer, as the case may be;

(*d*) lease or transfer on freehold basis, condominium parcels standing on Project Company Marketable Land situated within the Area of Authority of the Colombo Port City and vested in the Commission in terms of this Act, jointly with the Project Company

which holds Master Leases relating thereto, to any person, and payment therefor shall be made in any designated foreign currency, other than Sri Lanka Rupees.

Lease of Marketable Land, or transfer on freehold basis, lease or rent, of premises or condominium parcels in Sri Lanka Rupees

39. Notwithstanding the provisions of section 38, the Commission may lease Government Marketable Land or Project Company Marketable Land, or lease or transfer on freehold basis any condominium parcel standing on either Government Marketable Land or Project Company Marketable Land, to any person or company, to whom the restrictions specified in the Land (Restrictions on Alienation) Act, No. 38 of 2014 do not apply, in Sri Lanka Rupees, in accordance with such terms and conditions as may be determined by the Commission:

Provided that, if such person or company to whom the restrictions specified in the Land (Restrictions on Alienation) Act, No. 38 of 2014 do not apply and who has made payment in Sri Lanka Rupees, and who, within a period of five years from the date of the respective transaction paid for in Sri Lanka Rupees, in turn transfers, leases or rents such property to a third party on payment made in any designated foreign currency other than Sri Lanka Rupees, shall be required to remit the sum so received in a designated foreign currency other than Sri Lanka Rupees, to a Resident Foreign Currency Account operated and maintained in Sri Lanka outside the Area of Authority of the Colombo Port City, in the name of the aforesaid person or company in such manner as shall be prescribed.

A citizen or a resident of Sri Lanka may utilise facilities or services within the Area of Authority of the Colombo Port City

40. (1) A citizen of Sri Lanka or a resident may utilise any retail facilities or services within the Area of Authority of the Colombo Port City at restaurants, cinemas, entertainment facilities, shopping facilities or parking facilities, upon making related payments in Sri Lanka Rupees.

(2) Any levy as may be required to be paid by a citizen of Sri Lanka or a resident on goods purchased at retail facilities as set out in subsection (1), to be taken out of the Area of Authority of the Colombo Port City, shall be as prescribed.

(3) The amount received by any authorised person when a citizen of Sri Lanka or a resident utilises any retail facilities or services as set out in subsection (1), may be converted by such authorised person into any designated foreign currency in such manner and subject to such conditions as shall be prescribed.

PART VII

OFFSHORE COMPANIES TO OPERATE WITHIN THE AREA OF AUTHORITY OF THE COLOMBO PORT CITY

Registration of companies as offshore companies for the purposes of this Act

41. (1) The provisions of this Part of this Act shall, notwithstanding the provisions of Part XI of the Companies Act, No. 7 of 2007, be applicable in relation to offshore companies incorporated to engage in business in and from the Area of Authority of the Colombo Port City.

(2) On receipt of an application from a company to be registered as an offshore company under this Part of this Act, the Commission shall, if such application is acceptable to the Commission, while having regard to the national interest or in the advancement of the national economy, recommend to the Registrar-General of Companies to proceed to register such company as an offshore company in terms of Part XI of the Companies Act, No. 7 of 2007 and issue a Certificate of Registration to the applicant company as an offshore company permitted to engage in business in and from the Area of Authority of the Colombo Port City.

(3) An application to the Commission, to be registered as an offshore company shall be accompanied by the following :–

(*a*) a certified copy of the charter, statute or articles of association of the company or such other instrument constituting or defining the constitution of the company, and where such instrument is not in an official language or in English, a translation of the instrument in English;

(*b*) a list of the directors or those managing the affairs of the company, containing their full names, addresses, occupations and the office they hold in the company;

(*c*) in the case of a company incorporated overseas, the names and addresses of one or more persons who are resident in and are citizens of Sri Lanka, who is or are authorised to represent the company;

(*d*) in the case of a company incorporated overseas –

(i) a statement containing the full address of the registered or principal office of the company in the country of incorporation and of the office of the company in Sri Lanka; and

(ii) a copy of the Certificate of Incorporation, certified by the issuing authority within thirty days prior to the submission of the application;

(*e*) a duly authenticated statement issued by the company, to the effect that there are no legal impediments in the country of incorporation of such company, for such company to be registered to carry on business as an offshore company; and

(*f*) the non-refundable processing fee in such amount as may be determined by the Commission.

(4) The applicant shall, in the event of any change or alteration to the particulars set out in an application so tendered, forthwith inform the Commission of such change or alteration and the Commission shall notify the Registrar-General of Companies of the same, for steps to be taken in that regard as may be necessary.

(5) A Certificate of Registration issued by the Registrar-General of Companies in the name of an applicant to operate as an offshore company in terms of this Part of this Act, shall be deemed to exempt such company to which a Certificate of Registration is issued to engage in business in and from the Area of Authority of the Colombo Port City, from having to comply with the provisions of the such Companies Act.

(6) A company to whom a Certificate of Registration has been issued in terms of the preceding provisions of this section, permitting such company to engage in business as an offshore company in and from the Area of Authority of Colombo Port City, shall be deemed to be a non-resident company within the meaning and for the purposes of, the Inland Revenue Act, No. 24 of 2017.

(7) Any regulation may be made for the purposes of this Part of this Act to be applicable to offshore companies herein incorporated, on the basis that the company that applied to be registered under this Part of this Act is being regulated in the country of its incorporation.

(8) An offshore company registered under this Part of this Act may carry on business as authorised by the Commission only in and from the area of Authority of the Colombo Port City, in terms of this Act.

(9) An offshore company which intends to continue its business as an offshore company in terms of this Act shall, at the commencement of that year and no later than the thirty-first day of January of every succeeding year, produce in the manner specified, to the Registrar-General of Companies proof of payment of the annual fee, in such amount as shall be determined by the Commission.

(10) An offshore company so registered may notify the Commission of its intention to cease carrying on business as an offshore company in and from the Area of Authority of the Colombo Port City, by giving notice in writing to the Commission. The Commission shall, with the concurrence of the Registrar-General of Companies, take such steps as may be required.

(11) The Commission may for good cause, recommend to the Registrar-General of Companies, while stating the reasons therefor, to cancel any Certificate of Registration issued, and the Registrar-General of Companies shall cancel such Certificate of Registration. Upon such cancellation, the offshore company shall cease to enjoy the privileges and benefits granted under this Act or consequently under any other written law of Sri Lanka. In the event of any such cancellation by the Registrar-General of Companies, the Commission shall inform the applicant of the same in writing, stating the reasons therefor.

PART VIII

Offshore Banking Business in and from the Area of Authority of the Colombo Port City

Licence required to engage in offshore banking business in and from the Area of Authority of the Colombo Port City

42. (1) The provisions of this Part of this Act shall, notwithstanding the provisions of Part IV of the Banking Act, be applicable in relation to offshore banking business to be engaged in, in and from the Area of Authority of the Colombo Port City.

(2) A company licensed to engage in banking business in Sri Lanka in terms of the Banking Act or a company licensed to carry on banking business under any law, charter, statute, article of association or other instrument constituting or defining such constitution, in any other country, and intends to engage in offshore banking business in and from the Area of Authority of the Colombo Port City, may make an application to the Commission for a licence to engage in offshore banking business in and from the Area of Authority of the Colombo Port City in terms of this Act.

(3) The Commission shall, if such application is acceptable to the Commission, while having regard to the national interest or in the advancement of the national economy, with the concurrence of the President or in the

event that the subject of the Colombo Port City is assigned to a Minister, with the concurrence of such Minister, recommend to the Minister assigned the subject of Finance to proceed to grant a licence under the Banking Act to engage in offshore banking business in and from the Area of Authority of the Colombo Port City subject to such conditions as may be imposed within the scope of the limitations set out in this Act.

(4) A licence to carry on offshore banking business in and from the Area of Authority of the Colombo Port City may be issued by the Minister assigned the subject of Finance, with the concurrence of the Monetary Board, upon satisfaction of the requirements set out in this Act.

Cancellation of a licence issued under this Part of this Act

43. A licence to carry on offshore banking business in and from the Area of Authority of the Colombo Port City in terms of this Part of this Act may be suspended, revoked or cancelled by the Commission with the concurrence of the Monetary Board if it is proved after affording the licensee an opportunity to be heard in his defence, that the offshore banking business so engaged in is not in the national interest or in the advancement of the national economy, or that there appears to be a lack of prudent management and a visible instability of the offshore banking business being carried on.

President to make regulations applicable to offshore banking business in and from the Area of Authority of the Colombo Port City

44. The President or in the event that the subject of the Colombo Port City is assigned to a Minister, such Minister may, in consultation with the Minister assigned the subject of Finance and the Monetary Board, make regulations from time to time as may be required to give effect to the scope of this Act and to ensure prudent management and maintenance of confidence in the offshore banking business engaged in, in and from the Area of Authority of the Colombo Port City.

Regulations to provide *inter alia* for matters noted

45. Regulations may be made for the purposes of this Part of this Act, with the concurrence of the Monetary Board, *inter alia*, to provide for the granting, suspension and cancellation of licences, the offshore banking business, reserve and capital requirements, reserve funds, maintenance of liquid assets, management of financial and operational risks, the requirement to submit proof of rating of the company which applied for registration of the offshore company in terms of Part VII of this Act, restrictions and penalties applicable in the event of reasonably established wrong-doing or visible instability of the offshore banking business being carried on, and such other relevant matters.

Nature of business that may be authorised to be carried on by those engaged in offshore banking business

46. The Commission may, with the concurrence of the President or in the event that the subject of the Colombo Port City is assigned to a Minister, with the concurrence of such Minister, recommend to the Minister assigned the subject of Finance, in the national interest or in the advancement of the national economy, to authorise any company engaged in offshore banking business to carry on all or any of the following businesses: -

(*a*) accept savings, time and demand deposits from any authorised person or a non-resident in any designated foreign currency;

(*b*) borrow any sum in a designated foreign currency from any non-resident;

(*c*) extend accommodation to any non-resident in any designated foreign currency;

(*d*) engage in any transaction in any designated foreign currency with any other offshore unit;

(*e*) engage in any other transaction in a designated foreign currency with a non-resident;

(*f*) engage in any other transaction as may be envisaged under this Act; or

(*g*) engage in any other transaction in any designated foreign currency, authorised by the Commission with the concurrence of the Monetary Board.

A financial statement required by every company to whom a licence has been issued

47. Every company to whom a licence has been issued in terms of this Part of this Act to engage in offshore banking business shall prepare annually a financial statement in compliance with International Financial Reporting Standards.

Preparation of an Annual Report

48. (1) Every offshore company to whom a licence has been issued in terms of this Part of this Act to engage in offshore banking business shall appoint annually an international firm of accountants to audit and report on its financial statement referred to in section 47 and such international firm of accountants shall submit such report and shall *inter alia* state therein whether in its opinion, the financial statement so audited provides a true and fair view of such offshore company's offshore banking business and whether it remains a going concern.

(2) A certified copy of such audit report shall be submitted to the Commission, and if the Commission is of the view that such international firm of accountants has not discharged its duties in accordance with International Financial Reporting Standards, the Commission may require a fresh audit report from another international firm of accountants of similar standing and repute.

Commission may, in certain circumstances, carry out an examination and may impose restrictions

49. (1) The Commission may require any competent person authorised in that behalf by the Commission to carry out an examination of any offshore company to whom a licence has been issued in terms of this Part of this Act to engage in offshore banking business, and submit a report if it is apparent that-

(*a*) the international firm of accountants has failed to submit an audit report;

(*b*) there exists an inadequacy in the audit report referred to above;

(*c*) there are reasonable grounds to doubt the financial stability of the company in question or that the company is engaged in fraudulent, unsafe or unsound banking practices; or

(*d*) the company has failed to comply with the requirements of this Part of this Act in the carrying on of its offshore banking business.

(2) If on the completion of an examination and the submission of the report in terms of subsection (1), it is established that such authorised person engaged in offshore banking business is engaged in fraudulent, unsafe or unsound banking practices or that its financial stability is in doubt, the Commission may, with the concurrence of the Monetary Board, impose restrictions on carrying on offshore banking business or impose a penalty or such other conditions as deemed appropriate.

Maintenance of books and accounts

50. Every company registered under this Part of this Act shall maintain books, minutes, accounts, cash securities, vouchers, other documents and records, in compliance with the applicable International Financial Reporting Standards.

Power of Monetary Board to call for information

51. Subject to the provisions of this Part of this Act, the Monetary Board may, from time to time, through the Commission, call for information and reports as it may deem necessary for the purposes of this Part of this Act.

PART IX

DETERMINATION AND GRANT OF EXEMPTIONS OR INCENTIVES FOR THE PROMOTION OF BUSINESSES OF STRATEGIC IMPORTANCE

Grant of exemptions or incentives to Businesses of Strategic Importance

52. (1) The provisions of this Part of this Act shall, notwithstanding the provisions contained in any other written law, be applicable to any authorised person carrying on a Business of Strategic Importance, as may be approved under this Part of this Act.

(2) From and after the date of commencement of this Act, the Commission in consultation with the President or in the event that the subject of Colombo Port City is assigned to a Minister, in consultation with such Minister, may identify businesses, which may be designated as "Businesses of Strategic Importance" which would ensure the success of the objectives in establishing the Colombo Port City, having regard to the national interest or in the advancement of the national economy.

(3) Upon a business being so identified as a Business of Strategic Importance, exemptions or incentives as provided in this Part of this Act may be granted thereto in accordance with the regulations made under this Act, in so far as it relates to its operations in and from the Area of Authority of the Colombo Port City. In the case of tax related exemptions, such exemptions may be granted, either in full or part, and from all or any of the enactments set out in Schedule II hereto.

(4) The exemptions or incentives granted in terms of subsection (3) shall be embodied into the agreement referred to in section 32 of this Act to be signed by and between the Commission and the authorised person.

(5) Regulations may be made prescribing guidelines on the grant of exemptions or incentives, as provided for in this Part of this Act.

(6) The Commission may also extend such other assistance or facilitation as may be necessary as incentives to attract Businesses of Strategic Importance to the Colombo Port City.

(7) The period of validity of such exemptions or incentives granted in terms of this section shall not exceed forty years.

Details of Businesses of Strategic Importance to be specified by Order

53. (1) Upon a business being so identified as a Business of Strategic Importance, the Commission shall make recommendations to the President or in the event that the subject of the Colombo Port City is assigned to a Minister, to such Minister relating to the designation of such business as a Business of Strategic Importance and the grant of any exemptions or incentives in terms of section 52 of this Act.

(2) The President or in the event that the subject of the Colombo Port City is assigned to a Minister, such Minister may, having considered such recommendations, and having regard to the national interest or in the advancement of the national economy, in consultation with the Minister assigned the subject of Finance, take such steps as are necessary to inform the Cabinet of Ministers, of –

(*a*) the rationale for considering such business as a Business of Strategic Importance;

(*b*) the specific exemptions from those enactments listed in Schedule II to this Act, that are proposed to be applicable to such Business of Strategic Importance and any other incentives;

(*c*) the proposed date of commencement and date on which such exemptions or incentives shall cease to be operative, however not exceeding forty years from the date of commencement of such exceptions or incentives;

(*d*) the name of the applicant of the business being identified as a Business of Strategic Importance,

in order to obtain the approval of the Cabinet of Ministers for the designation of such business as a Business of Strategic Importance and for the granting of exemptions or incentives to such business, as provided for in section 52 of this Act.

(3) Within two weeks from the date on which the Cabinet of Ministers approves the designation of a business as a Business of Strategic Importance and the granting of the exemptions or incentives so approved, the President or in the event that the subject of the Colombo Port City is assigned to a Minister, such Minister shall, by Order published in the *Gazette*, specify –

(*a*) the rationale for considering such business as a Business of Strategic Importance;

(*b*) the specific exemptions from those enactments listed in Schedule II to this Act that are applicable to such Business of Strategic Importance and any other incentives granted;

(*c*) the date of commencement and date on which such exemptions and incentives shall cease to be operative; and

(*d*) the name of the applicant of the business identified as a Business of Strategic Importance.

(4) Upon the expiry of thirty days from the date of such Order published in th*e Gazette* under subsection (3), such Order along with a written confirmation issued under the hand of the Commission confirming that the exemptions or incentives set out in the notification are compliant with the provisions in terms of Part IX of this Act, shall be placed before Parliament for information.

(5) For the purposes of this Part of this Act, a "Business of Strategic Importance" shall mean a business that is projected to ensure the success of establishing the Colombo Port City, having regard to the national interest or in the advancement of the national economy, and which is likely

to bring economic and social benefit to the country, or is likely to change the landscape of the Colombo Port City, or which will enable global or regional business or service linkages, primarily through-

(*a*) the strategic importance attached to the proposed business;

(*b*) the inflow of foreign exchange into the Area of Authority of the Colombo Port City, as a foreign direct investment into such business or expected to be generated through such business;

(*c*) the generation of employment that will enable income earning opportunities in designated foreign currencies other than in Sri Lanka Rupees, to those employed within the Area of Authority of the Colombo Port City;

(*d*) the envisaged transformation of knowledge in terms of the promotion of services, or the development or use of technology, including information technology;

(*e*) the destination promotion envisaged for Sri Lanka, through the promotion of tourism, entertainment and shopping activities, or through the promotion of urban amenity operations with the settlement of a residential community within the Area of Authority of the Colombo Port City; and

(*f*) the impetus envisaged through the promotion of services in and from the Area of Authority of the Colombo Port City, with the setting up of corporate headquarters operations and regional distribution operations.

PART X

APPLICABILITY OF THE CONDOMINIUM MANAGEMENT AUTHORITY LAW AND THE APARTMENT OWNERSHIP LAW

Application of the Condominium Management Authority Law and the Apartment Ownership Law within the Area of Authority of the Colombo Port City

54. (1) From and after the date of commencement of this Act, unless otherwise stated to the contrary herein, the Condominium Management Authority Law and the Apartment Ownership Law shall, for the purpose of the effective implementation of the provisions of this Act, have effect within the Area of Authority of the Colombo Port City in the manner and subject to the modifications set out in subsection (2):

Provided that regulations made under the Condominium Management Authority Law or the Apartment Ownership Law and which are in force on the date of commencement of this Act, shall also be operative within the Area of Authority of the Colombo Port City until regulations are made under this Act:

Provided further, any regulation made under the Condominium Management Authority Law or the Apartment Ownership Law and which is applicable within the Area of Authority of the Colombo Port City shall, upon the making of a corresponding regulation in terms of this Part of this Act, cease to be applicable within the Area of Authority of the Colombo Port City with effect from the date of coming into operation of the regulation made under this Act.

(2) From and after the date of commencement of this Act, the Commission shall, in any instance where the said Condominium Management Authority Law and the Apartment Ownership Law are applicable within the Area of Authority of the Colombo Port City, *mutatis mutandis*, exercise, perform and discharge all or any of the powers, duties and functions vested in or assigned to the Condominium Management Authority, in like manner as though a reference in the aforesaid Condominium Management Authority Law and the said Apartment Ownership Law –

(*a*) to the "Condominium Management Authority", were a reference to the "Colombo Port City Economic Commission" established under this Act; and

(*b*) to the "Minister", were a reference to the "President or in the event that the subject of the Colombo Port City is assigned to a Minister, to such Minister to whom the subject of Colombo Port City has been assigned".

Commission may seek the concurrence of the Condominium Management Authority

55. (1) In the exercise, performance and discharge of its powers, duties and functions under this Part of this Act, the Commission shall obtain the concurrence of Condominium Management Authority, to the extent specifically provided for in this Act.

(2) The Condominium Management Authority shall, as a matter of priority in the circumstances, communicate its decision to the Commission.

(3) To ensure that the construction of condominium properties within the Area of Authority of the Colombo Port City is carried out in an expeditious manner, the Commission may require the Condominium Management Authority to operate an office within the Area of Authority of the Colombo Port City. The Condominium Management Authority shall ensure that such office is managed by officers of sufficient seniority and authority to ensure expeditious implementation of the provisions of the Condominium Management Authority Law and the Apartment Ownership Law.

PART XI

APPLICABILITY OF THE SECURITIES AND EXCHANGE COMMISSION ACT

Operation of stock exchange or market, within the Area of Authority of the Colombo Port City

56. (1) Any stock exchange or market operated within the Area of Authority of the Colombo Port City shall regulate the listing and issue of securities in terms of the provisions of the Securities and Exchange Commission Act and regulations made under such Act.

(2) For the purposes of this section, "securities" means debentures, stocks, shares, funds, bonds, derivatives including futures and options whatever the nature of the underlying asset relied on or notes issued or proposed to be issued, by any government or anybody, whether incorporate or unincorporated, including any rights, options or interests (whether described as units or otherwise) therein or in respect thereof, or any other instruments commonly known as securities, but does not include bills of exchange or promissory notes or certificates of deposits issued by a bank.

Application of the Securities and Exchange Commission Act within the Area of Authority of the Colombo Port City

57. (1) From and after the date of commencement of this Act, unless otherwise stated to the contrary herein, the Securities and Exchange Commission Act shall, for the purpose of the effective implementation of the provisions of this Act, have effect within the Area of Authority of the Colombo Port City in the manner and subject to the modifications as are hereinafter set out in subsection (2):

Provided that any regulation made under the Securities and Exchange Commission Act, and which is in force on the date of commencement of this Act shall also be operative within the Area of Authority of the Colombo Port City until regulations are made under this Part of this Act:

Provided further that, any regulation made under the Securities and Exchange Commission Act and which is as aforesaid applicable within the Area of Authority of the Colombo Port City shall, upon the making of a corresponding regulation in terms of this Part of this Act, cease to be applicable within the Area of Authority of the Colombo Port City with effect from the date of coming into force of such regulation under this Act.

(2) The Commission shall, in the exercise, performance and discharge of its powers, duties and functions to the extent provided in terms of this Part of this Act, where required in terms of the Securities and Exchange Commission Act, obtain the concurrence of the Securities and Exchange Commission in respect of the subjects vested in or assigned to, the Securities and Exchange Commission.

(3) Such concurrence of the Securities and Exchange Commission sought shall be limited to the implementation within the Area of Authority of the Colombo Port City, and in construing the provisions of the said Securities and Exchange Commission Act, a reference in so far as required for the purposes of this Part of this Act-

(*a*) to the "Securities and Exchange Commission", were a reference to the "Colombo Port City Economic Commission" established under this Act; and

(*b*) to the "Minister" were a reference to the "President or in the event that the subject of the Colombo Port City is assigned to a Minister, to such Minister to whom the subject of Colombo Port City has been assigned".

Commission to seek concurrence of the Securities and Exchange Commission

58. (1) Where the concurrence of the Securities and Exchange Commission is sought by the Commission, the Securities and Exchange Commission shall as soon as practicable in the circumstances, as a matter of priority, communicate its decision to the Commission.

(2) To ensure that the operation of stock exchanges or markets within the Area of Authority of the Colombo Port City is carried out in an expeditious manner, the Commission may require the Securities and Exchange Commission to operate an office within the Area of Authority of the Colombo Port City. The Securities and Exchange Commission shall ensure that such office is managed by officers of sufficient seniority and authority.

PART XII

ESTATE MANAGER AND PROVISION OF GENERAL SERVICES

Estate Manager

59. There shall be a company incorporated in terms of the Companies Act, No. 7 of 2007 which shall be designated as the Estate Manager to provide such services as set out hereunder within the Area of Authority of the Colombo Port City, including such other services as may from time to time be assigned by the Commission to the Estate Manager.

Powers of the Estate Manager

60. The Estate Manager shall act under the direction and supervision of the Commission and exercise, perform and discharge the following powers, duties and functions –

(*a*) to assist service providers in providing utility services, such as gas, water, electricity, internet and communication facilities, sewerage and drainage, waste and garbage disposal and such other facilities to authorised persons, residents, occupiers and visitors in the Area of Authority of the Colombo Port City;

(*b*) to manage and maintain all common areas including the maintenance of street lighting and such other facilities;

(*c*) to facilitate the collection of area related rates and levies imposed by the Commission within the Area of Authority of the Colombo Port City as authorised by this Act, and collect fees and charges for services provided within the Area of Authority of the Colombo Port City, including management fees, utility charges, vehicle parking charges, user fees and such other fees or charges from authorised persons, employees of authorised persons, residents, occupiers and visitors within the Area of Authority of the Colombo Port City;

(*d*) to set up, operate and maintain common user facilities such as car parks within the Area of Authority of the Colombo Port City;

(*e*) to be responsible for the maintenance and upkeep of waterfronts, inland canals and such other areas between the offshore breakwater and the beaches of the Colombo Port City;

(*f*) to collect on behalf of the Commission, the local rates, levies and such other charges imposed by the Commission and applicable within the Area of Authority of the Colombo Port City, and credit the total of the sum so collected to a bank account as directed by the Commission;

(*g*) to levy berthing fees as may be necessary, being part of the services provided within the Area of Authority of the Colombo Port City;

(*h*) to be responsible for the operation and maintenance of an efficient and effective garbage collection and disposal system, while ensuring the daily collection, sorting and removal and disposal of all types of garbage of the authorised persons, employees of authorised persons, residents, occupiers and visitors within the Area of Authority of the Colombo Port City, subject to compliance with such Development Control Regulations, and to enter into any related agreements with any third party, including outsourcing agreements where so required;

(*i*) to supervise and administer all matters relating to roads or access ways within the Area of Authority of the Colombo Port City and the protection and promotion of the convenience and welfare of the authorised persons, employees of authorised persons, residents, occupiers and visitors within the Area of Authority of the Colombo Port City; and

(*j*) to do such other things as may be directed by the Commission for the better management and welfare of the authorised persons, employees of authorised persons, residents, occupiers and visitors within the Area of Authority of the Colombo Port City.

Estate Manager to be an authorised person

61. The Estate Manager shall be deemed to be an authorised person and shall be entitled to all the benefits and privileges of an authorised person as specified in terms of this Act.

PART XIII

INTERNATIONAL COMMERCIAL DISPUTE RESOLUTION CENTRE

Facilitation of establishing an International Commercial Dispute Resolution Centre

62. (1) The Commission shall facilitate the establishment of an International Commercial Dispute Resolution Centre, to be located within the Area of Authority of the Colombo Port City, which shall be incorporated as a company limited by guarantee under the Companies Act, No. 7 of 2007, for the purposes of offering conciliation, mediation, adjudication, arbitration and any other alternate dispute resolution services.

(2) Any dispute that may arise, within the Area of Authority of the Colombo Port City, between –

(*a*) the Commission and an authorised person or an employee of an authorised person where relevant; and

(*b*) the Commission and a resident or an occupier, provided that there exists in relation thereto, an agreement or other legally binding document as between the Commission and such resident or occupier,

shall be resolved by way of arbitration conducted by the International Commercial Dispute Resolution Centre established under subsection (1).

(3) Every authorised person shall ensure that all agreements entered into by such authorised person in terms of section 32 of this Act, shall contain a provision requiring

a mandatory reference of any dispute that may arise within the Area of Authority of the Colombo Port City under such agreement, to arbitration, in terms of this section.

(4) The International Commercial Dispute Resolution Centre shall be entitled to make or adopt rules of procedure for conciliation, mediation, adjudication, arbitration and any other alternate dispute resolution services which are offered by the International Commercial Dispute Resolution Centre.

(5) The enforcement or setting aside of any arbitration award made by the International Commercial Dispute Resolution Centre setup under this Act shall be done in accordance with the provisions of the Arbitration Act, No. 11 of 1995.

(6) A citizen of Sri Lanka or a resident may serve in any capacity in the operations or any activities of the International Commercial Dispute Resolution Centre established under subsection (1), while an internationally reputed professional may also be so involved.

PART XIV

PRIORITY IN HEARING LEGAL PROCEEDINGS

Courts to give priority to legal proceedings

63. In order to foster international confidence in the ease of doing business and in the enforcement of contracts, in the national interest or in the advancement of the national economy, priority shall be given by courts in relation to any legal proceedings instituted in civil or commercial matters, where the cause of action has arisen within, or in relation to any business carried on in or from the Area of Authority of the Colombo Port City, to hear such cases expeditiously on a day-to-day to basis, unless in the opinion of the court, exceptional circumstances warrant postponement, commencement or continuation of trial, for reasons which shall be recorded by court.

PART XV

INTERIM PROVISIONS AND INVESTMENT PROTECTION

Authorised person to be permitted to engage in business outside the Area of Authority of the Colombo Port City as an interim measure

64. (1) The Commission may, where it considers necessary to do so, as an interim measure, permit an authorised person to engage in business from a designated location in Sri Lanka outside the Area of Authority of the Colombo Port City as may be approved by the President or in the event that the subject of the Colombo Port City is assigned to a Minister, by such Minister, for a period not exceeding five years from the date of commencement of this Act. Such business shall, for such period of five years, be entitled to all the privileges accorded to, and be deemed for all purposes to be a business situated within and engaged in business, in and from, the Area of Authority of the Colombo Port City.

(2) Where an authorised person has been permitted to engage in business from a designated location in Sri Lanka outside the Area of Authority of the Colombo Port City in terms of subsection (1), such business shall be subject to the provisions of this Act and any regulations made hereunder.

Any transfer, lease or agreement executed by the Urban Development Authority to be deemed to be documents executed by the Commission

65. (1) From and after the date of commencement of this Act, all land comprising the Area of Authority of the Colombo Port City shall be vested with the Commission in the manner set out in subsection (3).

(2) Where any deed of transfer, indenture of lease, agreement or other similar document has been executed in respect of any land situated within the Area of Authority of the Colombo Port City prior to the date of commencement of this Act by the Urban Development Authority established under the Urban Development Authority Law, No. 41 of 1978, such deed of transfer, lease, agreement or other similar document shall, from and after the date of commencement of this Act, be deemed for all purposes to be a document executed by the Commission, in terms of the provisions of this Act and be valid and effectual as if executed hereunder.

(3) For the avoidance of doubt, it is hereby stated that on the coming into operation of this Act, the President may issue a Land Grant under the Crown Lands Ordinance (Chapter 454) in the name of the Commission, in respect of all land comprising the Area of Authority of the Colombo Port City as set out in Schedule I to this Act.

Agreements entered into by the Board of Investment of Sri Lanka to be deemed to be agreements entered into by the Commission

66. Where, prior to the date of commencement of this Act, any agreement has been entered into, in terms of the Board of Investment Law, No. 4 of 1978 and the Strategic Development Projects Act, No. 14 of 2008 relating to an investment within the Area of Authority of the Colombo Port City by the Board of Investment of Sri Lanka, and any Order published in the *Gazette* in terms of the Strategic Development Projects Act relating to an investment within the Area of Authority of the Colombo Port City, shall from and after the date of commencement of this Act, be deemed for all purposes to be an agreement executed by the Commission under section 32 of this Act and an Order published under Part IX of this Act, respectively, and be valid and effective as if executed hereunder.

Registration, licence, authorisation &c,. granted under this Act to continue without amendment or termination till the expiry

67. Notwithstanding anything to the contrary contained in any other written law, no registration, licence, authorisation, permit or other approval granted in terms of this Act, or any deed of transfer or indenture of lease or agreement executed by the Commission in compliance with the provisions of this Act may be terminated or amended in any manner detrimental to the interests of the respective investor, other than upon the expiry or completion of the period or term as specified in the such registration, licence, authorisation, permit or other approval, or such deed of transfer or indenture of lease or agreement:

Provided however, an early termination may take place-

(*a*) consequent to an agreement between the relevant parties;

(*b*) pursuant to a breach of a term or condition embodied in the relevant document; or

(*c*) consequent to an express provision which provides for termination contained in this Act.

PART XVI

Miscellaneous Provisions

Offences

68. (1) Notwithstanding the provisions contained in any other written law, any person who, within the Area of Authority of the Colombo Port City–

(*a*) establishes, commences or operates any business which requires a registration, licence, authorisation or such other approval in terms of this Act, without obtaining the same as required hereunder;

(*b*) engages in business as an authorised person in contravention of any provision in any registration, licence, authorisation or such other approval granted in terms of this Act;

(*c*) makes any representation or statement in relation to any application being submitted under this Act that such person knows is false or misleading in any material particular;

(*d*) furnishes false information, documents or particulars when such person is required to furnish any information, documents or particulars in terms of this Act or any other applicable written law; or

(*e*) contravenes or fails to comply with any regulation made in terms of this Act,

commits an offence and shall be liable on conviction after summary trial before a Magistrate, to a fine of not less than rupees one million and not more than rupees five million or to imprisonment for a term not less than three months and not more than two years, or both such fine and imprisonment and the court may take into consideration the grave nature of the offence committed, in fixing the amount of such fine or the period of such imprisonment.

(2) Where any person is convicted of an offence in terms of paragraph (*a*) of subsection (1), the court may in its discretion, make an additional order to the effect that the person so convicted shall refrain with immediate effect from engaging in, for a period to be specified, the business which he was engaging in without obtaining the required registration licence, authorisation or such other approval as the case may be, and which business he is now prohibited from engaged in until he has obtained a registration, licence, authorisation or such other approval for the same as required.

(3) (*a*) Notwithstanding the provisions contained in any other written law, any person who contravenes or fails to comply with any provision of this Act or any regulation made thereunder commits an offence under this Act and shall be liable on conviction after summary trial before a Magistrate to a fine of not less than rupees five hundred thousand and not more than rupees one million or to imprisonment for a term of not less than three months and not exceeding one year or to both such fine and imprisonment.

(*b*) The court may, in addition, impose a continuing fine not exceeding rupees five hundred thousand in respect of each day on which the fine is so continued.

Offences by a body of persons

69. Where an offence in terms of this Act is committed by an authorised person or persons, then-

(*a*) if that authorised person or persons is a body corporate, every director, manager or secretary of that body corporate;

(*b*) if that authorised person or persons is a firm, every partner of the firm; or

(*c*) if that authorised person or persons is an unincorporated body other than a firm, every member of such body,

shall be deemed to have committed that offence:

Provided that, authorised person or persons of such firm or a member of such unincorporated body shall not be deemed to have committed such offence if he proves that such offence was committed without his knowledge or that he exercised all due diligence to prevent the commission of such offence.

Recovery of surcharges and penalties

70. (1) Where any person fails to pay any surcharge or penalty imposed on him by the Commission, the Commission shall cause a certificate to be issued under its hand.

(2) Such certificate shall contain the particulars of the sum due and the name and address of the defaulter.

(3) Any person aggrieved by the certificate shall, within a period of fourteen days of the posting of such certificate, make an application to the Magistrate's Court to have such certificate set aside or varied.

(4) If no application is made in terms of subsection (3), the sum of money so certified shall be deemed to be a debt due from such person to the Commission and may be recovered by the Commission by issuing a certificate to the District Court.

(5) The provisions of the Civil Procedure Code (Chapter 101) shall be applicable to an application in terms of this section.

Regulations

71. (1) The President or in the event that the subject of the Colombo Port City is assigned to a Minister, such Minister may, in consultation with the Commission and any relevant Regulatory Authority make regulations in respect of all matters for which regulations are required to be prescribed or authorised by this Act to be made.

(2) Without prejudice to the generality of powers conferred by subsection (1), regulations may also be made in respect of all or any of the following matters:–

(*a*) prescribing the Development Control Regulations which are to be applicable within the Area of Authority of the Colombo Port City;

(*b*) identifying for the purposes of paragraph (*p*) of subsection (1) of section 6, the categories of local property rates and other levies to be applicable within the Area of Authority of the Colombo Port City and the sums payable as rates and other levies;

(*c*) specifying for the purposes of paragraph (*q*) of subsection (1) of section 6, the terms and conditions applicable to authorised persons in the establishment and operation of stock, precious metal or commodities exchanges or markets, and the sale of the same in and from the Area of Authority of the Colombo Port City;

(*d*) identifying for the purposes of paragraph (*ga*) of subsection (1) of section 6, the attributes of gaming locations within the Area of Authority of the Colombo Port City, and specifying the manner in which gaming activities are to be carried on or be

operated, and the procedure for obtaining a licence and the licence fees, royalties to be paid and any other related matter, as may be necessary;

(*e*) specifying the functions which may be delegated or assigned to the Estate Manager in terms of paragraph (ha) of subsection (1) of section 6, as are connected with the subjects of condominium management and apartment ownership or which may be additionally required for the purpose of such section;

(*f*) specifying the form of the application, the procedure to be followed in making the application for a registration, licence, authorisation or other approval in terms of subsection (1) of section 27;

(*g*) specifying for the purposes of subsection (5) of section 27, such conditions as may be applicable;

(*h*) specifying for the purposes of paragraph (b) of subsection (2) of section 28, the fee payable for the grant of the respective registration, licence, authorisation or other approval taking into consideration the type of business to be engaged in, in terms of the same;

(*i*) specifying for the purposes of section 36, the procedure applicable to the conversion of such Sri Lanka Rupees to any designated foreign currency;

(*j*) specifying for the purposes of subsection (2) of section 37, the terms and conditions applicable to an authorised person who intends to do business in Sri Lanka outside the Area of Authority of the Colombo Port City with a citizen of Sri Lanka or a resident of Sri Lanka, and specifying the goods or services which cannot be supplied or provided to a person or company in Sri Lanka outside the Area of Authority of the Colombo Port City, in the interest of the domestic economy;

(*k*) specifying for the purposes of section 39, the procedure to be followed in making a remittance of money received in a designated foreign currency other than Sri Lanka Rupees, to a Resident Foreign Currency Account operated and maintained in Sri Lanka;

(*l*) specifying for the purposes of section 40, any levy as may be required to be paid by a citizen of Sri Lanka or a resident on goods purchased at retail facilities within the Area of Authority of the Colombo Port City and the procedure applicable to the conversion of payments made by a citizen of Sri Lanka or resident when using retail facilities or services at restaurants, cinemas, entertainment facilities, shopping facilities or parking facilities within the Area of Authority of the Colombo Port City, into any other designated foreign currency;

(*m*) specifying for the purposes of subsection (6) of section 41, the procedure, terms and conditions as may be applicable in relation to offshore companies under this Act;

(*n*) specifying guidelines as required by section 44, for ensuring the prudent management and maintenance of confidence of the offshore banking business in and from the Area of Authority of the Colombo Port City;

(*o*) specifying regulations for the purposes of section 45, relating to the granting, suspension and cancellation of licences, the capital requirements, reserve funds, maintenance of liquid assets, management of financial and operational risks, the requirement to submit proof of rating of the company, restrictions and penalties for contraventions, of those engaged in offshore banking;

(*p*) specifying for the purposes of section 52, guidelines on the grant of exemptions or incentives to a Business of Strategic Importance;

(*q*) specifying the procedure and other relevant matters as may be applicable to the construction of condominium parcels for lease or transfer on freehold basis, in terms of Part X of this Act;

(*r*) specifying all matters required for the implementation of the provisions of Part XI of this Act;

(*s*) specifying for the purposes of subsection (2) of section 64, the procedure to be followed in cases where an authorised person is permitted to engage in business in Sri Lanka, outside the Area of Authority of the Colombo Port City and any limitations applicable; and

(*t*) prescribing the amounts required to be paid by any person within the Area of Authority of Colombo Port City, in terms of section 70 of this Act as a surcharge or penalty, to the Commission.

(3) Every regulation made under this Act shall be published in the *Gazett*e and shall come into force on the date of such publication or on such later date as may be specified in such regulation.

(4) Every regulation made under this Act shall, within a period of three months from the date of publication thereof in the *Gazette,* be brought before Parliament for approval, unless prevented due to the Parliament not being in session, in which event it shall be placed before Parliament at its earliest.

(5) Any such regulation which is not approved by Parliament shall be deemed to be rescinded as from the date of such disapproval but without prejudice to anything previously done thereunder.

(6) Notification of the date on which any such regulation is deemed to be so rescinded under subsection (5) shall be published in the *Gazette*.

Rules to be published in the *Gazette*

72. All rules made under this Act shall be published in the *Gazette* within three months of the formulation.

Certain enactments to have no application within the Area of Authority of the Colombo Port City

73. The enactments listed in Schedule III to this Act shall have no application within the Area of Authority of the Colombo Port City, since the subjects dealt with in such enactments have been, *mutatis mutandis,* set out in this Act or alternate legal arrangements have been specifically set out in this Act, or such enactments are not relevant and are not required to be applicable within the Area of Authority of the Colombo Port City.

Nothing deemed to restrict the powers, duties and functions vested in regulatory authority

74. Nothing in this Act shall, unless otherwise specifically provided for in this Act, be deemed to restrict in any way the powers, duties and functions vested in any Regulatory Authority by any written law in relation to the Area of Authority of the Colombo Port City.

Interpretation

75. In this Act, unless the context otherwise requires-

"Apartment Ownership Law" means the Apartment Ownership Law, No. 11 of 1973;

"applicable written law" means all written laws of Sri Lanka, unless otherwise expressly stated to the contrary in this Act;

"authorised person" means a person to whom a registration, licence, authorisation or such other approval as required in terms of this Act has been issued or granted by the Commission, subject to any condition as may be stipulated therein;

"Banking Act" means the Banking Act, No. 30 of 1988;

"Board of Investment Law" means the Board of Investment of Sri Lanka Law, No. 4 of 1978;

"Board of Investment" means the Board of Investment of Sri Lanka established under the Board of Investment of Sri Lanka Law, No. 4 of 1978;

"business" means any form of lawful business including a business providing financial or non-financial services and offshore business as permitted by this Act;

"citizen of Sri Lanka" means a citizen of Sri Lanka within the meaning of the Citizenship Act (Chapter 451);

"common areas" means -

(*a*) the canal and the lagoons;

(*b*) parks and civic amenity areas; and

(*c*) beaches and landscaping,

situated within the Area of Authority of the Colombo Port City and any other such area as may be decided by the Commission, to be a common area;

"community rules" means rules specifying guidelines and instructions as formulated from time to time by the Commission, which are to be complied with by the owners and occupiers of Condominium Parcels or premises situated within the Area of Authority of the Colombo Port City, with a view to ensuring the maintenance of harmony and the promotion of a cohesive living environment;

"company" includes any company or body corporate established under the Companies Act, No. 7 of 2007 or a company incorporated in any other jurisdiction under any law, charter, statute or other instrument constituting or defining the constitution of a company;

"Condominium Management Authority Law" means the Condominium Management Authority Law, No. 10 of 1973;

"condominium parcel" shall have the same meaning as given in the Apartment Ownership Law, No. 11 of 1973;

"designated foreign currency" means a foreign currency determined to be "designated foreign currency" by the Monetary Board for the purposes of section 25 of the Banking Act, No. 30 of 1988;

"Development Control Regulations" means development control regulations relating to the Area of Authority of the Colombo Port City and which are prescribed by the President or in the event that the subject of the Colombo Port City is assigned to a Minister, by such Minister in consultation with the Commission to facilitate implementation of the development objectives and the framework, required for the implementation of the Master Plan of the Colombo Port City;

"Government Marketable Land" means that proportion of the reclaimed land situated within the Area of Authority of the Colombo Port City, made available for the undertaking of residential, commercial, leisure, educational, cultural, community-based developments and other similar developments by the Government;

"licensed commercial bank" means a licensed commercial bank, to which a licence in terms of section 5 of the Banking Act, No. 30 of 1988 has been issued by the Monetary Board with the approval of the Minister assigned the subject of Finance;

"Master Plan" means the Plan of the Colombo Port City which provides the conceptual layout to guide future development of the Colombo Port City;

"Monetary Board" means the Monetary Board of the Central Bank of Sri Lanka established under the Monetary Law Act (Chapter 422);

"non-resident" means a person other than a resident;

"offshore banking business" means the provision of banking or financial services by an authorised person as permitted under this Act, payable in any designated foreign currency, other than Sri Lanka Rupees, unless as provided in terms of this Act or as may be prescribed;

"offshore business" means the provision of services, including financial services, by an authorised person as provided for in terms of this Act, and where remuneration is payable in any designated foreign currency, other than Sri Lanka Rupees, unless as provided in terms of this Act or as may be prescribed;

"person" includes a natural person, company, partnership, limited partnership and a foundation, which has been validly established under the laws of Sri Lanka or of any other jurisdiction;

"Project Company" means the developer of the Colombo Port City;

"Project Company Marketable Land" means that proportion of the reclaimed land situated within the Area of Authority of the Colombo Port City, made available to the Project Company by way of Master Leases issued by the Urban Development Authority to the Project Company, for the undertaking of residential, commercial, entertainment and leisure-based developments and other similar developments by the Project Company;

"Regulatory Authority" includes the Monetary Board of the Central Bank of Sri Lanka, the Registrar-General of Companies, the Director-General of the Central Environmental Authority, the Controller of Immigration and Emigration, the Director-General of Customs, and such other regulatory authority or approving authority, and in whom the powers, duties and functions relating to the respective subjects which are dealt with in this Act are vested in or assigned to, in terms of any applicable written law;

"Registrar-General of Companies" means the Registrar-General of Companies or such other officer exercising, performing or discharging, the function of registration of companies, in terms of the Companies Act, No. 7 of 2007;

"resident" means and includes -

(*a*) a citizen of Sri Lanka residing in Sri Lanka;

(*b*) an individual who is not a citizen of Sri Lanka but who has been in Sri Lanka for at least six months and continues or intends to be in Sri Lanka;

(*c*) a company incorporated in Sri Lanka or a body corporate established under any written law or any firm, partnership or other organisation in Sri Lanka;

(*d*) a branch, subsidiary, affiliate, extension, office or any other unit of a company or other juristic person established under the laws of any foreign country, operating in Sri Lanka;

"Securities and Exchange Commission Act" means the Securities and Exchange Commission Act, No. 36 of 1987; and

"Urban Development Authority" means the Urban Development Authority of Sri Lanka established under the Urban Development Authority Law, No. 41 of 1978.

Sinhala text to prevail in case of inconsistency

76. In the event of any inconsistency between the Sinhala and Tamil texts of this Act, the Sinhala text shall prevail.

SCHEDULE I (Sections 2 and 65)

BOUNDARIES OF THE AREA OF AUTHORITY OF THE COLOMBO PORT CITY SPECIAL ECONOMIC ZONE

All that allotment of land marked as Lot Nos. 2 to 7 known as the 'Port City Colombo' depicted in Tracing No. CO/DSO/2019/370 dated 11.06.2019 prepared by the Surveyor General containing in extent of 446.6153 ha. situated in Colombo in the Western Province at the following connection points and the allotment is bounded as follows:-

Connection Point-Western Boundary of the Colombo Divisional Secretary's Division, Colombo District	East coordinate	North coordinate
Northern Connection Point	396913.476	492847.764
Southern Connection Point	397077.037	492290.222

1. Lot No. 2 : Extent : 155.8376 Ha.

   North : Lot Nos. 6 and 1, Colombo Port and Chaithaya Road;

   East : Lot No. 1, Colombo Port, Chaithaya Road, Indian Ocean and Lot No. 7;

   South : Indian Ocean, Lot Nos. 7, 6 and 3;

   West : Lot Nos. 6, 3 and 6.

2. Lot No. 3 : Extent : 15.0933 Ha.

   North : Lot Nos. 2;

   East : Lot Nos. 2 and 6;

   South : Lot Nos. 6 and 4;

   West : Lot Nos. 4 and 6.

3. Lot No. 4 : Extent : 113.5311 Ha.

   North : Lot Nos. 6 and 3;

   East : Lot Nos. 3 and 6;

   South : Lot Nos. 6, 5 and 6;

   West : Lot Nos. 6, 5 and 6.

4. Lot No. 5 : Extent : 14.7856 Ha.

   North : Lot Nos. 6 and 4;

   East : Lot Nos. 6 and 4;

   South : Lot No. 6;

   West : Lot No. 6.

5. Lot No. 6 : Extent : 101.1038 Ha.

   North : Lot Nos. 7, 1, 2, 3, 4, 5, 4, 3 and 2;

   East : Lot Nos. 1, 2, 3, 4, 5, 2 and 7;

   South : Lot Nos. 2 and 7;

   West : Lot Nos. 2 and 7.

6. Lot No. 7 : Extent : 46.2639 Ha.

   North : Indian Ocean, Lot Nos. 1, 6 and 2;

   East : Lot Nos. 1, 6 and 2 and Indian Ocean;

   South : Indian Ocean;

   West : Indian Ocean.

SCHEDULE II (Sections 52 and 53)

ENACTMENTS FROM, OR UNDER, WHICH EXEMPTIONS OR INCENTIVES MAY BE GRANTED

1. The Inland Revenue Act, No. 24 of 2017
2. The Value Added Tax Act, No. 14 of 2002
3. The Finance Act, No. 11 of 2002
4. The Finance Act, No. 5 of 2005
5. The Excise (Special Provisions) Act, No. 13 of 1989
6. The Customs Ordinance (Chapter 235)
7. The Ports and Airports Development Levy Act, No. 18 of 2011
8. The Sri Lanka Export Development Act, No. 40 of 1979
9. The Betting and Gaming Levy Act, No. 40 of 1988
10. Termination of Employment of Workmen (Special Provisions) Act, No. 45 of 1971
11. The Entertainment Tax Ordinance (Chapter 267)
12. The Foreign Exchange Act, No. 12 of 2017
13. Casino Business (Regulation) Act, No. 17 of 2010

SCHEDULE III (Section 73)

ENACTMENTS WHICH SHALL HAVE NO APPLICATION WITHIN THE AREA OF AUTHORITY OF THE COLOMBO PORT CITY

1. The Urban Development Authority Act, No. 41 of 1978
2. The Municipal Council Ordinance (Chapter 252)
3. The Commercial Mediation Centre of Sri Lanka Act, No. 44 of 2000
4. The Town and Country Planning Ordinance (Chapter 269)
5. The Strategic Development Projects Act, No. 14 of 2008
6. Public Contracts Act, No. 3 of 1987
7. The Board of Investment of Sri Lanka Law, No. 4 of 1978

English Acts of the Parliament can be purchased at the "PRAKASHANA PIYASA", DEPARTMENT OF GOVERNMENT PRINTING, NO. 118, DR. DANISTER DE SILVA MAWATHA, COLOMBO 8.