

GOVERNMENT NOTIFICATIONS

NOTIFICATION UNDER THE FINANCE ACT, No. 35 OF 2018

BY virtue of the powers vested in me by Section 51 read with Section 19 of the Finance Act, No. 35 of 2018, I, Mahinda Rajapaksa, Minister of Finance, Economic and Policy Development, do by this Order amend the Finance (Luxury Tax on Motor Vehicles) Regulations, No. 2 of 2019 published in the Extraordinary Gazette Notification No. 2147/72 dated October 31, 2019, as amended by the Extraordinary Gazette Notification Nos. 2153/29 dated December 14, 2019 and 2163/26 dated February 20, 2020, by the repeal of regulation 4 and substitution therefor of the following regulation.

“4. The Luxury Tax on Motor Vehicles shall be applied at zero (0%) rate on following motor vehicles:-

- (a) a motor vehicle, imported into Sri Lanka based on a Letter of Credit established on or before March 05, 2019, subject to no amendment is made to the description or quantity or technical specifications of such motor vehicle in the said Letter of Credit and value or expiry date of the said Letter of Credit and released from the Sri Lanka Customs on or before December 31, 2019;
- (b) a petrol motor vehicle of which the cylinder capacity not exceeding 1,800 cc or a diesel motor vehicle of which the cylinder capacity not exceeding 2,300 cc or an electric motor vehicle of which the motor power of the engine not exceeding 200 kW, imported into Sri Lanka based on a Letter of Credit established within the period from March 06, 2019 to October 31, 2019 subject to no amendment is made to the description or quantity or technical specifications of such motor vehicle in the said Letter of Credit and value or expiry date of the said Letter of Credit and released from the Sri Lanka Customs on or before March 31, 2020; and
- (c) a petrol motor vehicle of which the cylinder capacity not exceeding 1,800 cc or a diesel motor vehicle of which the cylinder capacity not exceeding 2,300 cc or an electric motor vehicle of which the motor power of the engine not exceeding 200 kW, if the Director General of Customs satisfied that any such petrol, diesel or electric motor vehicle, as the case may be, is assembled locally, based on an advance payment made within the period from March 06, 2019 to October 31, 2019 and released from the Sri Lanka Customs on or before May 31, 2020.

Provided however, Secretary to the Treasury may consider any amendment to the Letter of Credit as referred to in sub paragraph (a) and (b) above, if such amendment fall under the following condition and doing in good faith by the importer;

- (i) Motor vehicle referred in the said Letter of Credit shall be imported only for personal use, not for commercial purpose,
- (ii) Motor vehicle referred in the said Letter of Credit shall only be registered on the name of person who submits the amended Letter of Credit for the approval of the Secretary to the Treasury,
- (iii) Motor vehicle shall not be transferred to another person for a period of one (01) year from the date of the first registration of the motor vehicle, and
- (iv) Request for approval of the Secretary to the Treasury for giving effect to the said amended Letter of Credit shall only be submitted to the Secretary to the Treasury in the form of notarized Affidavit inserting the conditions (i), (ii) and (iii) above and reasons for amendment to the said Letter of Credit.”



MAHINDA RAJAPAKSA,
Minister of Finance, Economic and Policy Development

Ministry of Finance, Economic and Policy Development,
Colombo 01,
May 26, 2020.