

Import and Export (Control) Act, No 1 of 1969

Regulations made by the Minister under section 20 to read with sub-section (3) of section 4 and section 14 of the Import and Export (Control) Act, 1969 as amended by Act No. 48 of 1985 and Act No. 28 of 1987.

Mahinda Rajapaksa
Minister of Finance, Economic and Policy Development

21 May 2020
At the Ministry of Finance, Economic and Policy Development.
Colombo 01

Regulations

1. The following Regulations are issued as an interim measure for strengthening and reviving the national economy during the Covid-19 health quarantine process and these Regulations may be cited as the Imports and Exports (Control) Regulations No. 02 /2020
2. Imports and Exports (Control) Regulations No. 01 of 2020, published in the Gazette Extraordinary No. 2171/5 dated 16 April 2020, are hereby updated as per the timely requirement and the Regulations published in the Gazette Extraordinary No. 2171/5 dated 16 April 2020 shall be effective until 21 May 2020, and the regulations in this Gazette shall come into effect from 22 May 2020.
3. Regulation No. 2, published in the Gazette Extraordinary No. 2171/5 dated 16 April 2020, is amended hereby and the Payment terms 3 (1) b, 3(1) c, 11 and 12 and the related regulations published in the Gazette Extraordinary No. 1739/3 dated 2 January 2012 shall be valid and effectual from 16 April 2020 and Payment terms and the related regulations published in the Gazette Extraordinary No. 1739/3 dated 2 January 2012 shall be effectual subjected to Regulation 4 below.
4. If it is an instance of importation of all goods, including the item (s) of the Schedule I and II, which are to be loaded on a date not exceeding 90 days from 16 April 2020 in the country where the goods are shipped, or regarding of the Temporary Import for Export Processing (TIEP) scheme, such imports shall only be made under the payment methods mentioned in 3 (1) a, 3 (1) b, 3(1) c, when exporting finished goods subject to minimum local value addition of 20%, and to improving the value addition of exportable goods, and in the

instance of importing by providing a certificate to the Sri Lanka Customs and the relevant bank that the foreign exchange earnings shall be deposited in a bank in Sri Lanka within 60 days of exporting of the goods. The exporters can deal with their banks, and Sri Lanka Customs and approval of other institutions is not required.

5. Importation of raw material for export is not subject to the restrictions set out in the Regulations of this *Gazette* for the following instances
 - a. Importation on no foreign exchange basis;
 - b. The importation made by using funds of foreign buyer and without obtaining funds from local banks;
 - c. The importation for export done through the deposits made out from the earnings of their exports of the foreign currency bank accounts (FCBU and BFCA) subject to not - exceeding the positive balance.
6. The importer shall declare the source of earning of foreign currency to the local bank when executing the regulation No. 5.
7. On the Recommendations of the Technical Evaluation Committee of Trade and Custom Based Taxation appointed by the President to strengthen and revive the national economy during the Covid-19 Health Quarantine process, the items in schedules I and II have been identified, and the imports of those items shall be subjected to the restrictions prescribed by the regulations below.
8. The importation of the item (s) stipulated in Schedule I, which are loaded to a ship/air craft on a date not exceeding 90 days from 16 April 2020, from the country where the goods are shipped targeting the local market shall be temporarily suspended under the payment terms 3 (1)a, 3 (1) b, and 3 (1) c, of the Regulations of the Gazette Extraordinary No. 1739/3 dated 2 January 2012.

However, when there is at least 35% of local value addition, and where the raw material is not available locally, the items listed in Schedule I, can be imported only on a 30-60 day credit facility provided by the foreign supplier. The Sri Lanka Customs shall submit a monthly report to the Cabinet of Ministers through the Ministry of Finance, calculating the value addition of the import substitution industries after consulting the relevant Ministries and State Institutions.

9. Importation of items (s) stipulated in Schedule II, which are loaded to a ship/air craft on a date not exceeding 90 days from 16 April 2020, from the country where the goods are shipped targeting the local market, other than IT equipment, communication equipment, cement, sugar and palm oil, can be imported only on minimum 90-days credit facility provided by the foreign supplier from the loading date of the goods or on the availability of foreign currency deposits in local banks for its import.
IT equipment, communication equipment, cement, sugar, and palm oil, can be imported only on the minimum 180-days credit facility provided by the foreign supplier from the loading date of the goods or on the availability of foreign currency deposits in local banks for its import.
10. The goods that are required for flagship projects approved under Section 17 of the Board of Investment Act No. 4 of 1978 and listed in Schedule I, which are not mentioned in the Negative list issued by the Ministry of Finance, can be imported under the direct foreign investments of investors. Furthermore, the loans of local banks shall not be used for importation.
11. Any person who submits an application to a bank to make payment for the import of the item (s) listed in Schedules I & II shall mention the correct HS code as specified in Schedule 'A' of the Customs Ordinance and the relevant Schedule of the item(s), in the application.
12. In terms of Section 21 of the Imports and Exports Control Act No. 1 of 1969, restrictions specified in the regulations issued under that Act are deemed as the restrictions imposed under the Customs Ordinance. Therefore, the Director General of Customs shall act per the objectives of these Regulations.
13. To achieve the objectives of these regulations, the Controller General of Imports and Exports shall issue operational instructions to the Director General of Customs and the local banks.
14. The head of the Department of Foreign Exchange and the head of the Bank Supervision Department of the Central Bank of Sri Lanka must ensure that the commercial banks function as per the objectives of these regulations.
15. Where the bank acts in violation of the provisions of these Regulations, the Director General of Customs shall notify the Head of the Department of Foreign Exchange and the Controller General of Imports and Exports of such circumstance and shall forward the details of such violations along with all documentary evidence relating thereto to them. The Head of the Department of Foreign Exchange and the Controller General of Imports and Exports shall take actions as provided for in the law or inform the relevant authority to take appropriate actions, as the case may be.

16. Where any person who is the Declarant or the Importer acts in violation of the provisions of these regulations, the Director General of Customs and the Controller General of Imports and Exports shall take actions as provided for in law and as per the approval obtained in accordance with the concurrence given to the Minister of Finance by the President on the recommendations of the Technical Evaluation Committee of Trade and Custom Based Taxation.
17. The final decision shall be made on the issues arising in the implementation of the above regulations as per the approval obtained in accordance with the concurrence given to the Minister of Finance by the President on the recommendations of the Technical Evaluation Committee of Trade and Custom Based Taxation concerning strengthening and revival of the National Economy in the Covid-19 Health Quarantine Process.
18. In these Regulations –

'The temporary suspension of imports' shall mean that the importation of goods which does not comply with the conditions stated above.