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Department of Fiscal Policy

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செயலகம், கொழும்பு 01

The Secretariat, Colombo 01

මගේ අංකය
எனது இல
My No. } FP/06/23/01/03 (i)

ඔබේ අංකය
உமது இல
Your No. }

දිනය
திகதி
Date } 27.03.2013

Registrar General

Registrar General's Department

Dear Sir,

Implementation of 2013 Budget Proposals - Revision of 100% Tax on Transfer of Property and Prohibition of Outright transfer of property to Foreigners

This is further to my letter No. FP/06/23/01/03(i) dated 28th December 2012, on the above.

You are kindly informed the followings:

1. The transfer of land (state owned or privately owned) to the following is prohibited;
 - I. a foreign national;
 - II. a foreign company;
 - III. a company incorporated in Sri Lanka of which 50 per cent or more of its shareholding is held by a foreign national or a foreign company
2. The above prohibition will not apply to the following;
 - (a) the transfer is to a Diplomatic Mission or an Inter Governmental or International Multilateral or Bilateral Mission recognized in terms of the Diplomatic Privileges Act No. 9 of 1996; or
 - (b) the transfer is that of a Condominium Parcel situated on the 4th floor (excluding the Ground floor) or above of a building coming under the provisions of Apartment Ownership Law No. 11 of 1973; or
 - (c) a company incorporated in Sri Lanka of which 50 per cent or more of its shareholding is held by a foreign national or a foreign company which is in operation for at least a consecutive period of 10 years at the time of land is registered ; or
 - (d) where the Minister in charge of the subject of Finance in consultation with the Minister in charge of the subject of land, has in the interest of the national economy, with the prior approval of the Cabinet of Ministers, by order published in the gazette, has determined to exempt a foreign national or a foreign company from the application of the prohibition, provided there is a substantial foreign remittance for the purpose of purchase of land.

Further, transfers permitted in terms of 2(a), (b) and (c) will also not attract a land related tax. However, transfers permitted in terms of 2(d) will attract a land

related tax, based on considerations as may be prescribed by the Minister by Order published in the related Gazette Notification.

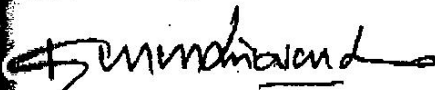
3. Disposition of land to those noted at 1 above, is permitted other than through a transfer of land, such as by way of a lease, tenancy or a similar arrangement, subject to a maximum period of 99 years. Such arrangement will attract a land tax, as will be specified in terms of the proposed law.

Hence, you may proceed with registration of categories referred to at 2. (a), (b) and (c) as such categories will not attract any land tax.

In the case of transfers set out at 2(d) above and dispossessions permitted as set out at 3 above, you may proceed with registration having collected an interim payment equivalent to 15 per cent of the related value, for and on behalf of the Commissioner General of Inland Revenue, to facilitate related transactions with least disruptions, on the basis that the registration will be confirmed upon the payment of the amount due as per the proposed law which is to be enacted in the near future, as envisaged in the Budget 2013.

Thanking you,

Yours faithfully,



K.M.M. Siritwardana

Director General

- Cc:**
1. Secretary, Ministry of Defence and Urban Development
 2. Secretary, Ministry of Economic Development
 3. Secretary, Ministry of Public Administration
 4. Secretary, Ministry of Land and Land Development
 5. Secretary, Ministry of Construction, Engineering Services, Housing and Common Amenities
 6. Secretary, Ministry of Investment Promotion
 7. Commissioner General, Department of Inland Revenue
 8. Commissioner General, Land Commissioner General's Department
 9. Chairman, Board of Investment of Sri Lanka
 10. Chairman, Tourism Development Authority