



PARLIAMENT OF THE DEMOCRATIC SOCIALIST REPUBLIC OF SRI LANKA

COLOMBO PORT CITY ECONOMIC COMMISSION (AMENDMENT) ACT, No. 1 OF 2026

[Certified on 20th of January, 2026]

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*Colombo Port City Economic Commission
(Amendment) Act, No. 1 of 2026*

[Certified on 20th of January, 2026]

L.D.-O. 47/2025

**AN ACT TO AMEND THE COLOMBO PORT CITY ECONOMIC
COMMISSION ACT, NO. 11 OF 2021**

BE it enacted by the Parliament of the Democratic Socialist Republic of Sri Lanka as follows: -

<p>1. This Act may be cited as the Colombo Port City Economic Commission (Amendment) Act, No. 1 of 2026.</p> <p>2. Section 27 of the Colombo Port City Economic Commission Act, No. 11 of 2021 (in this Act referred to as the “principal enactment”) is hereby amended by the insertion immediately after subsection (2) thereof, of the following new subsection: -</p> <p>“(2A) Unless a licence and a certificate of registration are issued to an applicant as required under the provisions of subsections (3) and (4) of section 26, the Commission shall not charge any fee, including a land use fee, other than the fee specified in subsection (2) from such applicant.”</p> <p>3. Section 35 of the principal enactment is hereby repealed and the following section is substituted therefor: -</p> <p>“Authorised person permitted to employ a resident or non-resident person</p>	<p>Short title</p> <p>Amendment of section 27 of Act, No. 11 of 2021</p> <p>Replacement of section 35 of the principal enactment</p>
<p>35. (1) A person to whom a registration, licence, authorisation or other approval has been issued or granted prior to the date of commencement of this section by the Commission 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.</p> <p>(2) For the purposes of subsection (1), for a period of three years commencing from the month immediately following the month in which this section comes into operation-</p>	

(a) any employment income of a resident employee employed by a person referred to in subsection (1) 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; and

(b) any employment income of a non-resident employee employed by a person referred to in subsection (1) 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.

(3) Any employment income of a resident employee and a non-resident employee of a person to whom a registration, licence, authorisation or other approval has been issued or granted by the Commission on or after the date on which this section comes into operation shall be liable to income tax.”.

Amendment of
section 36 of
the principal
enactment

4. Section 36 of the principal enactment is hereby amended by the substitution for the words “to a designated foreign currency in such manner and subject to such conditions as shall be prescribed.”, of the words and figures “to a designated foreign currency as may be prescribed under the provisions of the Foreign Exchange Act, No. 12 of 2017.”.

Amendment of
section 42 of
the principal
enactment

5. Section 42 of the principal enactment is hereby amended as follows: -

(1) by the repeal of subsection (1) of that section and the substitution therefor, of the following subsection: -

“(1) Notwithstanding the provisions of the Banking Act, the provisions of this Part shall 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) by the repeal of subsection (2) of that section and the substitution therefor, of the following subsection: -

“(2) A company or a body corporate incorporated or established in another country and authorised to carry on banking business under any law, charter, statute, article of association or any other instrument constituting or defining such incorporation or establishment and authorisation in that 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.”;

and

(3) in subsection (3) of that section, by the substitution for the words “grant a licence under the Banking Act”, of the words “grant a licence under this Act”.

6. The following new sections are hereby inserted immediately after section 42 of the principal enactment and shall have effect as sections 42A, 42B, 42C, 42D, 42E and 42F of that enactment: -

“Application
of
international
banking
standards

42A. (1) The Central Bank shall carry out the regulation and supervision of a person to whom a licence has been issued to carry on offshore banking business under this Part.

Insertion of new
sections 42A,
42B, 42C, 42D,
42E, and 42F in
the principal
enactment

(2) For the purposes of subsection (1), the Central Bank shall have the authority to issue any Order, direction or determination as it may consider necessary, to any person to whom a licence has been issued to carry on offshore banking business under this Part, in accordance with the international standards adopted from time to time.

(3) A person to whom a licence has been issued to carry on offshore banking business under this Part shall comply with the Order, direction or determination referred to in subsection (2).

(4) For the purposes of subsection (2), the international standards shall include, but not be limited to, the requirements on capital adequacy, liquidity, risk management, supervisory review, and market discipline.

Capital adequacy requirements

42B. A person to whom a licence has been issued to carry on offshore banking business under this Part shall maintain the minimum capital requirement, capital adequacy ratio and leverage ratio as may be determined by the Central Bank in accordance with international standards adopted from time to time.

Risk management and supervisory review

42C. A person to whom a licence has been issued to carry on offshore banking business under this Part shall establish and maintain a robust risk management framework to identify, measure, monitor, and mitigate risks including, but not limited to, credit risk, operational risk, liquidity risk and market risk in accordance with the international standards adopted from time to time.

Liquidity requirements

42D. A person to whom a licence has been issued to carry on offshore banking business under this Part shall maintain liquidity requirements as may be determined by the

Central Bank from time to time, in accordance with international standards adopted from time to time.

Disclosure and transparency

42E. (1) A person to whom a licence has been issued to carry on offshore banking business under this Part shall make periodic public disclosure including, but not limited to, of its financial position, capital adequacy, and liquidity, subject to the directions issued by the Central Bank in accordance with the international standards adopted from time to time.

(2) Such disclosure shall be in a form and manner as may be specified by the Central Bank by way of directions.

Directives, guidelines, and prudential standards

42F. Where a person to whom a licence has been issued to carry on offshore banking business under this Part –

- (a) fails to comply with any provision of this Act or any regulatory requirement imposed thereunder;
- (b) engages in any fraudulent, unsafe or unsound banking practices; or
- (c) carries on its operations in a manner which the Central Bank is of the view that it would be detrimental to the preservation of financial stability,

the Central Bank may require such person to take such corrective measures as it may consider necessary, or impose such penalties and restrictions as it may determine:

Provided that nothing contained in this section shall restrict or prevent the Central Bank from recommending to the Minister assigned the subject of Finance to suspend, revoke or cancel the licence issued to such person to carry on offshore banking business under this Part, with notice to the Commission.”.

Replacement of section 43 of the principal enactment

7. Section 43 of the principal enactment is hereby repealed and the following section is substituted therefor: -

“Suspension, revocation or cancellation of a licence

43. (1) 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 may be suspended, revoked or cancelled by the Minister assigned the subject of Finance on the recommendation of the Central Bank:

Provided that prior to the suspension, revocation or cancellation of a licence under this section, the Minister assigned the subject of Finance shall afford the licensee an opportunity of being heard in its defence.

(2) The Minister assigned the subject of Finance may call for further information on such other matters which in his opinion merit inquiry, from the Central Bank, the Commission or such other person, prior to making a decision on suspension, revocation or cancellation of a licence. Such decision shall be communicated to the licensee, the Central Bank and the Commission.”.

Repeal of section 45 of the principal enactment

8. Section 45 of the principal enactment is hereby repealed.

Replacement of section 46 of the principal enactment

9. Section 46 of the principal enactment is hereby repealed and the following section is substitute therefor: -

“Nature of business that may be conducted by a person issued with a licence to carry on offshore banking business

46. (1) Any person to whom a licence has been issued to carry on offshore banking business under this Part may conduct any of the following businesses: -

- (a) accept savings, time and demand deposits from any 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 any designated foreign currency with a non-resident;
- (f) engage in any other transaction in any designated foreign currency, 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 Central Bank.

(2) Without prejudice to the provisions of subsection (1), a person to whom a licence has been issued to carry on offshore banking business under this Part may accept savings, time and demand deposits from, or lend to any authorised person or resident in any designated foreign currency, subject to the prior written approval of the Central Bank:

Provided that in granting such approval, the Central Bank shall satisfy itself that the envisaged transaction shall not be detrimental-

(a) to the objects of the Central Bank under the provisions of the Central Bank of Sri Lanka Act, No. 16 of 2023 to achieve and maintain domestic price stability and securing the financial system stability; and

(b) to effectively carry out the prudent and effective management of official international reserves under the provisions of the Central Bank of Sri Lanka Act, No. 16 of 2023:

Provided further that, the approval under this subsection may be granted to a specific class or classes of residents or transactions and subject to such terms and conditions as the Central Bank may consider necessary.

(3) Without prejudice to the other provisions of this section, a person to whom a licence has been issued to carry on offshore banking business under this Part may, subject to such terms and conditions as the Central Bank may consider necessary, borrow in any designated foreign currency from banks licensed under the Banking Act.

(4) Nothing contained in this section shall prevent a person to whom a licence has been issued to carry on offshore banking business under this Part from opening and maintaining a non-interest-bearing rupee account in any

licensed commercial bank in Sri Lanka for the purposes of meeting expenditure relating to its operations, and credit to such account shall be through conversion of foreign currency remitted into Sri Lanka.”.

10. Section 48 of the principal enactment is hereby repealed and the following section is substituted therefor: -

Replacement of section 48 of the principal enactment

“Audit of accounts

48. (1) The Central Bank shall-

- (a) issue by way of a direction, a list of qualified auditors to audit the accounts of a person to whom a licence has been issued to carry on offshore banking business under this Part;
- (b) cause such person to appoint an auditor from among such auditors;
- (c) require such person to submit the report of the auditor for the review of the Central Bank in such form and manner and intervals as may be determined by the Central Bank; and
- (d) require such further audits by the same auditor or such other auditor from the list, as may be required, if in the opinion of the Central Bank, the audit report submitted under paragraph (c) is inadequate, the scope of the audit is limited, or for such other reason as the Central Bank may think fit:

Provided however that all costs associated with any audit carried out hereunder shall be borne by such person.

(2) A person to whom a licence has been issued to carry on offshore banking business under this Part shall cause a copy of such audit report as referred to in subsection (1) to be served on the Commission at the same time such report is submitted to the Central Bank.”.

Repeal of
section 49
of the
principal
enactment

11. Section 49 of the principal enactment is hereby repealed.

Insertion
of new
section 51A
in the
principal
enactment

12. The following new section is hereby inserted immediately after section 51 of the principal enactment and shall have effect as section 51A of that enactment: -

“This Part
not to apply
to banks
licensed
under the
Banking
Act

51A. Nothing contained in this Part shall apply to banks licensed under the Banking Act that carry out their operations in and from the Area of Authority of the Colombo Port City with the approval of the Central Bank under the Banking Act.”.

Amendment of
section 52
of the principal
enactment

13. Section 52 of the principal enactment is hereby amended as follows: -

- (1) in subsection (2) of that section, by the substitution for the words “may identify businesses,”, of the words “may identify businesses according to the criteria as may be prescribed,”;
- (2) immediately after subsection (3) of that section, by the insertion of the following new subsection: -

“(3A) The granting of tax related exemptions referred to in subsection (3) shall be subject to a technical analysis by the Ministry of Finance, with the relevant technical inputs provided by the Commission. It shall be the

responsibility of the Commission to monitor the ongoing performance of Businesses of Strategic Importance against the specified targets.”;

(3) by the repeal of subsection (5) of that section and substitution therefor, of the following new subsections: -

“(5) Regulations may be made prescribing minimum investment and category, minimum job creation, and exemptions and incentives.

(5A) The Ministry of Finance may, in consultation with the Commission, review the exemptions and incentives applicable to Businesses of Strategic Importance under this Act, every five years.”; and

(4) by the repeal of subsection (7) of that section and the substitution therefor, of the following subsection: -

“(7) The period of validity of such exemptions or incentives granted in terms of this section shall be as prescribed.”.

14. The following new sections are hereby inserted immediately after section 52 of the principal enactment and shall have effect as sections 52A, 52B, 52C, 52D and 52E of that enactment: -

“Ex-post monitoring of Businesses of Strategic Importance

52A. (1) The Commission shall, from time to time as it deems appropriate in respect of any project, evaluate the ex-post monitoring of key performance indicators, and disclose the outcomes and fiscal impacts of the Businesses of Strategic Importance to the public by publication on its official website.

Insertion of new sections 52A, 52B, 52C, 52D and 52E in the principal enactment

(2) Where any authorised person of Businesses of Strategic Importance fails to comply with the approved key performance indicators, the Commission shall issue a notice of non-compliance to the authorised person, which shall include—

- (a) the nature of the non-compliance;
- (b) a specified time frame for corrective action;
- (c) a directive requiring immediate compliance and recommendation to take any other remedial or enforcement action as may be necessary to ensure compliance; and
- (d) a requirement to submit a compliance plan, where appropriate.

(3) Where any authorised person of Businesses of Strategic Importance fails to take corrective action within the time specified by the Commission, the Commission may, having regard to the nature and gravity of the non-compliance, take one or more of the following actions:-

- (a) restrict, suspend or revoke any or all exemptions or incentives granted under this Act in respect of the Businesses of Strategic Importance; or
- (b) impose administrative penalties to recover the loss incurred in that connection.

Notice to
show cause

52B. (1) The Commission shall, before taking action specified in paragraph (a) or (b) of subsection (3) of section 52A, issue a notice in

writing to the authorised person of the Businesses of Strategic Importance, specifying the grounds for the action.

(2) A notice under subsection (1) shall require the authorised person of the Businesses of Strategic Importance to show cause within a period of one month from the date of receipt of the notice, as to why the actions specified in paragraph (a) or (b) of subsection (3) of section 52A should not be taken.

(3) The authorised person of the Businesses of Strategic Importance shall be afforded a reasonable opportunity to be heard, either in person or through an authorised representative, before a final decision is made.

(4) Upon the consideration of any representations made by the authorised person of the Businesses of Strategic Importance or his representative, the Commission may, for the reasons to be recorded in writing, restrict, suspend, or revoke any or all exemptions or incentives granted under this Act in respect of the Businesses of Strategic Importance.

Filing of
tax
returns

52c. Every authorised person shall file tax returns in terms of the provisions of the Inland Revenue Act, No. 24 of 2017.

Annual
report
of tax
expenditures
for the
Businesses
of Strategic
Importance

52d. The Ministry of Finance shall, in respect of each financial year, publish on its official website an annual report on tax expenditures relating to all Businesses of Strategic Importance under this Act.

Review

52e. The Ministry of Finance may, in consultation with the Commission, review the tax holiday period, and the exemptions and incentives applicable to Businesses of Strategic

Importance under this Act, upon the expiry of five years.”.

Amendment of section 53 of the principal enactment

15. Section 53 of the principal enactment is hereby amended by the repeal of paragraph (c) of subsection (2) of that section and the substitution therefor, of the following paragraph: -

“(c) the proposed date of commencement and the date on which such exemptions or incentives shall cease as prescribed;”

Amendment of section 71 of the principal enactment

16. Section 71 of the principal enactment is hereby amended in subsection (2) of that section as follows: -

(1) by the repeal of paragraph (o) of that subsection; and

(2) by the repeal of paragraph (p) of that subsection and the substitution therefor, of the following paragraph: -

“(p) prescribing minimum investment and category, minimum job creation, and exemptions and incentives;”.

Amendment of section 75 of the principal enactment

17. Section 75 of the principal enactment is hereby amended as follows: -

(1) by the insertion immediately after the definition of the expression “business”, of the following new definition: -

“ “Central Bank” means the Central Bank of Sri Lanka established under the Central Bank of Sri Lanka Act, No. 16 of 2023;”; and

(2) by the insertion immediately after the definition of the expression “Government Marketable Land”, of the following new definition: -

“ “international standards” means the standards that comprise of principles, guidelines, processes, or characteristics, that have been developed through the consensus of experts from many countries and published by a globally recognized institution including the Basel Committee on Banking Supervision and the Financial Stability Board;”.

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

Sinhala text
to prevail in
case of
inconsistency

