



***THE MINISTRY OF ENTERPRISE DEVELOPMENT  
AND INVESTMENT PROMOTION***

**THE SCHEME FOR GRANTING DUTY FREE  
CONCESSION  
FOR THE IMPORTATION OF NEW MACHINERY  
UTILIZING ADVANCED TECHNOLOGY**

***LANLIB BUILDING  
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Reg.No	
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INVESTMENT PROMOTION**

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**APPLICATION FOR THE DUTY FREE CONCESSION FOR  
IMPORTATION OF NEW MACHINERIES FALLING UNDER HS  
CHAPTERS 84/85.**

1. Name of the Company :

2. Date of Incorporation /  
Registration :

3. Nature of Business :

4. Address(Head Office)  
Name & Telephone no.  
of contact person :

5. Location :

6. Bankers :

# **THE SCHEME FOR THE IMPORTATION OF NEW MACHINERY UTILIZING ADVANCED TECHNOLOGY**

## **1. INTRODUCTION**

- 1.1 The Government has introduced incentives to facilitate utilization of advanced technology with the objective of promoting SME based investment for increasing productivity and enhancing competitiveness of SME sector, in the budget proposals 2006.
- 1.2 Based on the above Budget proposals the Ministry of Advanced Technology and National Enterprise Development (now Ministry of Enterprise Development and Investment Promotion) has formulated the following scheme for the importation of new machinery, equipment and industrial plants utilizing advanced technology.
- 1.3 The validity period of this scheme has been extended till 31<sup>st</sup> December 2009.

## **2. OBJECTIVES**

- 2.1 The objective of the scheme is to assist the enterprises to enhance their capacity while improving the quality of the products and services thus enabling them to be competitive in the market.

## **3. WHAT IS ADVANCED TECHNOLOGY**

Any one of the following will be considered as Advanced Technology.

- 3.1 Technology which introduces a new design, formula or process in the manufacturing of an article or in the provision of a service resulting on one or more of the following will be deemed as Advanced Technology.
  - Higher productivity resulting in lower cost of production.
  - Quality improvement of product/service.
  - Better utilization of raw materials.
  - Upgrading of technical skills.
  - Improving competitiveness.

- 3.1 Technology hitherto not applied in Sri Lanka for manufacture of new products or provision of new service.
- 3.2 Technology for the local processing of raw materials, which are currently imported in processed form, excluding simple types of processing.
- 3.3 Technology hitherto unutilized in Sri Lanka that would make use of local resources to produce public utilities and infrastructure services.
- 3.4 Technology hitherto unutilized in Sri Lanka for environmental protection and industrial pollution management.

#### **4. WHO ARE ELIGIBLE FOR THE CONCESSION**

- 4.1 The companies/ Enterprises in the manufacturing and services sector utilizing advanced technology with minimum investment of Rs. 2mn within one year on machinery , equipment and industrial plants excluding land and building.
- 4.2 The companies/ Enterprises with assets less than Rs.100mn are eligible to import machinery, equipment and industrial plants under this scheme (excluding land & building ).
- 4.3 The Inventors, who obtain patent rights for their inventions and also registered with the Inventors Commission, are eligible to import machinery, equipment and industrial Plants to commercialize their products under this scheme subject to a maximums ceiling of Rs. 5 million CIF Value.
- 4.4 Government agencies who import machinery, equipment, industrial plants which are meant to be distributed among SME's under various development programs are also eligible to duty concession under this scheme subject to the following conditions
  - a) Govt. approved procurement procedure should be met.
  - b) Progress of such development programs should be monitored by respective Govt. and a brief report should be submitted to the Ministry.

#### **5. THE CRITERIA TO BE ELIGIBLE**

- 5.1 The minimum CIF value in each consignment should be Rs. 200,000.00.
- 5.2 The type of machinery, equipment and industrial plants to be imported should be Brand New which have been manufactured within 3 years.(Exporter should certify to the effect that the items to be exported are within the stipulated period in the respective proforma Invoice )

## **6. SPECIAL CONDITIONS**

- 6.1. Under this scheme only the Customs duty component payable on the imported items will be set-aside in terms of Section 50(A) of the Customs Ordinance.
- 6.2. Only the parties eligible to such concessions can import the machinery, equipment and industrial plants utilizing "Advanced Technology" as specified at paragraph 3 above and approved by the Ministry of Enterprise Development and Investment Promotions under this scheme.
- 6.3. The machinery equipment and industrial plants to be imported under this scheme should be imported by the parties eligible for such concession as specified in paragraph 4 herein above and should be imported for the exclusive use of such eligible parties for the exclusive purpose stated in the application.
- 6.4. The eligible party should utilize such items for a period not less than five years from the date of importation. Disposal/sale of such items before the expiry of that period will render them liable to pay the Customs duties that were applicable at the time of importation. However, the Secretary to the Ministry of Finance may in consultation with the Director General of Customs waive the portion of duties that is in proportion to the time of usage from the date of import, up to the date of disposal/sale. The request for disposal should be forwarded to the Ministry of Finance and Planning through the Ministry of Enterprise Development and Investment Promotion for consideration.
- 6.5. The machinery, equipment and industrial plants imported should be used only by the company applying for the concession and transfer to a subsidiary company, associate company or a company within the same group of companies or hire, rent or lease to another company, needs the specific prior approval from the Ministry. Failure to do so will render the party who imported the items under this scheme is liable to pay the Customs duties set aside at the time of importation.

- 6.6. The party utilizing this concession should import the approved machinery equipment and industrial plant within six months from the date of issuance of the letter granting the duty concession.
- 6.7. If the concession holder due to circumstances beyond its control is unable to import the approved items within the stipulated time frame, the party may apply in writing for and extension of the validity period for import within 6 months from the date of expiry to the Ministry of Enterprise Development and Investment Promotion for approval.
- 6.8. Only the machines/equipment/industrial plants fall under HS chapter 84 & 85 of the Custom Ordinance qualify under this scheme to be imported.

## **7. HOW TO OBTAIN THE CONCESSION**

- 7.1 Application should be forwarded to the Secretary, Ministry of Enterprise Development and Investment Promotion, 46/56, Lanlib Building, Navam Mawatha, Colombo 02. with a payment of a processing fee of Rs. 1000/-, to reach him, **before placing the order.**
- 7.2 The following documents should be attached to the application
- Two copies of the application
  - Four Copies of the Proforma Invoice.
  - Copy of the certificates of Business Registration / The Memorandum & Articles of association or Business Registration Certificate in the case of proprietorship.
  - Copy of the Audited Financial Report.
  - Project Proposal for the total investment package
  - Recommendation from the relevant Line Ministry or regulatory agency.

**7. Investment (Rs. Million)**

**7.1 For expansion/New**

	<b>Existing</b>	<b>Expansion/New</b>
Land & Building	<input type="text"/>	<input type="text"/>
Machinery & Equipment	<input type="text"/>	<input type="text"/>
Working Capital	<input type="text"/>	<input type="text"/>
Others (specify)	<input type="text"/>	<input type="text"/>
Total assets value	<input type="text"/>	<input type="text"/>

**8. No of Employees**

	<b>Skilled</b>	<b>Unskilled</b>	<b>Managerial</b>
Total	<input type="text"/>	<input type="text"/>	<input type="text"/>

**8.1 For expansion/New**

	<b>Existing</b>	<b>Expansion/New</b>
Scientists	<input type="text"/>	<input type="text"/>
Engineers	<input type="text"/>	<input type="text"/>
Technicians	<input type="text"/>	<input type="text"/>
Professionals (Management)	<input type="text"/>	<input type="text"/>

9. Description and the H.S. Code of the machinery/ equipment and industrial plants to be imported : Please fill the attached form "A"

10. Description of Advanced Technology : Please fill the attached form "B"

I/We hereby apply for duty free concession announced by the Government. I am /We are aware that the concession granted will be withdrawn and in that event undertake to pay due taxes determined by the Director General of Customs if the investment and machinery criteria requirements are not within the stipulated period.

I am/We are also aware that the machinery imported should be used exclusively by us for the purpose stated in the guidelines for granting duty free concession for the import of new machinery. The disposal of such machinery before the expiry of five year will make me/ us liable to pay the duty component as determined by the Director General of Customs.

Signature : Designation :

Name : Date :



**Form (A)**

**Description of Machinery**

<b>Item</b>	<b>No. of units</b>	<b>HS Code</b>	<b>CIF Value (in foreign currency)</b>

**Form (B)**

**Description of Advanced Technology**

1. Is this proposed advanced technology currently being used for the manufacturing of products or provision of services in the country? .....

If yes, list such industries that are currently using this advanced technology in the country.

2. Does the proposed technology enable the manufacture of products that are currently being imported to the country? .....

If yes, list the volumes and values of such imports for the past three years.

3. Does the proposed technology enable the provision of new services that are currently being outsourced to foreign countries? .....

If yes, list the volumes of such services outsourced for the past three years.

4. Does the proposed technology enable the use of local resources to produce public utilities and infrastructure services?  
.....

Give Details.

5. Does the proposed technology enable you to control pollution generated by your facility and or protect the environment? .....

Give Details.

6. Does the proposed technology introduce a new design/formula/process in the manufacturing of a product or in the provision of a service in your industry? .....

If yes, explain in detail the benefits to your industry by answering the following.

- a. Will it increase your productivity while reducing the cost of production?
  
- b. Will it improve the quality of your product or services?
  
- c. Will there be better utilization of raw materials with less wastage in your production line?
  
- d. Will the technical skills of your staff be upgraded by introducing this technology?
  - i. Increase in the number of science/engineering graduates employed?
  
  - ii. Increase in the number of technicians employed?
  
  - iii. Increase in the number of formal technical qualifications of employees.