GOVERNMENT OF SRI LANKA

SOP | Standard Operating Procedures

For Automobile Manufacturing/Assembling Industry & Automobile Components Manufacturing Industry of Sri Lanka

MINISTRY OF INDUSTRIES

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Ministry of Industries

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ශ්‍රී ලංකා ජනාධිපති
இலங்கை சனாதிபதி
President of Sri Lanka

ශුභපැතුම් පණිවිඩය

වාහන එකලස් කිරීමේ සහ වාහන අමතර උපාංග නිෂ්පාදනය කිරීමේ කර්මාන්ත පිළිබඳ සම්මත මෙහෙයුම් පටිපාටිය එළිදැක්වීමේ අවස්ථාව මෙරට වාහන නිෂ්පාදන කර්මාන්තයේ ජයග්‍රාහී පියවරකි. දේශීය ව්‍යාපාරිකයා සේම කර්මාන්ත නහා සිටුවමින් දේශීය ආර්ථිකයක් වෙනුවෙන් රජය දී ඇති ප්‍රමුඛතාවය ද ඉන් තහවුරු කෙරේ.

ආර්ථිකයේ අයිතිය ජනතාවට භාර කෙරෙන ජනතා කේන්ද්‍රීය ආර්ථිකයක් තුළින් ජනතාවට ඉහළ ජීවන මට්ටමක් අත්කර දීම "සෞභාග්‍යයේ දැක්මේ" ඉලක්කයයි. ඒ සඳහා දේශීය සම්පත් ආරක්ෂා කර ගැනීමට සේම, දේශීය ව්‍යවසායකත්වයක් ගොඩනැගීම කෙටි සහ දීර්ඝ කාලීන සැලසුම් ක්‍රියාත්මක කර තිබේ .

ආර්ථික ඉලක්ක සාධනයෙහිලා නූතන තාක්ෂණය අත්‍යාවශ්‍ය සාධකයකි. එබැවින් තාක්ෂණික නව්‍යකරණය ඔස්සේ දෙස් විදෙස් වෙළෙඳපොළේ ඉල්ලුමක් ඇති අන්තර්ජාතික ප්‍රමිතීන්ට අනුකූල නිෂ්පාදන බිහිකිරීමට අවශ්‍ය ආයතනික විධිවිධාන නොපමාව සැලසිය යුතුය.

නව මෙහෙයුම් පටිපාටිය එළිදැක්වීම සමග දේශීයව වාහන උපාංග නිෂ්පාදනයට පුළුල් වෙළෙඳපොළක් නිර්මාණය කෙරෙනු ඇත. දේශීය රථවාහන සන්නාමවලට ජාත්‍යන්තර වෙළෙඳපොළ ජය ගැනීමටත් ඉන් අවස්ථාව සැලසේ. එසේම විදේශ විනිමය ඉතිරි කර ගැනීමට කර්මාන්ත අමාත්‍යාංශය දරන ප්‍රයත්නය අපගේ ආර්ථික ඉලක්ක සපුරා ගැනීමට පිටිවහලකි.

ජාත්‍යන්තර ප්‍රමිතීන්ට අනුකූලව සැකසූ සම්මත මෙහෙයුම් පටිපාටිය එළිදැක්වීම අපේ රටේ කර්මාන්ත ක්ෂේත්‍රයේ ඉදිරි වර්ධනයට ඉවහල් වනු දැකීම අපගේ අපේක්ෂාවයි.

ගෝඨාභය රාජපක්ෂ

2021 මාර්තු මස 12 වන දින

ශ්‍රී ලංකා අග්‍රාමාත්‍ය

இலங்கையின் பிரதம மந்திரி

Prime Minister of Sri Lanka

2021 මාර්තු 12

සුභාශිංසන පණිවිඩය

මෙරට වාහන එකලස් කිරීමේ හා අමතර උපාංග නිෂ්පාදනය කිරීමේ කර්මාන්තයන්ට අදාළ සම්මත මෙහෙයුම් පටිපාටියක් (Standard Operating Procedures) එළිදැක්වීමට කර්මාන්ත අමාත්‍යාංශයට හැකිවීම සතුටට කරුණකි.

'සෞභාග්‍යයේ දැක්ම' ප්‍රතිපත්ති ප්‍රකාශනය යථාර්ථයක් කිරීමේදී කර්මාන්ත අමාත්‍යාංශයට පැවරී ඇති සුවිශේෂී ප්‍රමුඛතා මනාව හඳුනාගෙන ඇති කර්මාන්ත අමාත්‍ය විමල් වීරවංශ මහතා ශ්‍රී ලංකාවේ වාහන නිෂ්පාදනය, එකලස් කිරීම සහ වාහන උපාංග නිපදවීම පිළිබඳ සම්මත මෙහෙයුම් පටිපාටියක අවශ්‍යතාව අමාත්‍ය මණ්ඩලයට පෙන්වා දුන්නේ එමඟින් ජාතික ආර්ථිකය ශක්තිමත් කරන ආකාරය පැහැදිලි කරමිනි.

අමාත්‍ය මණ්ඩල අනුමැතිය ලැබී කෙටි කලක් ඇතුළත මෙම ජාත්‍යන්තර ප්‍රමිතීන්ට අනුකූලව සැකසූ 'සම්මත මෙහෙයුම් පටිපාටිය' එළිදැක්වෙන්නේ කර්මාන්ත ක්ෂේත්‍රයේ හැරවුම් ලක්ෂයක් සනිටුහන් කරමිනි. එමඟින් රටට අත්වන ප්‍රතිලාභ සුවිශාල ය.

ගෙවීගිය වසර 10 පුරා වාහන ආනයනය සඳහා ආසන්න වශයෙන් වසරකට රුපියල් බිලියන 1820ක විදේශ විනිමය ප්‍රමාණයක් වැය වී තිබුණ ද, මේ සමඟ වාහන එකලස් කිරීමේ කර්මාන්තය සක්‍රිය වීම තුළින් වසරකට රුපියල් බිලියන 300ක ප්‍රමාණයක් ඉතිරි වීම රජයක් ලෙස ලබන ජයග්‍රහණයකි.

අවම වශයෙන් රථ වාහන එකලස් කිරීමේදී 35%ක දේශීය අගය එකතු කිරීමක් කරන ලොව පිළිගත් රථවාහන සමාගම්වලට විශේෂ බදු සහන ලබාදීම හරහා දේශීය වාහන උපාංග කර්මාන්තය ද සක්‍රිය වනු ඇත. ඉන් දේශීය වාහන උපාංග කර්මාන්තයට පුළුල් වෙළඳපොළක් ද නිර්මාණය වනු ඇත. මෙසේ මෙරට වාහන නිෂ්පාදන කර්මාන්තය සම්මත මෙහෙයුම් පටිපාටියක් අනුව මෙහෙය වූ විට විදේශීය රථ වාහන වෙළෙඳපොළට පිවිසීමට ක්ෂේත්‍රයේ ව්‍යවසායකයන්ට හැකිවනු ඇතැයි අපේක්ෂා කරන අතර, ඉන් වසරකට රුපියල් බිලියන 900 - 1300ක අපනයන වෙළඳපොළ අවස්ථා හිමි වීමට නියමිත ය.

අප 'මේඩ් ඉන් ශ්‍රී ලංකා' සන්නාමය සහිත රථවාහන, ජාත්‍යන්තර වෙළෙඳපොළෙහි අවස්ථා හිමි කරගැනීමේ ජයග්‍රහණය ලබා ගත යුතුව ඇත. ඒ දිනය නුදුරු දිනයකදීම උදාකරගැනීමට රථ වාහන නිෂ්පාදන ක්ෂේත්‍රයේ සියලු පාර්ශව කැපවී කටයුතු කරනු ඇතැයි අපේක්ෂා කරන අතර ඔවුනට ඒ සඳහා අවශ්‍ය ශක්තිය ධෛර්ය ලැබෙවායි ප්‍රාර්ථනා කරමි.

මහින්ද රාජපක්ෂ,
ශ්‍රී ලංකා ප්‍රජාතාන්ත්‍රික සමාජවාදී ජනරජයේ,
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எனது இல
My No:

ඔබේ අංකය
உமது இல
Your No.

දිනය
திகதி
Date
2021.03.12

"සම්මත මෙහෙයුම් පටිපාටිය (SOP) මෙරට කර්මාන්ත ක්ෂේත්‍රයේ හැරවුම් ලක්ෂ්‍යයක් වනු ඇත."

වාහන ආනයනය සඳහා වසරකට රුපියල් බිලියන 1820ක විදේශ විනිමය ප්‍රමාණයක් පිටරටට ඇදී යෑම මෙන්ම කොරෝනා වසංගතය හේතුවෙන් වාහන ආනයනය නතර වීම යන කරුණු දෙකම සැලකිල්ලට ගනිමින් වාහන එකලස් කිරීමේ හා අමතර උපාංග නිපදවීමේ කර්මාන්තයන් බලගැන්වීමේ පියවරකට යාමට අප තීරණය කරනු ලැබුයේ එය නිසැකවම ශ්‍රී ලංකාවේ කර්මාන්ත ක්ෂේත්‍රයේ හැරවුම් ලක්ෂ්‍යයක් වනු ඇති බවට වන විශ්වාසය මත ය. ඉහත කර්මාන්තයන් බලගැන්වීමේදී ප්‍රධානතම අවශ්‍යතාවක් සපුරාලිය යුතු බව අදාළ කර්මාන්ත ක්ෂේත්‍රයන්හි වෘත්තිකයෝ පෙන්වා දුන්හ. ඒ ජාත්‍යන්තරව පිළිගත් ශ්‍රී ලංකාවේ වාහන නිෂ්පාදනය, එකලස් කිරීම සහ වාහන උපාංග නිපදවීම පිළිබඳ සම්මත මෙහෙයුම් පටිපාටියක (Standard Operating Procedures) අවශ්‍යතාවයයි.

ඒ අනුව අප කර්මාන්ත අමාත්‍යාංශය ලෙස ශ්‍රී ලංකාවේ වාහන නිෂ්පාදන ක්ෂේත්‍රයේ සියලු ප්‍රවීණයන්ගේ අදහස් ද ගොනුගත කරමින් සැකැසූ සම්මත මෙහෙයුම් පටිපාටියට (SOP) අමාත්‍ය මණ්ඩලයේ අනුමැතිය හිමිව තිබේ. අද දින එළිදැක්වෙන එම සම්මත මෙහෙයුම් පටිපාටිය මගින් ඕනෑම දේශීය හා විදේශීය ආයෝජකයකුට මෙරට වාහන නිෂ්පාදන කර්මාන්ත ක්ෂේත්‍රයට විශ්වාසනීයභාවයකින් යුතුව ආයෝජනය කිරීමේ හැකියාව ලැබෙනු ඇත.

එසේ දෙස් විදෙස් වාහන එකලස් කිරීමේ සමාගම් මෙරට තුළ වාහන එකලස් කිරීම ඇරඹූ විට ඔවුන්ගේ දේශීය අගය කිරීමට සාපේක්ෂව බදු සහන ලබා දීම මෙහි සුවිශේෂීතාව වන අතර ඊට අදාළ 'දේශීය අගයඑකතු කිරීමේ සූත්‍රය සහ න්‍යාසය' මෙම 'සම්මත මෙහෙයුම් පටිපාටිය' තුළ අන්තර්ගත ය. දේශීය අගය එකතු කිරීම තුළින් වාහන උපාංග නිපදවීමේ කර්මාන්තය වේගවත්ව ප්‍රවර්ධනය වනු ඇත. මේ යටතේ වාහන උපාංග නිපදවීමට අදාළ ටයර් ඇතුළු රබර් නිෂ්පාදන කර්මාන්ත, ලෝහ හා ලෝහ නොවන නිෂ්පාදන කර්මාන්ත, ඉලෙක්ට්‍රොනික නිෂ්පාදන කර්මාන්ත, පොකුරු වශයෙන් ආරම්භ කිරීමේ හැකියාව පවතී.

මෙරට වාහන එකලස් කිරීමේ සහ අමතර උපාංග නිපදවීමේ කර්මාන්ත එසේ සක්‍රිය වීමත් සමඟ ක්ෂේත්‍රයට අදාළ නවීන තාක්ෂණය රට තුළට ගලා ඒමට සමගාමීව විශ්වවිද්‍යාල හා තාක්ෂණ ආයතනවල අදාළ ක්ෂේත්‍රයේ පර්යේෂණ හා සංවර්ධන අංශ ද වර්ධනය වනු ඇත්තේ නව නිපැයුම් ද සමගිනි. එහිදී ක්ෂේත්‍රයේ ඉංජිනේරු හා තාක්ෂණ උපාධිධාරීන් ඇතුළු 20,000කට පමණ රැකියා අවස්ථාවන් නිර්මාණය වීමට නියමිත ය.

මේ සියලු ජයග්‍රහණ සමග ඉදිරියට යමින් නුදුරු අනාගතයේ දී 'මේඩ් ඉන් ශ්‍රී ලංකා' සන්නාමය සහිත වාහන, වාහන උපාංග අපනයනයට ද දොරටු විවර වනු ඇත. ඉන් වසරකට රුපියල් බිලියන 1000 ඉක්ම වූ විදේශ විනිමය ප්‍රමාණයක් උපයා ගැනීමේ සුබ සිහිනය යථාර්ථයක් කර ගැනීමට එක්ව කැපවීමට ශ්‍රී ලංකාවේ වාහන එකලස් කිරීමේ හා උපාංග නිපදවීමේ කර්මාන්ත ක්ෂේත්‍රයේ සියලු පිරිස් වෙත ධෛර්ය ශක්තිය පතමි !

විමල් වීරවංශ (පා.ම.)
කර්මාන්ත අමාත්‍ය
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னது இல.
ly No.

ඔබේ අංකය
உமது இல.
Your No.

දිනය
திகதி
Date

ලේකම්තුමාගේ සුභ පැතුම් පණිවිඩය

17 වන සියවසේ සිදුවූ කාර්මික විප්ලවයත් සමඟ නව තාක්ෂණික සොයා ගැනීම් රැසක් ලොවට දායාද කිරීමට මානවයා සමත් විය. ඒ අතර වාෂ්ප එන්ජිම සොයා ගැනීමත් සමඟම ප්‍රවාහන ක්ෂේත්‍රයේ දැවැන්ත විප්ලවයක අනාගත පෙරනිමිති දකින්නට හැකියාව ලැබිණි. පොසිල ඉන්ධන භාවිතය පහසු වීමත් සමඟ පෙට්‍රල් සහ ඩීසල් මගින් ධාවනය කෙරෙන මෝටර් රථ එන්ජිම නිර්මාණය විය. වර්තමානය වන විට ලෝකයම පරිසර සුරක්ෂිතතාවය කෙරෙහි වැඩි අවධානයක් යොමු කර ඇති අතර විද්‍යුත් හා හයිබ්‍රිජන් මගින් බල ගැන්වෙන රථ වාහන හඳුන්වාදීමට වැඩි නැඹුරුතාවයක් දක්වා ඇත.

"සෞභාග්‍යයේ දැක්ම" නම් වූ රජයේ ජාතික ආර්ථික ප්‍රතිපත්තිය තුලින් ශක්තිමත් දේශීය ආර්ථිකයක් ගොඩනැංවීමේ මුඛ්‍ය පරමාර්ථය යථාර්තයක් බවට පත් වන අවස්ථාවක් වශයෙන් මෝටර් රථ එකලස් කිරීම හා උපාංග කොටස් නිෂ්පාදන කර්මාන්තය සඳහා වූ **"සම්මත මෙහෙයුම් පටිපාටිය"** හැඳින්විය හැක. මෙය ශ්‍රී ලංකා ආර්ථිකයේ හැරවුම් ලක්ෂ්‍යය බවට අනාගතයේ පත්වනු ඇතැයි විශ්වාසය තැබිය හැක. මෙම ජාතික කර්තව්‍යයේදී මූලිකත්වය ගෙන කටයුතු කිරීමට හැකිවීම කර්මාන්ත අමාත්‍යාංශය ලැබූ සුවිශේෂ ජයග්‍රහණයක් බව ප්‍රකාශ කල යුතුය.

ඒ තුලින් ශ්‍රී ලාංකීය ජනතාවගේ ජීවන මට්ටම ඉහළ නංවන්නාවූද, ඉහළ ඒකතුකළ අගයක් සහිත නිෂ්පාදන බිහිකරන්නා වූද සවිමත් වාණිජ අංශයකින් සමන්විත වූ ද ධරණීය හා තරඟකාරීත්වයකින් හෙබි නිෂ්පාදන ආයතනයන් හී අභිවෘද්ධිය සඳහා හිතකාමීවන පරිසරයක් නිර්මාණය කිරීමට හැකියාව ලැබෙනු ඇත.

රටක ආයෝජන අවස්ථා පුළුල්වීම කෙරෙහි චිරට පවත්නා ආර්ථික ප්‍රතිපත්තිය සැලකිය යුතු දායකත්වයක් ගනී. මෝටර් රථ කර්මාන්තය සඳහා වූ **"සම්මත මෙහෙයුම් පටිපාටිය"** විශ්වසනීය ආයෝජනයක් සඳහා මඟ විවර කරවන්නකි. ඒ අනුව මෙම **"සම්මත මෙහෙයුම් පටිපාටිය"** මගින් වාහන එකලස් කිරීමේ ක්ෂේත්‍රයට හා උපාංග කොටස් නිෂ්පාදන ක්ෂේත්‍රයට ප්‍රවේශ වන ආයෝජකයින් නව ප්‍රතිපත්ති මාලාවකින් සුරක්ෂිත කෙරෙනු ඇත.

එබැවින් **"ශ්‍රී ලංකාවේ නිපදවන ලදි"** යන සනන්නාමය සිය නිෂ්පාදනයන්හි සටහන් කරන්නට ලැදි සියළු දේශීය හා විදේශීය ආයෝජකයින්ට, නව නිපැයුම්කරුවන්ට, ඉංජිනේරුවන්ට හා සියළු ලක් වැසියන්ට මේ සමඟ එකතුවන ලෙසට ගෞරවයෙන් ආරාධනා කරන අතර, මෙම කර්තව්‍යය සාර්ථක කර ගැනීමට ශක්තිය හා ධෛර්යය ලැබේවායි ප්‍රාර්ථනා කරමි.

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2021 මාර්තු 15 වන දින

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Version 1.0 was presented for Approval after many rounds of discussions and much fact finding and corrections as seen required, to enable and empower the industrialists to develop the Sri Lankan Economy via the inclusion of the Automobile Manufacturing and Automobile Engineering technology.

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ABBREVIATIONS

AEB	Atomic Energy Board
AETI	Automobile Engineering Training Institute
ARAI	Automobile Research Association of India
ASYCUDA	Automated System for Customs Data
BOI	Board of Investment
BOIA	Board of Investment Act No. 4 of 1978
BOM	Bill of Material
BV	Bureau Veritas
CAB	Conformity Assessment Bodies
CAC	Cabinet Appointed Committee
CAD	Computer Added Design
CAE	Computer Added Engineering
CBU	Completely Built Unit
CEA	Central Environmental Authority
CG	Commissioner General
CGTTI	Ceylon-German Technical Training Institute
CIF	Cost, Insurance and Freight
DFP	Department of Fiscal Policy
DGC	Director General of Customs
DGF	Department of Government Factory
DIEC	Department of Import & Export Control
DMT	Department of Motor Traffic
DOC	Department of Commerce
DROC	Department of Registrar of Companies
DS II	Development Sector II
DTIP	Department of Trade and Investment Policy
DVA	Domestic Value Addition
ED	Excise (Special Provision) Division
EDB	Export Development Board
EPF	Employees' Provident Fund
EPL	Environmental Protection License
ETF	Employees' Trust Fund
GARC	Global Automotive Research Centre
IATF	International Automotive Task Force

CKD	Completely Knock Down
IPA	Industrial Promotion Act No 46 of 1990
IRD	Inland Revenue Department
IDB IRDiv	Industrial Development Board Industrial Registration Division
ISD	Industry & Services Division
ISIC	International Standard of Industrial Classification
ISO	International Organization for Standardization
ITD	Information Technology Division
ITI	Industrial Technology Institute
JV	Joint Venture
LKR	Sri Lankan Rupee
MI	Ministry of Industries
MO Trade	Ministry of Trade
MOF	Ministry of Finance
MOT	Ministry of Transport
MST	Ministry of Science, Technology & Research
MTA	Motor Traffic Act No. 14 of 1951 with Amendments
IECA	Imports & Exports (Control) Act No 1 of 1969
NIC	National Identity Card
NIPO	National Intellectual Property Office
NPD	National Planning Department
OEM	Original Equipment Manufacturer
PAL	Port & Airport Levy
PDD	Policy Development Division
PEA	Provincial Environmental Authority
RISC	Revenue Protection Order
RPO	Revenue Protection Order
SKD	Semi Knock Down
SLAB	Sri Lanka Accreditation Board
SLC	Sri Lanka Customs
SLSI	Sri Lanka Standard Institute
SOP	Standard Operating Procedure
SWIAC	Single Window Investment Approval Committee
TIEP	Temporary Import for Export Processing

MUD	Material Utilization Declaration	TIN	Taxpayer Identification Number
NERD	National Engineering Research and Development	TOR	Terms Of Reference
UOM	University of Moratuwa	VAT	Value Added Tax
UOP	Units of Production	VET	Vehicle Emission Testing program
USD	United States Dollars	XID	Excise Duty

1. Introduction

1. Introduction

1.1 Objective

The automobile industry in Sri Lanka comprises of a fairly developed component manufacturing industry and an automobile manufacturing/assembly industry, which is still at the basic level of development. However, due to the high development potential that the component industry indicates, both as a caterer to the domestic market as well as an export income earner, by entering into global, regional, sub-regional value chains, it is vital that the sector should be provided with the opportunity to expand itself in the domestic market at the first stage. In order to achieve this objective, there should be a substantial level of investment in the domestically value-added automobile manufacturing/assembly industry, which could create the demand required by the components manufacturing industry to become competitive in the export market.

This effort to formulate a Standard Operating Procedures (SOP) for the domestically value-added automobile industry, as a guideline to both the automobile manufacturing/assembly and components manufacturing industries. This SOP includes all regulations, procedures and requirements related to different aspects of the industry, from the registration of an industry to the safety & quality standards applicable to the same.

The SOP is subjected to be revised periodically in every five years.

1.2 Definitions

1.2.1 Assembler

Assembler means an entity engaged in business registered under DMT for assembling motor vehicles conform to the provisions of the Motor Traffic Act and regulations made under the said Act. If it's a Joint Venture (JV) with an overseas Partner company, the shares of the Overseas Party should not exceed 49 % to facilitate technical collaboration with the Domestic Shareholder.

1.2.1.1 Small-Scale Assembler

Monthly Production less than or equal to 25 CBUs

1.2.1.2 Medium-Scale Assembler

Monthly Production more than 25 CBUs and less than or equal to 100 CBUs

1.2.1.3 Large Scale Assembler

Monthly Production more than 100 CBUs

1.2.2 Bill of Materials (BOM)

Detail cost break down of imported components including CIF value, licenses fee, duties & levies and detail cost break down of domestically manufactured/purchased components & taxes. It should be specific and unique to a vehicle model.

1.2.3 Cabinet Appointed Committee on LVA Determination (CAC)

(Cabinet decision dated 27.08.2008 on Cabinet Memorandum No. 08/1537/357/028 dated 15.08.2008)

1.2.3.1 Members of the CAC

• Secretary in charge of the Subject of Industries	- Chairman
• Secretary, Ministry of Transport or Representative	- Member
• Director General, Department of Trade and Investment Policy or Representative	- Member
• Director General, Department of Fiscal Policy or Representative	- Member
• Commissioner General, Department of Motor Traffic or Representative	- Member
• Director General, Department of Customs or Representative	- Member
• Controller General, Department of Import & Export Control or Representative	- Member
• Chairman, Board of Investment of Sri Lanka or Representative	- Member
• Principal, Ceylon German Technical Training Institute or Representative	- Member
• Head of the Department, Department of Mechanical Engineering, • University of Moratuwa or Representative	- Member
• Chairman, Industrial Development Board	- Member

(Based on the Cabinet decision dated 11.01.2021 on Cabinet Memorandum No. 20/2056/320/012-I and dated 16.12.2020)

When a representative is nominated to represent an organization in place of the head of such organization, the nominated representative should be at the level of Deputy head of the organization but not less than the level of a Director or a subject related key person

of such organization and the designated members of the CAC should not be allowed to send their representative.

Note: Title of the Ministries has been changed time to time

1.2.3.2 Responsibilities of CAC

- Recommending DVA
- Recommending XID
- Evaluating Concept papers of Innovators
- Identify the vehicle types/categories, models & variants for XID concession
- Engage matters connected therewith or incidental

1.2.4 CBU (Completely Built Unit)

Completely Built Unit an automobile with type approval certificate from an internationally recognized institute is imported / exported to / from some other country as a complete automobile which does not require an assembling process before it can be sold out to the buyers in the destination country.

1.2.5 CKD (Completely Knocked Down)

Completely Knocked Down automobile with type approval certificate from an internationally recognized institute with Vehicle Identification Number (VIN) is one, which is imported or exported only in new parts of single model certificated by the manufacturer and not as CBU.

1.2.5.1 Engine or Motor:

Engine or Motor, Starter, Motor and other accessories & Alternator should remain in separated condition. (Not fitted with one another).

1.2.5.2 Transmission:

(a). Gearbox should be separated from the Engine; Clutch Plate & Pressure Plate should remain in separated condition. In case of Automatic Transmission, Fluid Coupling & Torque Converter shall be separate from the Engine.

(b). Differential shall be separated from assembly Chassis or Frame.

(c). In case of front wheel drive, Front Axle may be in assembled condition.

1.2.5.3 Chassis or Frame:

Chassis or Frame with Vehicle Identification Number shall contain long members and cross members only or integrated body with the monocoque or semi monocoque those having Vehicle Identification Number and should not be fitted with any other component.

1.2.5.4 Suspension:

(a). Front and Rear Spring Assemblies should remain in separated condition.

(b). Shock Absorber should remain in separated condition.

1.2.5.5 Cooling System:

(a). Radiator Assembly, Hose, Pipe and Out fittings should be separated (Not connected with each other)

(b). Silencer & Exhaust Pipe should remain in separated condition.

1.2.5.6 Wheels:

Tyre, Tube, Rim and Flanges shall completely be separated.

1.2.5.7 Propeller Shaft:

Propeller shaft assemblies should remain in separated condition.

1.2.5.8 Brake:

(a). Brake may remain in assembled condition with Master Cylinder & Wheel Cylinder & other components should remain in sub-assembled condition.

(b). Brake related pipes and other parts should remain in separated condition.

1.2.5.9 Bracket Mounting:

All kinds of Bracket Mountings should remain in separated condition.

1.2.5.10 Controls:

Accelerator, Brake-Clutch Control Accessories should remain in separated condition.

1.2.5.11 Fuel / Energy Supply:

Fuel Tank/ Batteries and Fuel/Energy Lines should remain in separated condition.

1.2.5.12 Steering:

Steering Gear Box, Shaft, Steering Wheel, Column, Linkage etc., will remain in sub-assembled condition.

1.2.5.13 Electricity:

Battery, Lights, Switches, and Meter Board Assembly should remain in separated condition.

1.2.5.14 Body:

Different parts of Cabin, Viz, Roof Floor, Side, Back & Front, Bonnet, Fenders, Doors, Driver's Seat etc., shall be in disjointed condition.

1.2.5.15 Front Axle & Rear Axle:

Front Axle & Rear Axle Wheel Drum may be in assembled condition.

1.2.5.16 Others:

Other related accessories required for assembling of this vehicle must pack separately.

1.2.6 Component Manufacturers

Component manufacturers means an entity engaged in business of manufacturing vehicle components approved by the Commissioner General of Motor Traffic which conform to the Motor Traffic Act and regulation made under the same Act required to business of assembling / repairing motor vehicle. This entity should be registered as an industry at the MI and IDB.

1.2.7 Excise Tax Officer

The same definition as in Excise (Special Provisions) Act No. 13 of the 1989.

1.2.8 Fossil Fuel

A natural fuel such as coal or gas, formed in the geological past from the remains of living organisms.

1.2.9 Green Energy

Green energy comes from natural sources such as sunlight, wind, rain, tides, plants, algae and geothermal heat. These energy resources are renewable, meaning they're naturally replenished.

1.2.10 Inspection Team

Trained Officials of (MI, DMT, CGTTI, and UOM) to do inspection of assembly/manufacturing process of Automobile and Automobile Component Industries. The team conducts random and periodical inspections when instructed by Secretary, MI.

1.2.11 Motor Vehicles (Automobiles)

The same definition as in Motor Traffic (Amendment) Act, No. 14 of 1951 with Amendments

1.2.12 Prototype Vehicle

Vehicle made to display new styling and/or new technology. Also known for as Concept Vehicle or Show Vehicle approval by the Commissioner General of Motor Traffic which conforms to the Motor Traffic Act and to the regulation made under the said act.

1.2.13 Raw Materials

Virgin or Processed tangible common combined substances /elements / base materials available in the local market or imported can be utilized to manufacture Parts/Components. The Materials should be inspected along with the certificate of the country of origin, batch details and that should be certified by the IDB and the Inspection Team as well.

1.2.14 Parts and Components

1.2.14.1 Automobile Part

An item that is demountable and identifiable as a part of a system and should be clearly placed in the BOM as part of the main Assembly or a Sub Assembly process with a clear functionality. A Part may be constructed by an assembly of many Components or as a singular Component, which could be packaged and sold to consumer as a Spare Part.

1.2.14.2 Automobile Component

A component is a singular item that is used to construct a part and that is not sold as a spare part or as a separate commodity to the consumer. The fabrication or the construction of a Component is regarded as production/manufacturing, which entails a HS code transformation from raw material to Manufactured Component.

1.2.14.3. Locally Built Part/ Component

An item that is Assembled/Produced in a Sri Lankan facility utilizing Virgin or similar Base Materials, Sub Components available in the Local Market/Imported subject to the evaluation of six-digit transformation of HS codes.

Semi-finished /Semi-processed Components used for the Assembly of Parts will **not** be considered as Locally/Domestically Value-Added Parts (considered as Imported). If the Imported Components are found, the percentage of the value of the said Component will be reduced in line with the BOM of the Part/Item.

Percentage and the applicability of the DVA of Components to be certified by the IDB & the Inspection Team.

If the submitted DVA calculation is not accepted by the relevant Authorities, the Component Manufacturer/ the Assembler, should furnish a formal request along with a Technical Report and sufficient evidence against the calculation to the CAC and the Inspection Team.

1.2.15 SKD (Semi Knocked Down)

Units those are imported / exported in sets of new parts of a single model vehicle with type approval certificate from an internationally recognized institute which certified by the manufacturer that have been partly assembled and which are further assembled as a CBU using imported and domestically manufactured components.

1.2.16 Technical Drawings

Drawings of vehicle model or prototype

1.2.17 Vehicle Model

The represents the product make of a vehicle

1.2.18 Vehicle Variant

Different type of specifications / versions of the same model

1.2.19 XID (Excise Duty) rate

1.2.19.1 Provisional XID rate

Recommended Excise Duty rate by the CAC to the Ministry of Finance.

1.2.19.2 Approved XID rate

Rate of Excise Duty payable approved as per the power vested by Hon. Minister in charge of subject of Finance under Excise (Special Provision) Act, No. 13 of 1989. Accordingly, the approved XID rate is the rate specified in the Gazette Notification issued under above Act with the approval of Parliament.

1.3 Ex-Factory Value / Manufacturing Cost (per unit)

Variables	Value in LKR
1.3.1. Cost of Imported Components (CIF Value)	
1.3.1.1. License Fee, Duties and Levies paid *	
1.3.2. Cost of Domestically Manufactured Components	
1.3.2.1. Taxes Paid	
1.3.3. Direct Labour Cost (All-inclusive such as Salaries, Allowances) **	
1.3.4. Overheads (Maximum total percentage is 7.5% of the Ex- factory Value) ***	
Ex-Factory Value / Manufacturing Cost	

Table 1: Ex-Factory Value / Manufacturing Cost

*Assemblers who function under the Manufacture in Bond (MIB) facility will be exempted from Custom Import Duties.

****Direct Labor Cost**

Salaries, Wages/Allowances of permanent /temporary staff working directly with the production line.

*****Overheads**

All indirect cost incurred during the production process. The cost may include in the Overheads could be categorized as follows;

-Depreciation on Equipment used in the Production process

-Rent on the Factory building

-Salaries of Maintenance Personnel

-Salaries of Manufacturing & Quality Control Managerial Staff & Associated Staff

-Bank Interest

-Utilities for the Factory

1.4 Sales Price (per unit)

Sales Price = Ex-Factory Value + Profit Margin + XID payable

1.5. Level of DVA

Level of DVA = Cost of Domestically Manufactured Components as a % (percentage) of Ex-Factory value of Assembled Vehicle unit

Level of DVA is the Cost of Domestically Manufactured Components as a Percentage of Ex-Factory value of assembled vehicle unit.

Cost of Domestically Manufactured Components will be calculated based on the invoice value of the Components provided by the Component Manufacturers. However, the actual market value of the Components will be verified through the proposed Automated Invoicing System with the initiation of IDB and UOM.

The Cost of locally based raw materials, Direct Labor & Machinery Cost used for Domestically Manufactured Components shall not be less than 50% of the DVA subject to the evaluation of Six-digit transformation of HS codes.

1.6 Applicable XID rate, based on the Level of DVA

1.6.1 The XID Matrix for four-wheel passenger vehicles, cargo vehicles and special purpose vehicles

XID PAYBALE BY ASSEMBLER / MANUFACTURER																			
No of Years		2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19
Level of DVA /EX-Factory Price %	Eergy Technology	% of XID Payable for first two years	% of XID Paybale for next years	% of XID Paybale for next years	% of XID Paybale for next years	% of XID Paybale for next years	% of XID Paybale for next years	% of XID Paybale for next years	% of XID Paybale for next years	% of XID Paybale for next years	% of XID Paybale for next years	% of XID Paybale for next years	% of XID Paybale for next years	% of XID Paybale for next years	% of XID Paybale for next years	% of XID Paybale for next years	% of XID Paybale for next years	% of XID Paybale for next years	% of XID Paybale for next years
<20	F	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
	H	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
	E	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
20-24	F	30	35	40	45	50	60	70	80	90	100								
	H	27.5	32.5	37.5	42.5	47.5	57.5	67.5	77.5	87.5	100								
	E	25	30	35	40	45	55	65	75	85	100								
25-29	F	27.5	30	35	40	45	50	60	70	80	90	100							
	H	25	27.5	32.5	37.5	42.5	47.5	57.5	67.5	77.5	87.5	100							
	E	22.5	25	30	35	40	45	55	65	75	85	100							
30-34	F	25	27.5	30	35	40	45	50	60	70	80	90	100						
	H	22.5	25	27.5	32.5	37.5	42.5	47.5	57.5	67.5	77.5	87.5	100						
	E	20	22.5	25	30	35	40	45	55	65	75	85	100						
35-39	F	22.5	25	27.5	30	35	40	45	50	60	70	80	90	100					
	H	20	22.5	25	27.5	32.5	37.5	42.5	47.5	57.5	67.5	77.5	87.5	100					
	E	17.5	20	22.5	25	30	35	40	45	55	65	75	85	100					
40-44	F	20	22.5	25	27.5	30	35	40	45	50	60	70	80	90	100				
	H	17.5	20	22.5	25	27.5	32.5	37.5	42.5	47.5	57.5	67.5	77.5	87.5	100				
	E	15	17.5	20	22.5	25	30	35	40	45	55	65	75	85	100				
45-49	F	17.5	20	22.5	25	27.5	30	35	40	45	50	60	70	80	90	100			
	H	15	17.5	20	22.5	25	27.5	32.5	37..5	42.5	47.5	57.5	67.5	77.5	87.5	100			
	E	12.5	15	17.5	20	22.5	25	30	35	40	45	55	65	75	85	100			
50-54	F	15	17.5	20	22.5	25	37.5	30	35	40	45	50	60	70	80	90	100		
	H	12.5	15	17.5	20	22.5	25	27.5	32.5	37.5	42.5	47.5	57.5	67.5	77.5	87.5	100		
	E	10	12.5	15	17.5	20	22.5	25	30	35	40	45	55	65	75	85	100		
55-59	F	12.5	15	17.5	20	22.5	25	27.5	30	35	40	45	50	60	70	80	90	100	
	H	10	12.5	15	17.5	20	22.5	25	27.5	32.5	37.5	42.5	47.5	57.5	67.5	77.5	87.5	100	
	G	10	10	12.5	15	17.5	20	22.5	25	30	35	40	45	55	65	75	85	100	
>60	F	10	12.5	15	17.5	20	22.5	25	27.5	30	35	40	45	50	60	70	80	90	100
	H	10	10	12.5	15	17.5	20	22.5	25	27.5	32.5	37.5	42.5	47.5	57.5	67.5	77.5	87.5	100
	E	10	10	10	12.5	15	17.5	20	22.5	25	30	35	40	45	55	65	75	85	100

Table 2: The XID Matrix for four-wheel passenger vehicles, cargo vehicles and special purpose vehicles

F- Fossil fuel H- Hybrid E- Electric

1.6.2. Conditions of Excise Duty Concession Matrix for four-wheel passenger vehicles, cargo vehicles and special purpose vehicles

1.6.2.1. Vehicle unit with DVA below 20% is not entitled for Excise Duty concession.

1.6.2.2. Assembler has 19 years Excise Duty Concession Quota for each model of vehicle (not for the Variants of a Model) assembled by the assembler and it is classified on the engine capacity/ and motor power kw etc. in line with the enacted Excise Duty gazette notification.

i. The minimum tax rate shall not be less than 10% in any case.

ii. Assembler is entitled for tax rate ranging from 30% to 10% in the first time slot, depending on the level of DVA of the vehicle in a particular range, model & technology assembled by the assembler.

iii. If an assembler is unable to increase DVA level after completion of a time slot, the assembler has to pay increasing rate of percentage point over the tax rate paid in the previous time slot.

iv. If an assembler falls to a lower DVA slab by dropping DVA level, the assembler has to pay higher percentage of XID rate.

v. Assembler has to pay tax at increasing rate towards end of the quota.

vi. The full duration of quota can be utilized who continuously increases DVA until it reaches 60%.

vii. The tax rates applicable for vehicles driven hybrid or electric energy will be 2.5 percentage points and 5 percentage points less than vehicles driven with fossil fuel respectively with minimum rate of 10%.

viii. The vehicle range will be decided on the engine capacity/ and motor power and the Model of the vehicle but not on the Variants of a Model.

ix. This XID Matrix will be applicable only for four-wheel passenger vehicles, cargo vehicles and special purpose vehicles.

x. Place existing Assemblers to the matrix from the effective date of the SOP without prejudice to any regulation or agreement previously entered into.

1.6.3. The XID Matrix for Motorcycles and Electric Three wheelers

XID PAYBALE BY ASSEMBLER / MANUFACTURER																
No of Years		2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
Level of DVA /EX-Factory Price %	Eergy Technology	% of XID Paybale for first two years	% of XID Paybale for nexrt years	% of XID Paybale for nexrt years	% of XID Paybale for nexrt years	% of XID Paybale for nexrt years	% of XID Paybale for nexrt years	% of XID Paybale for nexrt years	% of XID Paybale for nexrt years	% of XID Paybale for nexrt years	% of XID Paybale for nexrt years	% of XID Paybale for nexrt years	% of XID Paybale for nexrt years	% of XID Paybale for nexrt years	% of XID Paybale for nexrt years	% of XID Paybale for nexrt years
<25	MC	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
	ET	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
25-34	MC	30	35	40	45	50	60	70	80	90	100					
	ET	27.5	32.5	37.5	42.5	47.5	57.5	67.5	77.5	87.5	100					
35-44	MC	27.5	30	35	40	45	50	60	70	80	90	100				
	ET	25	27.5	32.5	37.5	42.5	47.5	57.5	67.5	77.5	87.5	100				
45-54	MC	25	27.5	30	35	40	45	50	60	70	80	90	100			
	ET	22.5	25	27.5	32.5	37.5	42.5	47.5	57.5	67.5	77.5	87.5	100			
55-64	MC	22.5	25	27.5	30	35	40	45	50	60	70	80	90	100		
	ET	20	22.5	25	27.5	32.5	37.5	42.5	47.5	57.5	67.5	77.5	87.5	100		
65-74	MC	20	22.5	25	27.5	30	35	40	45	50	60	70	80	90	100	
	ET	17.5	20	22.5	25	27.5	32.5	37.5	42.5	47.5	57.5	67.5	77.5	87.5	100	
>75	MC	15	17.5	20	22.5	25	30	35	40	45	50	60	70	80	90	100
	ET	15	15	17.5	20	22.5	25	30	35	40	45	55	65	75	85	100

Table 3: The XID Matrix for Motorcycles and Electric Three wheelers

MC – Motorcycles ET - Electric Three wheelers

1.6.4. Conditions of Excise Duty Concession Matrix for Motorcycles and Electric Three wheelers

1.6.4.1. Vehicle unit with DVA below 25% is not entitled for Excise Duty concession.

1.6.4.2. Assembler has 16 years Excise Duty Concession Quota for each model of vehicle (not for the Variants of a Model) assembled by the assembler and it is classified on the engine capacity/ and motor power kw etc. in line with the enacted Excise Duty gazette notification.

i. The minimum tax rate shall not be less than 15% in any case.

ii. The year in which assembling a vehicle model under particular range is commenced by an assembler, will be considered as the first year of (stay time period of 1 years) the particular range of vehicles assembled by the assembler.

iii. Assemblers of Motorcycles and Electric Three wheelers are entitled for tax rate ranging from 30% and 27.5% respectively to 15% in the first time slot, depending on the level of DVA of the vehicle.

iv. If an assembler is unable to increase DVA level after completion of a time slot, the assembler has to pay increasing rate of percentage point over the tax rate paid in the previous time slot.

v. Assembler has to pay tax at increasing rate towards end of the quota.

vi. The full duration of quota can be utilized who continuously increases DVA until it reaches 75%.

vii. This XID Matrix will be applicable only for Motorcycles and Electric Three wheelers.

2. Approval for Vehicle Model and XID Rate

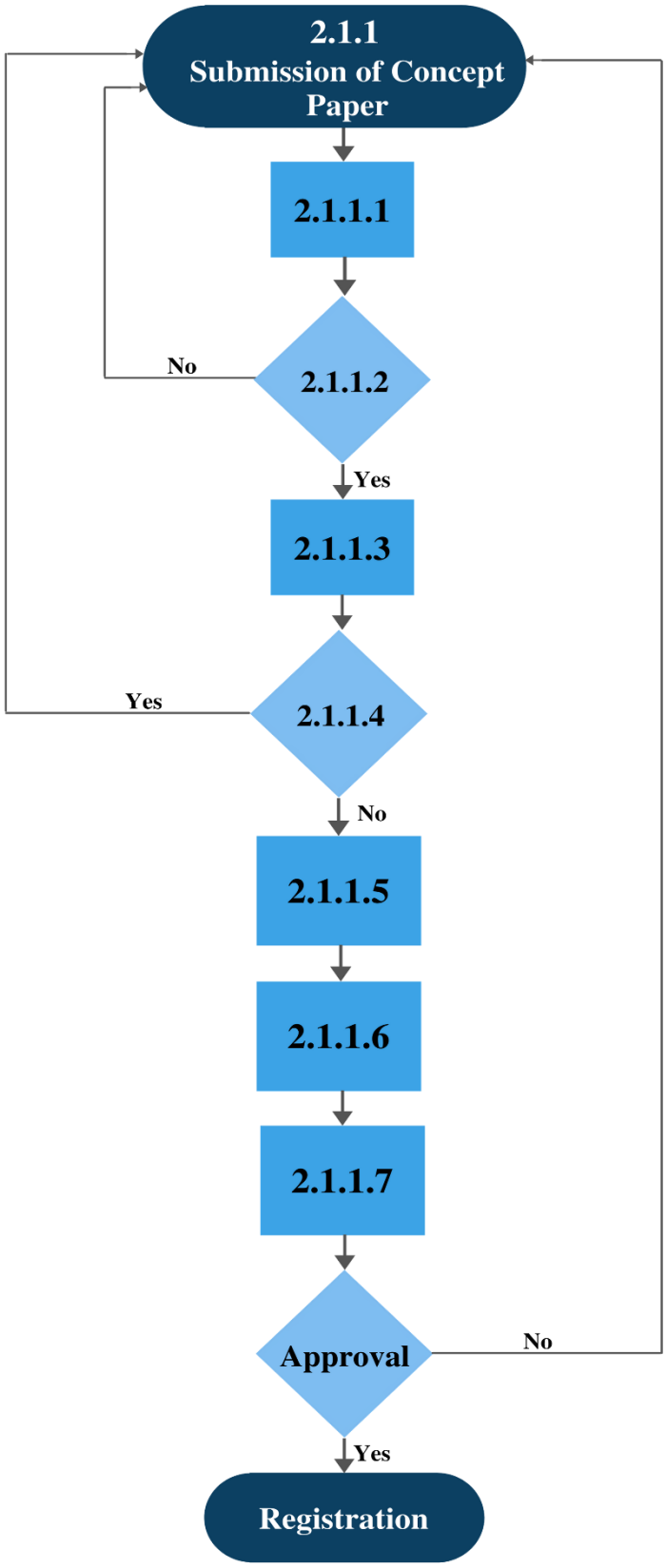


Figure 1: Approval for Vehicle Model and XID Rate

2. Approval for Vehicle Model and XID Rate

2.1. Automobile Assembler/Manufacturer

2.1.1. Submit a Concept Proposal

Definition	A proposal submitted to the CAC on newly introduced vehicle model by a domestic manufacturer/assembler for exposing an innovative orientation
Law/ Regulation	Decisions / Directions of the Cabinet of Ministers, Motor Traffic Act & regulation made under the said Act, National Environmental Act No. 47 of 1980 and relevant amendments & circulars.
Special Conditions	To be decided by the Ministries/Authorities concerned with the acceptance / rejection of the Concept Proposal. To be complied with the rules and regulations of CEA and/or PEA on disposal of environmentally hazardous components and processes. All technical drawings must be submitted for brand new innovative domestic designs. Automotive software such as CAD, CAE, Blender, & etc. can be used for validating structural integrity of design.

	Process	Responsibility	Min. Duration Needed	Information to be published / provided	Remarks
2.1.1.1.	Presentation of overall /comprehensive concept Paper to relevant Ministries/Authorities.	Manufacturer/ Assembler MOT NIPO CEA PEA DMT CAC IDB	-	1. Full details of final product Every applicant for assembling of new model of vehicle should provide a BOM with a list of components, manufactured or locally sourced and a list of components to be imported with respective HS Codes. 2. Technical drawings	Inviting the innovative and differently oriented vehicle manufacturers/assemblers to submit a Concept Proposal for exposing their innovative orientation. Commercial secrets are not disclosed and highly protected.

				3. Video/3D demonstrating of vehicle functions 4. Pictures of similar models 5. Unique /Special features 6. A list of Imported Components 7. A list of domestically manufactured components 8. Disposal Methodology of Environmentally Hazardous Components	
2.1.1.2.	Primary evaluation of Concept Paper	CAC, MOT, DMT, IDB	1 week	Evaluation report	Concept Paper should be resubmitted to the CAC with required modifications if needed.
2.1.1.3.	Submission to the approved Testing Body for testing purposes	Manufacturer/ Assembler CAC, MOT, DMT, IDB	1 week	Assemblers should submit safety certificates from internationally accredited product certification body for the specific model by the Principle Automotive manufacturer.	Refers to 3.3.1.2
2.1.1.4.	Rejection of Concept Paper	CAC, MOT, DMT, IDB		1. Resubmission of amended Concept Paper	The Concept Paper will not be approved by the CAC due to the Unfeasibility, Unable to meet required

					Environmental and Safety Standards with the disagreement of the majority committee members.
2.1.1.5.	CAC recommend the estimated DVA and Provisional XID rate	CAC	1 week		Provisional XID rate will be informed to the manufacturer/assembler
2.1.1.6.	Submit a request to the Ministry of Finance for Approval of Provisional XID rate	MI	3 Weeks		
2.1.1.7.	Based on the decision of the Ministry of Finance, the Secretary/MI shall inform the manufacturer/assembler approved XID rate for relevant motor vehicle units.	MI	3 Days		Will be informed other relevant authorities and agencies (SLC, DMT, IRD).

Table 4: Submit a Concept Proposal

3. Registration

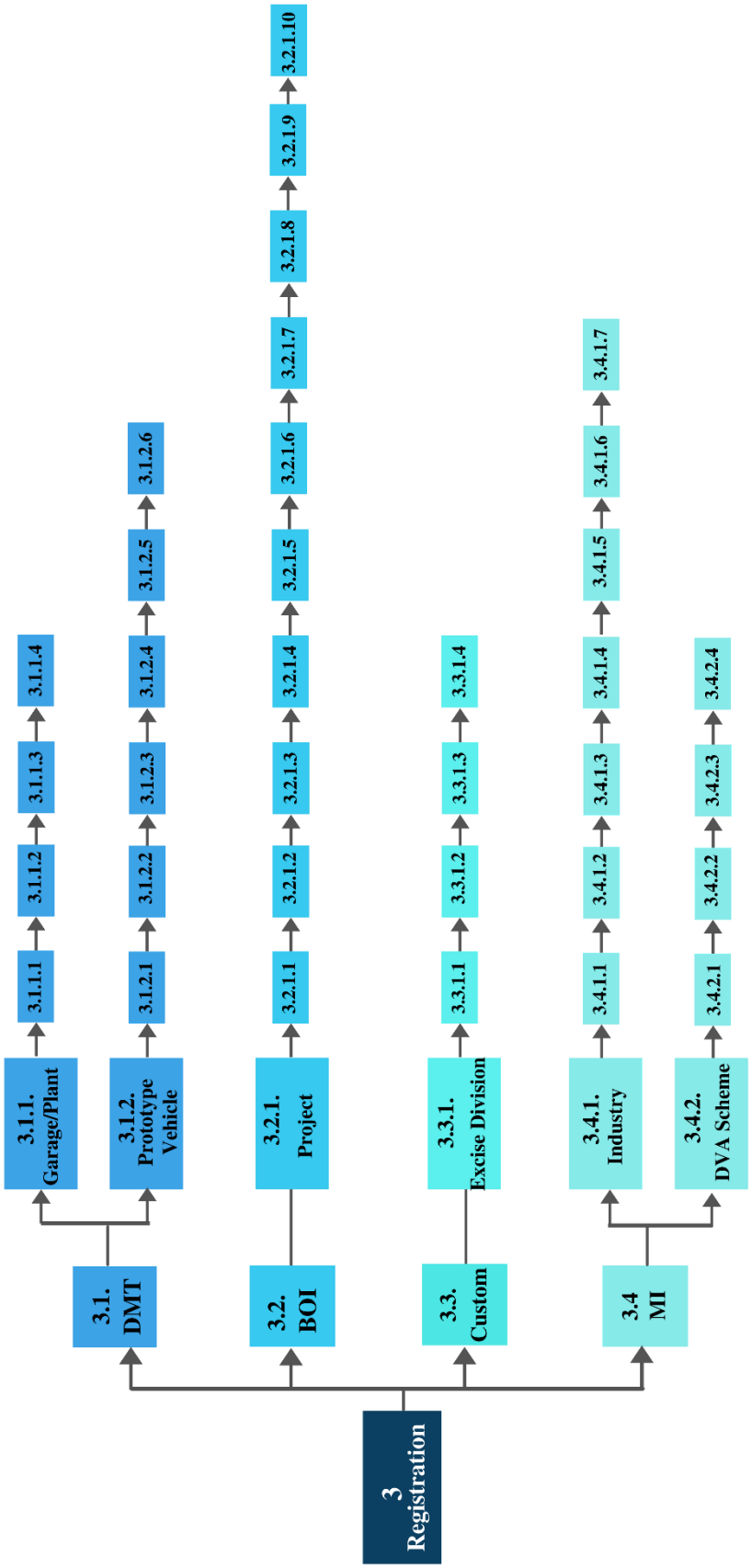


Figure 2: Registration

3. Registration

3.1. Registration at DMT

3.1.1. Garage (Factory/ Assembling Plant /Manufacturing Plant)

Definition	Registration process of Garage (Factory/Assembling Plant) at Department of Motor Traffic
Law/ Regulation	Section 42 of Motor Traffic Act & relevant amendments and regulations made from time to time
Special Conditions	Mandatory to register the garage at DMT in vehicle assembling

Process		**Responsibility**	**Min. Duration Needed**	**Information to be published / provided**	**Remarks**
3.1.1.1.	Publish relevant information and Application form	MOT, DMT	-	1. Relevant information including evaluation criteria 2. Garage Registration Application form	For more information www.motortraffic.gov.lk
3.1.1.2.	Submit the Application for Registration	Applicant	-	1. Duly filled Application for the registration of a garage. 2. MTA 23 form 3. Application for the issue of a trade permit for the year 4. VAT certificate. 5. Title deed of the land where the garage is located. 6. Trade permit	
3.1.1.3.	Evaluation & Inspection	Applicant, DMT, IDB	3 days	1. Inspection Report	Report to Commissioner General of DMT
3.1.1.4.	Issue the Certificate of Garage Registration	DMT	1 day	1. Certificate of Garage Registration	

Table 5: Garage

3.1.2. Prototype Vehicle Registration

Definition	Registration process of the Prototype Vehicle before commencement of manufacturing process
Law/ Regulation	Relevant Provision of the Motor Traffic Act and regulations made from time to time under said Act.
Special Conditions	

Process		Responsibility	Min. Duration Needed	Information to be published / provided	Remarks
3.1.2.1.	Publish relevant information and Application form	DMT	-	1. Relevant information including testing bodies 2. Prototype Application form	For more information www.motortraffic.gov.lk
3.1.2.2.	Submit the Application for Registration	Applicant	-	1. Duly filled Prototype Application form 2. Identity report obtained for the vehicle type submitted for prototype approval. 3. Registration certificate, weight certificate and photocopies of MTA 2 application of each vehicle of that type. 4. Catalogue relevant to the vehicle type. 5. Photocopy of the trade certificate obtained from the DMT.	
3.1.2.3.	Inspection & Test Drive	DMT IDB	1 Day	1. Prototype Vehicle 2. Technical Drawings	

3.1.2.4.	Tests	DMT, ITI, NERD, CGTTI, UOM, AEB, IDB	3 Weeks	1. Testing Criteria 2. Test Reports 3. Emission Reports 4. Certificate of Roadworthiness (Refers 5.2.2)	Refers to 5.2 and 5.3 Submit Reports to the Commissioner General of DMT
3.1.2.5.	Issuing an On-Test Certificate / Conformity of Prototype	DMT	1 Day	1. Certificate	Approved by the Commissioner General of DMT
3.1.2.6.	Engrave the Chassis No	DMT (Type approval certificate), DGF	1 Day	Letter issued by CG/DMT	

Table 6: Prototype Vehicle Registration

3.2. Registration at BOI

3.2.1. Project Registration at BOI

Definition	The approval process of an Investment Project
Law/ Regulation	Board of Investment Act No. 4 of 1978 (BOIA)
Special Conditions	Under Section 16 of BOIA (Min. Investment 250,000 USD), No Concessions Under Section 17 of BOIA (Min. 5 Million USD) with Concessions

	Process	Responsibility	Min. Duration Needed	Information to be published / provided	Remarks
3.2.1.1.	Publish relevant information and Application form	BOI	-	1. Relevant information 2. Application form	Available on the www.boi.lk / www.investsrilanka.com
3.2.1.2.	Submit the Application with the Investment Project Proposal	Investor	-	1. Duly Filled Application from 2. Project Proposal	
3.2.1.3.	Initial Evaluation of the Application	BOI - Screening Committee	1 week		Forward to SWIAC
3.2.1.4.	Detail Evaluation & Interviewing	BOI - Single Window Investment Approval Committee	1 day		
3.2.1.5.	Field Inspection	Environment Division - BOI	1 day		Bidding Process for BOI Zonal Lands
3.2.1.6.	Project Approval subject to the Inspection Report	BOI	1 day	Inspection report	
3.2.1.7.	Site Approval	BOI	1 day	Project Approval	

3.2.1.8.	Incorporate company at Department of Company Registrar as a Private Limited Liability Company.	DROC	1 week		For more information http://www.drc.gov.lk/
3.2.1.9.	Signing an agreement with the BOI	Investor, BOI	1 day	BOI Agreement	Commencement of the Manufacturing, (Sign an agreement is not necessary for Section 16 projects)
3.2.1.10.	Obtain Tax Payer Identification Number (TIN) and VAT Registration number from Inland Revenue Department	IRD	1 day	TIN Registration Form VAT Registration Form	For more information www.ird.gov.lk

Table 7: Project Registration at BOI

3.3. Registration at Sri Lanka Customs

3.3.1. Registration at Excise (Special Provision) Division

Definition	The registration process at Excise (SP) Division of Sri Lanka Customs				
Law/ Regulation	Excise (Special Provision) Act No. 13 of 1989				
Special Conditions					
Process		**Responsibility**	**Min. Duration Needed**	**Information to be published / provided**	**Remarks**
3.3.1.1.	Publish relevant information and Application form	Excise (SP) Div. - SLC	-	Application Form Other details	
3.3.1.2.	Submit the Application for Registration	Applicant	-	Duly Filled Application Form and other required documents	
3.3.1.3.	Evaluation & Inspection	Excise (SP) Div. - SLC	2 Weeks	Report	Report to DG/ Excise Tax
3.3.1.4.	Issue the Excise Tax Registration Certificate	Excise (SP) Div. - SLC	1 Day		

Table 8: Registration at Excise (Special Provision) Division

3.4. Registration at MI and IDB (Registration at IDB is required with respect to Automobile Components Manufacturing Industry)

3.4.1. Industry Registration Automobile Manufacturing/Assembling Industry & Automobile Components Manufacturing Industry

Definition	Registration process of industries at Ministry of Industry
Law/ Regulation	Industrial Promotion Act No 46 of 1990, Sri Lanka Companies Act No7 of 2007, National Environmental Act No. 47 of 1980 and relevant amendments &circulars.
Special Conditions	Mandatory to register the industry to get the concessions and other assistances

Process		Responsibility	Min. Duration Needed	Information to be published / provided	Remarks
3.4.1.1.	Publish relevant information and Application form	MI IDB DMT	-	1. Relevant information 2. Application form (112/R)	updated version of Forms & other details are available 1. On the www.industry.gov.lk (Main Activities > Industry registration) 2. At the Industrial Registration Division, MI 3. At RISC Offices (Provincial)
3.4.1.2.	Submit the Application for Registration to MI & IDB	Applicant	-	1. Duly Completed Application (112/R) 2. Company Registration 3. Memorandum of Article of Association 4. Form 48 or 20 (Directors` Details)	

				5. EPL 6. Latest Financial Reports 7. Copy of Deed or Lease Agreement 8. National Identity Card / Passport Copies of Directors/ Partners 9. Manufacturing / Assembling Process Flow Chart 10. Machinery List 11. Copy of EPF & ETF registration 12. Labour Force details 13. EDB registration (If any) 14. DMT Approvals (If any) 15. Contract Agreement Signed between Assembler and Supplier with Time Frame / Warranty Period / Pricing Conditions 16. Certifications Obtained for Product or Process 17. Technical Collaboration / Overseas Joint Venture Details 18. Imported Items Material List 19. Previous Production Plans / Or Current Production Plan given by	

				Manufacturer/Assembler 20. VAT Registration 21. Income Tax Registration	
3.4.1.3.	Primary Evaluation of the Application	IRDiv – MI IDB	2 days		Request for Inspection
3.4.1.4.	Industrial Inspection & Inspection Report	Applicant IRDiv – MI IDB RISC DS II.	1 Week		Submit the Inspection Report to Industrial Registrar / Registrar of Industries
3.4.1.5.	Enter details into Industrial Registry System and get the ISIC code	ITDiv – MI IDB	1 Hour	Completed Documents with the Inspection Report	Basic details of registered Industry can be viewed on www.industry.gov.lk
3.4.1.6.	Issuing the Industrial Registration Certificate with the Unique Number	IRDiv – MI IDB	1 Week	Industrial Registration Certificate	Cost – Free of Charge

Table 9: Industry Registration Automobile Manufacturing/Assembling Industry & Automobile Components Manufacturing Industry

3.4.2. Scheme of Domestic Value Addition

Definition	The registration process of Domestic Value Addition Scheme at the MI
Law/ Regulation	Decisions / Directions of the Cabinet of Ministers
Special Conditions	Registration is valid from the date that CAC decided to register as the assembler or manufacturer

Process		**Responsibility**	**Min. Duration Needed**	**Information to be published / provided**	**Remarks**
3.4.2.1.	Publish relevant information and Application form	MI	-	Application Form	
3.4.2.2.	Submit the Application for Registration	Applicant	-	Duly Filled Application	
3.4.2.3.	Evaluation	MI, IDB	1 Day	Inspection report & Approved Concept Proposal	
3.4.2.4.	Entry on the Register	MI	1 Day	Payment Receipts Extract of the Registry Entry	

Table 10: Scheme of Domestic Value Addition

4. Importation of Components

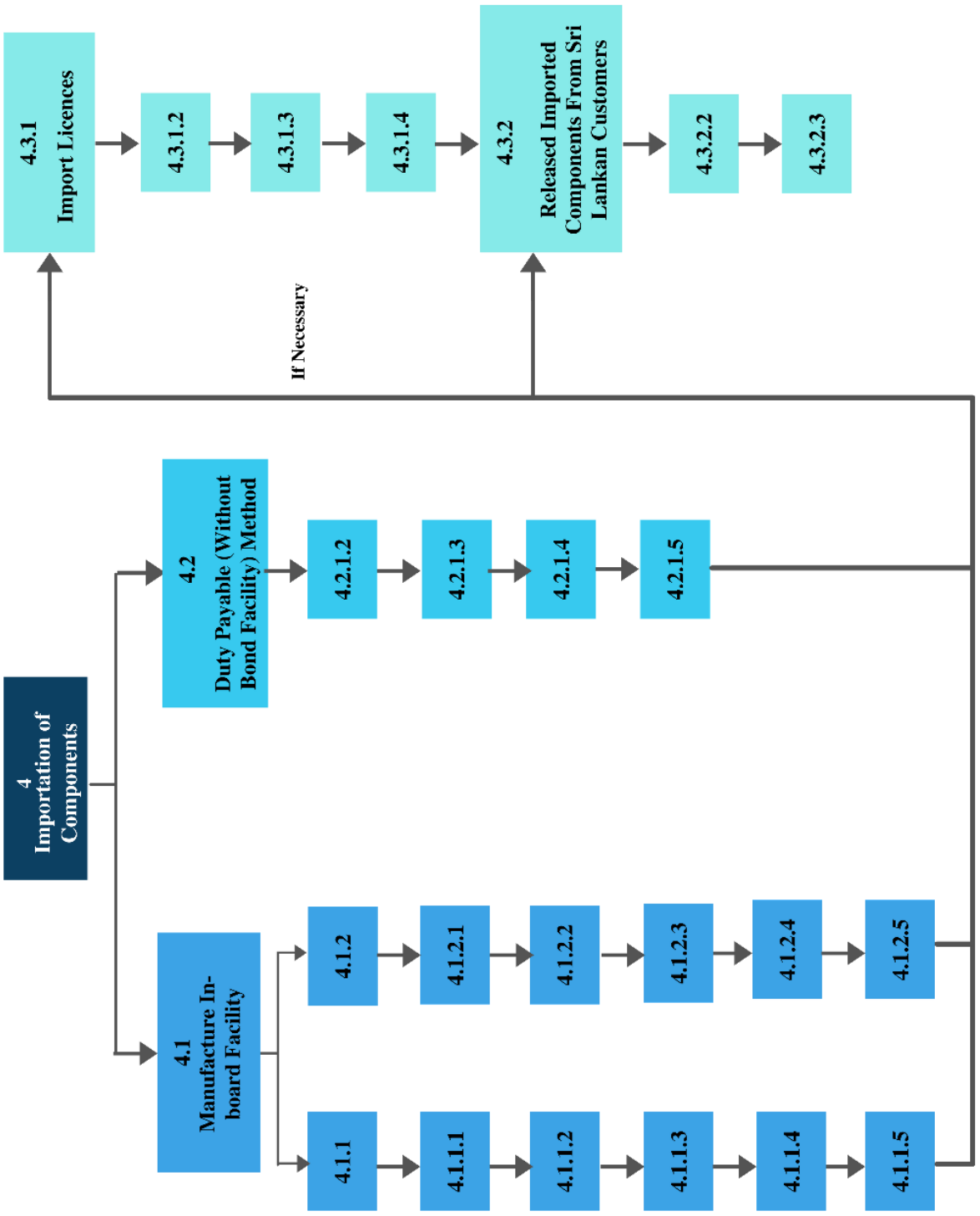


Figure 3: Importation of Components

4. Importation of Components

4.1. Manufacture-In-Bond Facility

4.1.1. Obtain Manufacturing Bond Facility

Definition	Importation of components for assembling process to build CBUs with DVA
Law/ Regulation	Excise (Special Provisions) Act No. 13 of the 1989 & Section 69 and 84 a (3) of the Customs Ordinance
Special Conditions	All duties and levies are exempted on imported components. Allow to import brand new components only.

	Process	**Responsibility**	**Min. Duration Needed**	**Information to be published / provided**	**Remarks**
4.1.1.1.	Publish relevant information and Application form	Industries and Services Division - SLC, MOF	-	1. Relevant information 2. Application form (Section 69 of the Customs Ordinance)	www.customs.gov.lk
4.1.1.2.	Submit the Application for Manufacture-In-Bond Facility	Applicant	-	1. Proposed Project Report 2. Duly filled application form 3. BRC & Memorandum of Articles (Form 48) 4. VAT Registration 5. Deed/ Lease Agreement (minimum validity period should be two years) 6. Director's Profile 7. Company Profile 8. Audited Financial Statement for the last five years	Need a separate Bank Guarantee and/or a Corporate Guarantee Excise Duty payable as required by DG Customs for the importation of automobile components.

				9. CCTV Surveillance System 10. Building & Site Plan (by Local Authority) 11. Insurance Policy (for building & Goods) 12. Electrical Installation Certificate (by Electrical Engineer) 13. Line Ministry/ Dept. Approval (if necessary) 14. Boundary Wall, Wire mesh, ceiling with one door 15. 24-hour security 16. Easy Accessibility for heavy vehicles	
4.1.1.3.	Inspection & Report	Applicant, Industries and Services Division – SLC, MOF	1 Week		To the Secretary/MOF
4.1.1.4.	Approval from Minister in Charge of Finance	MOF		Inspection Report	
4.1.1.5.	Sign an Agreement	Applicant, – SLC, MOF	1 Day		
4.1.1.6.	Obtain license to import body shells / frames & components.	Applicant, DIEC	1 Day	1. Order details 2. Performa Invoice	Issues a license to importation (refers to 4.3.1)

Table 11: Obtain Manufacturing Bond Facility

4.2. Duty Payable (Without Bond Facility) Method

4.2.1. Import Components for Assembling CBUs with DVA

Definition	Import Components for Assembling CBUs with DVA
Law/ Regulation	PAL Act, NBT Relevant Gazette Notifications, Import and Export (Control) Act No. 1 of 1969 (and Gazettes published under the same), Customs Ordinance / The Annual Revenue Protection Order
Special Conditions	Allow to import brand new components only

Process		Responsibility	Min. Duration Needed	Information to be published / provided	Remarks
4.2.1.1.	Publish relevant information and Application form	DIEC, Excise (SP) Division - SLC, MOF	-	1. Relevant information 2. Application form	www.customs.gov.lk www.treasury.gov.lk www.imexport.gov.lk
4.2.1.2.	Obtain license to import body shells / frames and components	Applicant, DIEC, DMT	1 Day	1. Order details 2. Performa Invoices	Issue a license to importations (refers to 4.3.1)
4.2.1.3.	Import Components	Applicant	-	1. Performa Invoices 2. Order details 3. Warf Documents 4. Packing List 5. MUD Form 6. Import Licenses	
4.2.1.4.	Amount of Payable Duties	Excise (SP) Division - SLC, MOF	1 Day	1. Rates of Taxes and Levies	Need a Bank/Corporate guarantee for Body Shells/Frames
4.2.1.5	Release the Components	Excise (SP) Division - SLC, Applicant	1 Day	Receipts of payments	

Table 12: Import Components for Assembling CBUs with DVA

4.3. Importation of Body Shells / Frames & Components

4.3.1. Imports Licenses

Definition	Process of obtaining import licenses for importing body shell ant other required components
Law/ Regulation	Imports & Exports (Control) Act, No. 1 of 1969 (and Gazettes published under the same) and provision of the Motor Traffic Act No 14 of 1951 with Amendments and regulation made from time to time
Special Conditions	Should provide a list of Chassis Numbers, when importing body shells / frames

Process		Responsibility	Min. Duration Needed	Information to be published / provided	Remarks
4.3.1.1.	Publish relevant information and Application form (Should obtain the prior written approval from the Commissioner General of Motor Traffic)	DIEC	-	1. Relevant information 2. Application form	For more details www.imexport.gov.lk
4.3.1.2.	Submit a request letter to obtain a Concurrence letter	Applicant		1 Mentioned estimated DVA and indicative/approved XID rate	
4.3.1.3.	Issue a Concurrence letter to CG/DIEC	MI for 4.1.1. & 4.2.1.	2 Days		Copies to DG/SLC & MOF
4.3.1.4.	Submit the Application for Importing Body Shells and Components	Applicant	-	1. Concurrence letter from MI & DMT 2. Application 3. Performa Invoice 4. Business Registration Certificate (Original with a copy) or NIC applicant 5. Recommendation letter from Ministry of Industry and Commerce 6. Letter of authorization if documents handled by an agent.	

				7. Copy of the NIC of authorized person	
4.3.1.5.	Issuing the Import License	DIEC	1 Day	1. Payment receipts of License fee	By Controller General of Imports & Exports
4.3.1.6.	Debit a license for Body Shells	DIEC/ Applicant	1 Day	1. Sri Lanka Customs good declaration 2. Value Declaration form 3. Commercial Invoice 4. Bill of the Lading 5. Delivery Order 6. Working sheet for goods	By Controller General of Imports & Exports

Table 13: Imports Licenses

5. Standardization

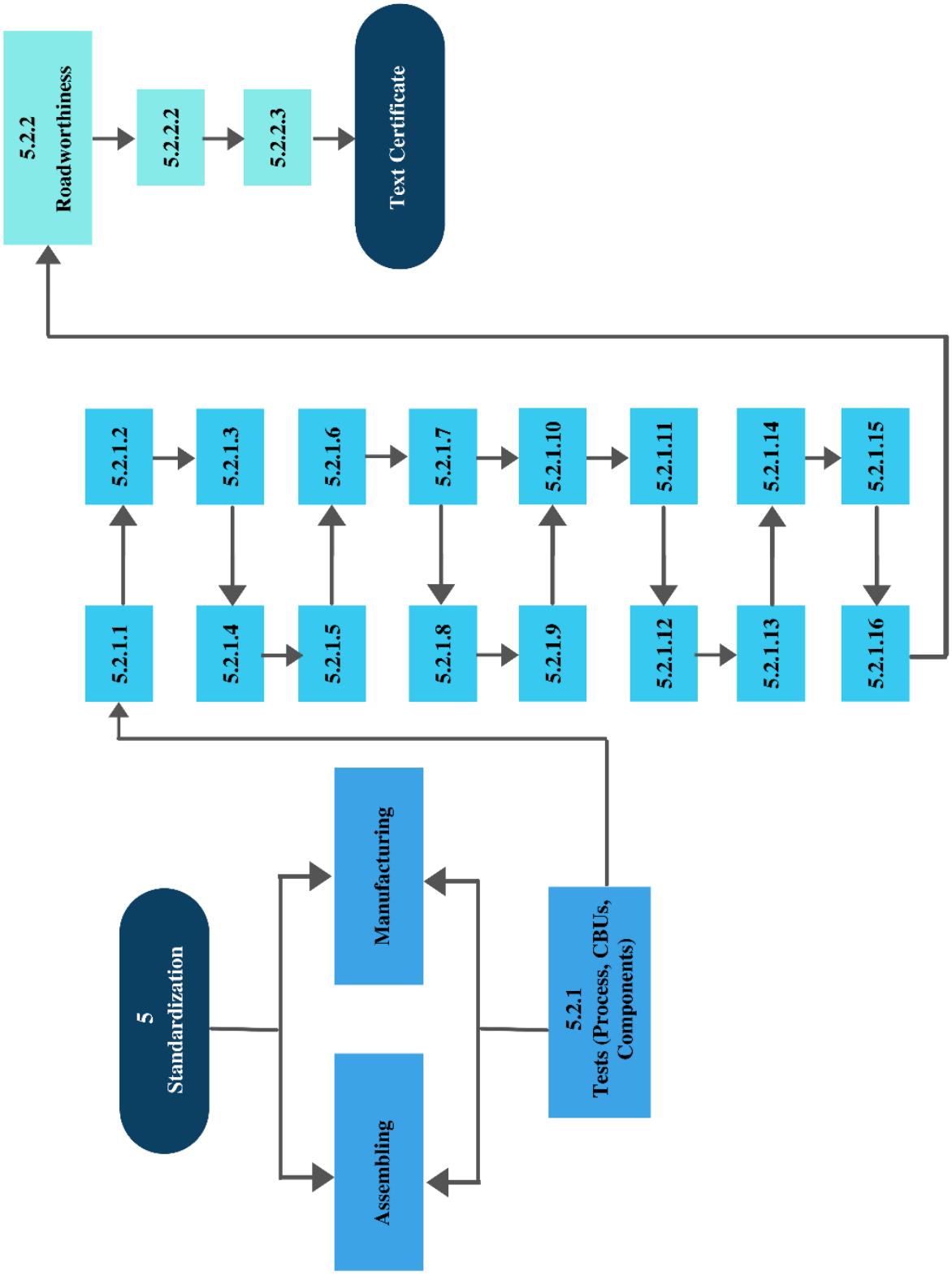


Figure 4: Standardization

5. Standardization

5.1. Establishment of Conformity Assessment Facilities

5.1.1. Prepare Test Manuals and Guidelines

Definition	Prepare testing manuals and guidelines
Law/ Regulation	Motor Traffic Act and relevant regulation under the said Act made from time to time
Special Conditions	List out Domestic/International Conformity Assessment Bodies (CAB) whose certifications are deemed acceptable by the DMT.

Process		**Responsibility**	**Min. Duration Needed**	**Information to be published / provided**	**Remarks**
5.1.1.1.	Identify the required Tests and Procedures for each vehicle category	DMT			
5.1.1.2.	Preparation / adoption of prescribed test manuals and guidelines	DMT	-	1. Manuals 2. Guidelines	The brand may not be comfortable subjecting their components for testing by a rival country testing agency. (E.g. Chinese brand components tested by an Indian testing agency).

Table 14: Prepare Test Manuals and Guidelines

5.1.2. Conformity Assessment Bodies (CAB)

Definition	Accreditation/Establishment of Domestic Conformity Assessment Facilities				
Law/ Regulation	Motor Traffic Act No. 14 of 1951 with amendments and relevant amendments &circulars.				
Special Conditions	Domestic CABs can be affiliated with the International CABs				
Process		**Responsibility**	**Min. Duration Needed**	**Information to be published / provided**	**Remarks**
5.1.2.1.	Identify the Domestic/International Conformity Assessment Bodies (CAB)	DMT, IDB	-	DMT approved Domestic/International CAB	Should be updated Annually
5.1.2.2.	Facilitate to Affiliate with the International Conformity Assessment Bodies	DMT, IDB			E.g. ARAI, IATF Certification Bodies

Table 15: Conformity Assessment Bodies (CAB)

5.2. Standardization of Automobiles

5.2.1. Tests

Definition	Essential tests for standardization of vehicle units				
Law/ Regulation	Motor Traffic Act and relevant regulation under the said Act made from time to time				
Special Conditions	Domestic assemblers should provide safety/crash test & Worthiness reports/certificates which are provided by the principle manufacturer with recognized CAB.				
Process		**Responsibility**	**Min. Duration Needed**	**Information to be published / provided**	**Remarks**
5.2.1.1.	Torsional Rigidity Test	DMT, ITI IDB	1 Day		refers to the Manual for Chassis Strength Requirements
5.2.1.2.	Safety Component Test	DMT, UOM IDB	1 Day		

5.2.1.3.	Torsional Test	DMT, ITI IDB	1 Day		refers to the Manual for Chassis Strength Requirements
5.2.1.4.	Beaming Test	DMT, ITI IDB	1 Day		refers to the Manual for Chassis Strength Requirements
5.2.1.5.	Roof Crush Strength Test	DMT, IDB	1 Day		
5.2.1.6.	Brake Test	DMT, AETI, CGTTI, IDB	1 Day		refers to Manual for Brake Assessment Applies for All types of light vehicles except motorcycles
5.2.1.7.	Lane-Change Maneuver Test	DMT, IDB	1 Day		Refers to the Lane-Change Maneuver Test
5.2.1.8.	Engine Emission Test	DMT, AETI, CGTTI, IDB	1 Day		Should be comply with National VET program Except Zero emission vehicles
5.2.1.9.	Fiberglass panel test	DMT, UOM IDB	1 Day		
5.2.1.10.	Bump Steer Plots Test	DMT, IDB	1 Day		
5.2.1.11.	Welding Test	DMT, AEB IDB	1 Day		
5.2.1.12.	Crumple Zones Test	DMT, IDB	1 Day		
5.2.1.13.	Coast Down Test	DMT, IDB	1 Day		
5.2.1.14.	Engine Power Test	DMT, AETI, CGTTI, IDB	1 Day		
5.2.1.15.	Head Resultant	DMT, IDB	1 Day		

	Acceleration Test				
5.2.1.16.	Crash Test	DMT, IDB	1 Day		not required for 4-wheeler light passenger vehicles (Quadricycles) or 3 wheelers (of L5e/L7e categories

Table 16: Tests

5.2.2. Certificate of Roadworthiness

Definition	Process of obtaining a certificate of Roadworthiness
Law/ Regulation	Motor Traffic Act No. 14 of 1951 with Amendments (And relevant Gazette notifications)
Special Conditions	Domestic assemblers should provide safety/crash test & Worthiness reports/certificates which are provided by the principle manufacturer with recognized CAB.

Process		**Responsibility**	**Min. Duration Needed**	**Information to be published / provided**	**Remarks**
5.2.2.1.	Publish relevant information and Application form	DMT	-	1. Relevant information including clearly defined acceptance criteria 2. Application form	For more information www.motortraffic.gov.lk
5.2.2.2.	Submit the Application	Applicant	-	1. Duly Filled Application 2. Test Reports 3. Safety Certificates	
5.2.2.3.	Issuing the Certificate of Roadworthiness	DMT	3 Days		

Table 17: Certificate of Roadworthiness

5.3. Standardization of Automobile Components

5.3.1. Tests

Definition	Preparation process of Test Manuals for standardization of Automobile components
Law/ Regulation	Motor Traffic Act and relevant regulation under the said Act made from time to time
Special Conditions	All components are manufactured for international brands should meet internationally accepted industry standards and guidelines set by the brand.

Process		**Responsibility**	**Min. Duration Needed**	**Information to be published / provided**	**Remarks**
5.3.1.1.	Preparing/ Adopting the Standards	DMT, IDB		1. Standard Manuals 2. Guidelines	International quality certifying bodies such as BV/ SGS could be used to certify adherences to stipulated parameters
5.3.1.2.	Developing Test Methods	DMT, IDB			Material performance data and CAE software can be used
5.3.1.2.	Component Test	DMT, SLSI, NERD, ITI, CGTTI, UOM, AETI, IDB			
5.3.1.3.	Issue the Certificates of Conformity	DMT, SLSI, NERD, ITI, IDB CGTTI, UOM, AETI		1.Test Reports	

Table 18: Tests

5.4. Standardization the Assembling / Manufacturing Process

5.4.1. Evaluation

Definition	Evaluation to ensure that the Assembling/Manufacturing process is complied with international standards
Law/ Regulation	Motor Traffic Act and relevant regulation under the said Act made from time to time
Special Conditions	To be ensured that the certification is internationally recognized.

Process		**Responsibility**	**Min. Duration Needed**	**Information to be published / provided**	**Remarks**
5.4.1.1.	Preparing/ Adopting the Standards	SLSI, ITI, CGTTI, UOM, DMT, IDB		1. Standard Manual 2. Guidelines	
5.4.1.2.	Developing Testing Methods	UOM, IDB			Material performance data and CAE software
5.4.1.3.	Inspection the Process	SLSI, ITI, CGTTI, UOM IDB		1. Manufacturing Process 2. Procurement Process	
5.4.1.4.	Issuing the Certificates	DMT		1.Inspection Reports	

Table 19: Evaluation

6. Exportation of Automobile and Automobile Components

6. Exportation of Automobile and Automobile Components

6.1. Under TIEP Scheme

6.1.1. Exportation of CBUs/SKDs/CKDs

Definition	Promote Exportation of Automobiles and Automobiles components				
Law/ Regulation	TEIP Scheme				
Special Conditions					
Process		**Responsibility**	**Min. Duration Needed**	**Information to be published / provided**	**Remarks**
6.1.1.1.	Facilitate Domestic/International Investors to invest on Automobile sector	MO Trade, EDB, BOI, MI, SLC		Publish TEIP Scheme Guidelines	
6.1.1.2.	Tap the Global & Regional Value Chains	MO Trade, EDB, BOI, MI			

Table 20: Exportation of CBUs/SKDs/CKDs

7. Recommendation of Exemption of Excise Duty

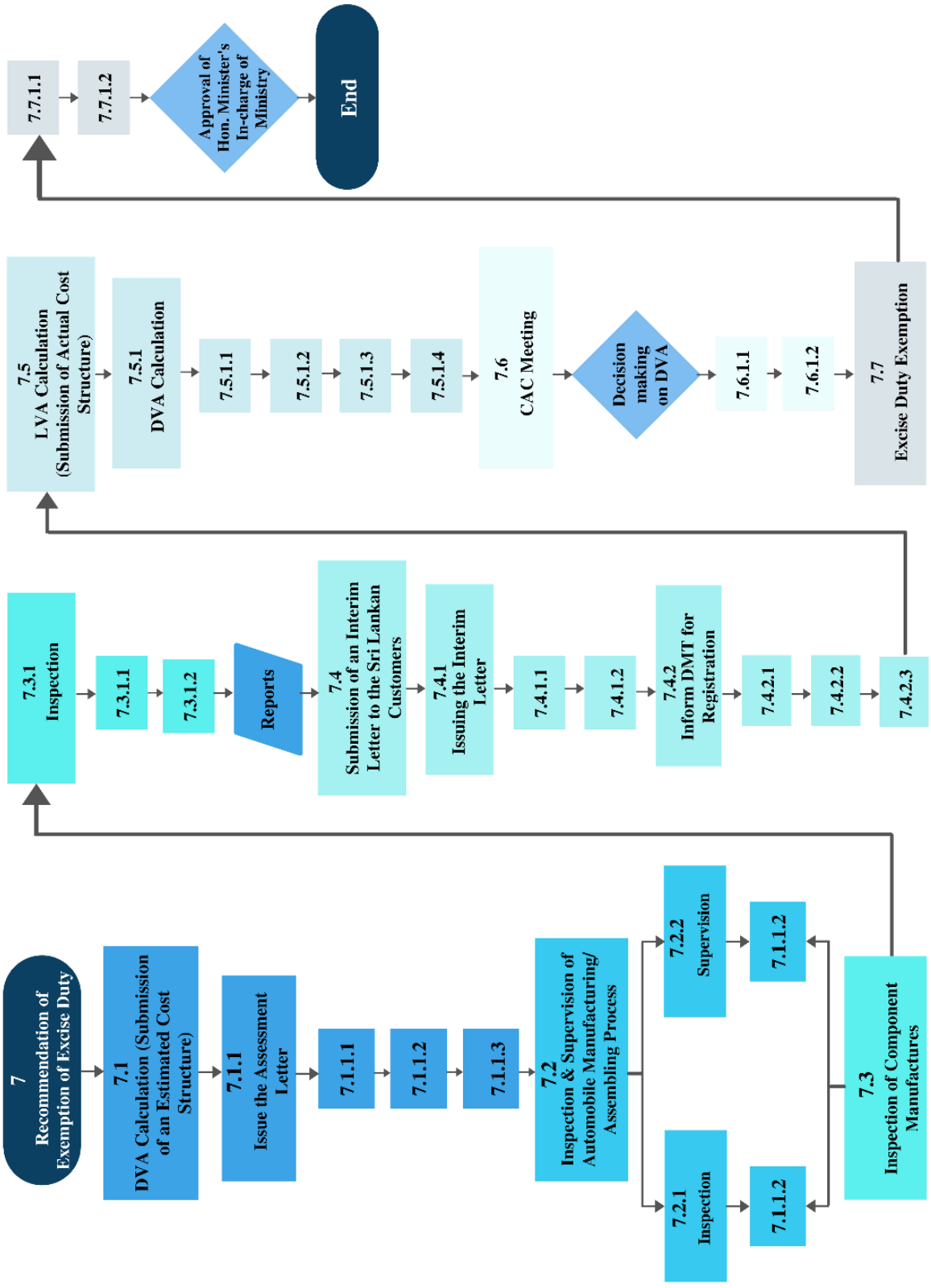


Figure 5: Recommendation of Exemption of Excise Duty

7. Recommendation of Exemption of Excise Duty

7.1. Submission of an Estimated Cost Structure

7.1.1. Issue the Assessment Letter

Definition	Issuing the Assessment Letter to commence the manufacturing/assembling process
Law/ Regulation	Decision of Cabinet of Ministers on DVA, National Environmental (Amendment) Act No.56 of 1988, Industry Promotion Act No. 46 of 1990
Special Conditions	1. Manufacturer/Assembler can use any eligible brand-new automobile components manufactured by any manufacturer or sold by any other person. 2. Cost of eligible brand-new components manufactured by the assembler or purchased from any component manufacturer where assembler or any member of the Board of Directors of the assembler have invested, shall be, irrespective of invoice or transfer value of such component, indicative value set in the list prepared by the IDB recognized by the Ministry under this scheme, which is communicated to the assemblers by the MI in regular intervals. 3. Cost of eligible brand-new components manufactured by the assembler or purchased from any component manufacturer where assembler or any member of the Board of Directors of the assembler have invested, for which indicative value is not available in the list prepared by IDB recognized by the Ministry under this scheme, shall be, irrespective of invoice or transfer value of such component, average international price of component similar in nature. 4. If an eligible brand-new component is used under this scheme or component manufacturer manufactures or sells or purchase contrary to the provisions above, cost of such component used in assembling process shall not be taken for calculation of DVA for 5 years from the date of the Assessment letter issued. 5. If any assembler purchased such component, cost of such component shall not be taken for determination of DVA provided that no change shall be made to units of motor vehicles of which DVA has been already determined by the Cabinet of Ministers. 6. Information considered for determination of DVA shall be forwarded to Sri Lanka Customs and Inland Revenue Department by the Secretary/MI for the use of tax collection from the relevant entity. 7. CBUs should consist of components mentioned on the BOM. Any deviation will require an approval from the CAC. The CAC shall decide whether new BOM should get the approval from the Cabinet of Ministers or not.

	8. Nature and form of imported items (e.g. – Body shell with doors frames attached, without door liners, locking mechanisms, shutters, and shutter winding mechanism – with supporting drawings or images as a reference guide for officials); and should be declared by the assembler to the CAC. 9. If there was any difference between accounts submitted for DVA determination & taxation purposes and the relevant manufacturer/assembler or component manufacturer was unable to provide satisfactory proof for the same, eligibility of the relevant entity under this scheme shall be suspended for 5 years from the date of the Assessment letter issued by Secretary in this regard. 10. Manufacturers/Assemblers and Component Manufacturers should maintain and keep accounts, documents and information in which transactions relating to domestic value addition can be verified. 11. All components manufactured in Sri Lanka by assembler / component manufacturer registered under MI and IDB should be affixed with words of "Made in Sri Lanka".

Process		Responsibility	Min. Duration Needed	Information to be published / provided	Remarks
7.1.1.1.	Preparation of an estimate for a vehicle model	Assembler/ Manufacturer			
7.1.1.2.	Evaluation of the estimate	CAC	3 Days	1. Details of the Vehicle model including the Energy Technology 2. BOM – Cost break down of Imported Components including CIF value, duties & levies 3. List of license items and license fees 4. Nature and form of imported items including photographs	DVA Formula (refers to 1.3,1.4 & 1.5)

				4. Cost break down of domestic components & taxes 5. Disposal Methodology of Environmentally Hazardous Components	
7.1.1.3.	Issuing Assessment Letter to Assembler with indicative XID rate	Secretary - MI	2 Days	1. Evaluation report 2. Approved BOM	DVA Formula (refers to 1.3,1.4 & 1.5) Send all approved details to relevant agencies/authorities such as DMT, IRD, SLC, & etc.)
7.1.1.4.	Commencement of Manufacturing/Assembling Process	Assembler			

Table 21: Issue the Assessment Letter

7.2. Inspection & Supervision of Automobile Manufacturing/Assembling Process

7.2.1. Inspection

Definition	**Deploying the Inspection Team**
Law/ Regulation	TOR prepared by CAC, Motor Traffic Act and relevant regulation under the said Act made from time to time
Special Conditions	1. Inspection can be carried out at any time with or without prior notice to Assembler or Manufacturer, by the Inspection Team (a member/member of CAC/ or any other personnel appointed by the Secretary, MI) with a letter issued by Secretary, MI indicating time, date, and venue of the inspection. 2. An officer or alternative officer nominated by Assembler or Manufacturer or any other officer assigned by nominated officer or alternative officer shall facilitate such inspection and access to information required and provide reasonable explanations required to determine DVA. 3. Deployment of an Inspection team is not necessary, if an Excise Tax Officer stations at the manufacturing / assembling plant (refers to 7.2.2)

	Process	Responsibility	Min. Duration Needed	Information to be published / provided	Remarks
7.2.1.1.	Request for the Inspection	Assembler		1.Details of the imported Components 2. Details of the Vehicle model 3. No. of Units 3. List of Approved Domestically Manufactured Components 4. Any other required information decided by CAC	An initial Inspection should be taken place before commencing the Assembling Process Min 50% Completed Units Min 20% Units at Assembly Line Min 10% Units on SKD/CKD form Request Letter should be reached to the MI 2 weeks before the expected inspection date.
7.2.1.2.	Dispatch Letters to the Inspection Team	Inspection Team	1 Day		With the Batch Codes for each vehicle model

7.2.1.3.	Inspection & Report	Inspection Team	3 Days	1. Inspection Report refers Batch Codes 2. Chassis No. List 3. Added Domestically Manufactured Components list 4. Check list 5. Certificate of Roadworthiness	

Table 22: Inspection

7.2.2. Supervision

Definition	**Stationing Excise Tax Officers to Supervise the Manufacturing/Assembling Process**				
Law/ Regulation	Excise (Special Provisions) Act No. 13 of the 1989 (related Gazette Notification and Amendments)				
Special Conditions	1. Excise Tax Officer/s shall ensure all components under supervision are with words of "Made in Sri Lanka". 2. Excise Tax Officer/s shall ensure all components released for use for manufacturing/assembling vehicle are with words of "Made in Sri Lanka". 3. Excise Tax Officer/s shall ensure all components released under supervision are used in manufacturing/assembling unit of motor vehicle. 4. Components manufactured or purchased for use in assembled motor vehicle unit should be kept by manufacturer/assembler under supervision of Excise Tax Officer stationed at manufacturing/ assembling plant of the assembler, in manner prescribed by Director General of Customs in consultation with the Secretary, MI in accordance with requirement of the CAC.				
Process		**Responsibility**	**Min. Duration Needed**	**Information to be published / provided**	**Remarks**
7.2.2.1.	Station an Excise Tax Officer/sat Manufacturing/Assembling Plant	SLC, MI		1. Inspection Report refers Batch Codes 2. Chassis No. List 3. Added Domestically Manufactured Components list 4. Check list 5. Certificate of Roadworthiness 6. Approved BOM	CBUs should consist of components mentioned on the BOM – any deviation will require an approval from the CAC.
7.2.2.2.	Send reports with observations and recommendations to the DG Customs and CAC	In-charge Excise Tax Officer			

Table 23: Supervision

7.3. Inspection of Component Manufacturers

7.3.1. Inspection

Definition	Deploying the Inspection Team
Law/ Regulation	Decision of the Cabinet of Ministers or CAC
Special Conditions	1. Inspection can be carried out at any time with or without prior notice to Component Manufacturer, by the Inspection Team (a member/member of CAC/ or any other personnel appointed by the Secretary, MI & IDB) with a letter issued by relevant authority, MI indicating time, date, and venue of the inspection. 2. An officer or alternative officer nominated by Component Manufacturer or any other officer assigned by nominated officer or alternative officer shall facilitate such inspection and to access information required and provide reasonable explanation required to determine DVA.

Process		Responsibility	Min. Duration Needed	Information to be published / provided	Remarks
7.3.1.1.	Decision to Inspect Component Manufacturer	MI, IDB, CAC		1. Details of the Components 2. No. of Units 3. Cost Structures 4. EPF Contribution Details 5. Imported Raw Materials & Parts 6. Domestic Raw Materials & Parts	Inspect the manufacturing process, interviewing the employees & the management, analyzing the cost structures provided
7.3.1.2.	Inspection & Report	Inspection Team	1 Week	1. Inspection Reports	

Table 24: Inspection

7.4. Submission of Actual Cost Structure

7.4.1. DVA Calculation

Definition	Domestic Value Addition Calculation
Law/ Regulation	Guidelines prepared by CAC
Special Conditions	Any fraudulent document submitted by manufacturer/assembler or component manufacturer or their employee, to CAC, Excise Tax Officers or any other government officer who engage in process of determination of DVA, will cause 5-year suspension on eligibility for this scheme from the date of the assessment letter issued by Secretary-MI in this regard.

Process		Responsibility	Min. Duration Needed	Information to be published / provided	Remarks
7.4.1.1.	Produce Actual Cost Structure	Assembler	3 Weeks after the Inspection	1. CUSDEC 2. Commercial Invoice 3. Performa Invoice 4. Bills and Receipts of Domestically Manufactured component 5. Packing list 6. MUD form 7. Cost Structure to be certified by the Chartered Accountant with a cover letter	
7.4.1.2.	Send Produced Cost Structure and Other documents to the Department of Inland Revenue for Evaluation	MI/ IRD		1. Original CUSDEC 2. Performa Invoices 3. Domestically Purchased Receipts	Inform relevant assembler or component manufacturer to show cause reasons for any difference.
7.4.1.3.	DVA Calculation	MI	1 Day	1. IRD evaluation report (If necessary)	DVA Formula (refers to 1.3,1.4 & 1.5)

7.4.1.4.	Send Invitation to the CAC Meeting	MI	1 Day	1. DVA Application booklet with Calculations 2. Support Documents	

Table 25: DVA Calculation

7.5. CAC Meeting

7.5.1. Decision Making on DVA

Definition	Decision Making on Domestic Value Addition
Law/ Regulation	Relevant Gazette Notifications and Decisions of the Cabinet of Ministers (The committee may meet on the last Tuesday of every month in each year. If otherwise decided by the chairman / Secretary, Ministry of Industries)
Special Conditions	Violation of any provision made by manufacturer/assembler or component manufacturer or their employee shall cause for 5-year suspension from this scheme from the date of the assessment letter issued by Secretary, MI for any Manufacturer/Assembler or Component Manufacturer.

Process		**Responsibility**	**Min. Duration Needed**	**Information to be published / provided**	**Remarks**
7.5.1.1.	Call for the Meeting	MI	As soon as the Calculations are verified (refers to 7.5.1)	1. DVA Application booklet 2. Support Documents 3. New Concept Proposals	CAC may consider the fluctuation of exchange rate Also discuss about the Requests/Proposals are received from the Industry (Refers to 2.1.1)
7.5.1.2.	Decision of CAC on DVA with approved XID rate	All CAC members		Suggested that disagreement of the majority in the committee in determining the DVA	If Approved by the CAC, then refers to 7.7 If not approved by the CAC due to the disagreement of the majority committee members, then send a letter to SLC to encase the guarantee.

Table 26: Decision Making on DVA

7.6. Excise Duty Exemption

7.6.1. Excise Duty Exemption

Definition	The Process of the Excise Duty Exemption
Law/ Regulation	Relevant Gazette Notifications & Cabinet of the Ministers' Decision on Determination DVA and Approved XID rate
Special Conditions	If any balance of Excise Duty to be paid due to increase in approved XID rate over the provisional XID rate, assembler promptly pay to Sri Lanka Customs. If any amount to be refunded due to decrease in approved XID rate over the provisional XID rate, assembler will entitle for setting off in future payments to Sri Lanka Customs. Sri Lanka Customs shall release the bank guarantee/ corporate guarantee kept as per 7.4.2.1 above once the assembler makes payments at approved XID rate for the motor vehicle units released on the bank/ corporate guarantee. Violation of any provision above shall cause for 5-year suspension from this scheme from the date of letter issued by Secretary in this regard.

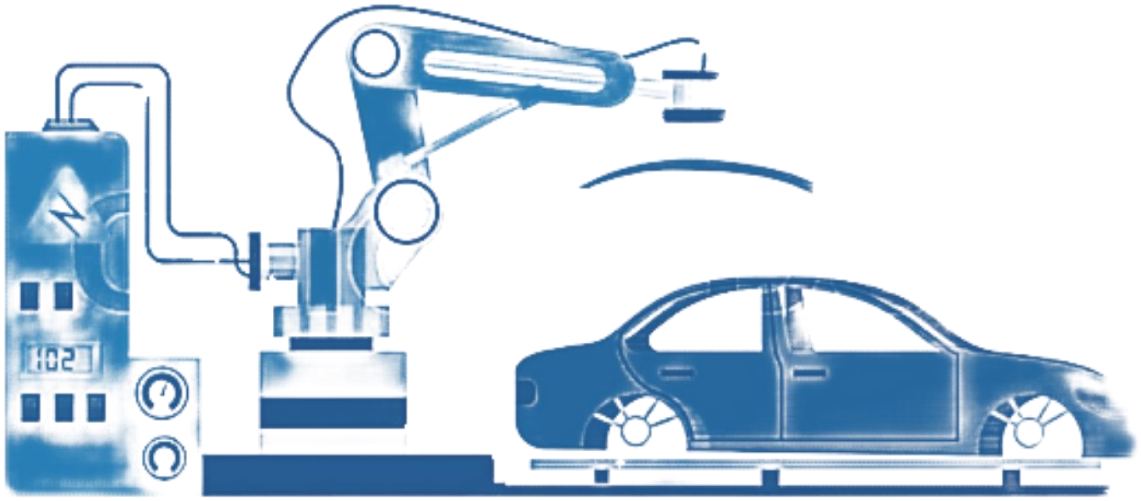
Process		Responsibility	Min. Duration Needed	Information to be published / provided	Remarks
7.6.1.1.	CAC decision on DVA	MI		Minutes of the CAC decision	
7.6.1.2.	Issue an Exemption letter to DG/Customs	Secretary/MI		1. Letter 2. List of Chassis Nos	Copy to DMT

Table 27: Excise Duty Exemption

Annexes 1

Presentation of overall comprehensive concept Paper to relevant Ministries Authorities (Concept Paper)

Name of the Company:



Company Details

- Name of the Company: …….
- Contact Person: …….
- Office Address: …….

  ……

  ……

  ……

- Phone Nos:
  - Office: ……..
  - Mobile: …….
  - Fax: ……...
- E-mail Address: …….
- Web Site (if any): ……..

Vehicle Information

1) Vehicle category: ……

2) Vehicle type (Cargo/Passenger/Other): ……..

3) Number of passengers: ……

4) Gross vehicle mass: …….

5) Vehicle tare mass: ……...

6) Fuel type: ……

7) Fuel system EFI /Carburetor or other: ……

8) Ignition system Distributor/CDI/MAP ignition or other: ……...

9) Engine capacity: ……..

10) Fuel consumption g/Kw/h: ……...

11) Engine Brand name: ……..

12) Engine manufactures name and address

……..

……..

……..

……..

Engine manufactures data report or engine dynamo test report to be attached

13) Max Engine power Kw/rpm: ……

14) Max Engine torque Nm/rpm: ……

15) Engine cooling system Air/liquid: ……

16) Transmission type manual/auto/CVT: ……..

Transmission gear	Ratio
1st	
2nd	
3rd	
4th	
5th	
6th	
Final drive	

17) Tire size and data

Width	
Aspect ratio	
type	
Wheel size	
Max load	
Max pressure (psi)	
Speed rating	

18) Vehicle dimensions

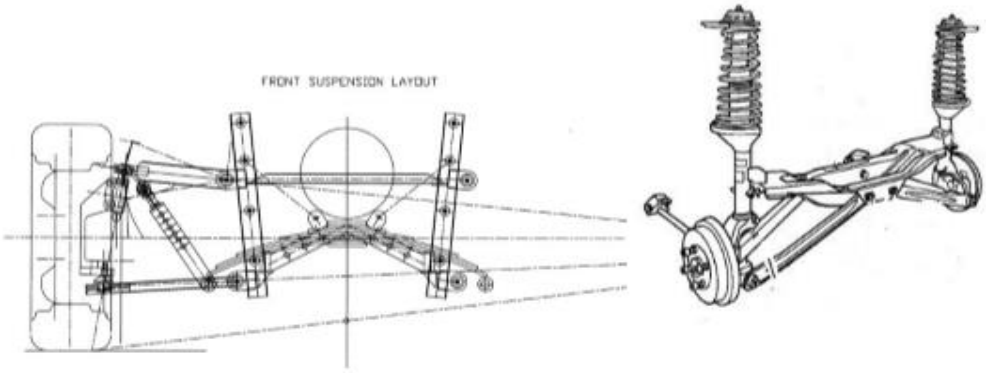
Item	mm
Front track	
Overall width	
Front overhang	
Wheel base	
Rear overhang	
Overall length	
Ground clearance	
Overall height	

19) Front suspension type: ……..

20) Front suspension layout: ……...

21) Rear suspension layout: ……

Specimen front and rear suspension layouts



22) Vehicle center of gravity location (X, Y axis mm)

23) Explain with pictures how vehicle center of gravity location was determined

24) Front roll center height

25) Distance between front roll center and CG location

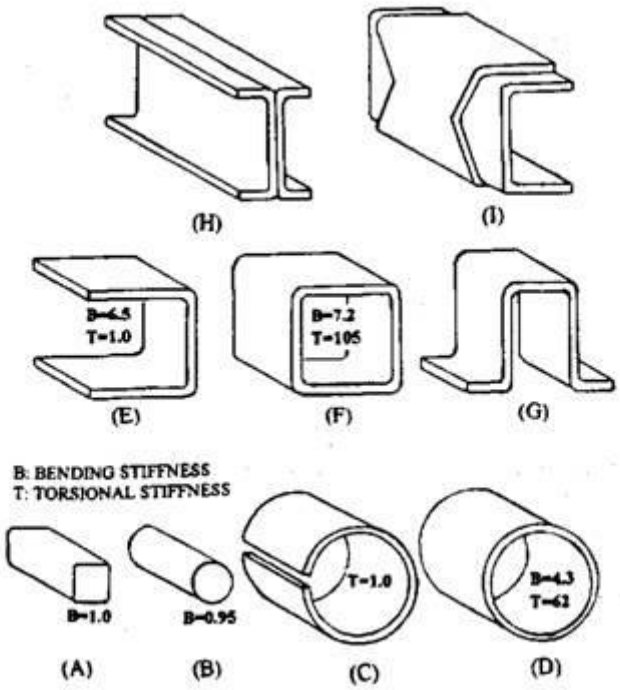
26) Rear roll center height

27) Vehicle structural drawings

Specimen structural drawings

Specimen chassis structural drawing

Chassis metal sections & Dimensions



Section Dimensions (mm) Metal chemical composition & report No Issued by Industrial Technology Institute

A

B

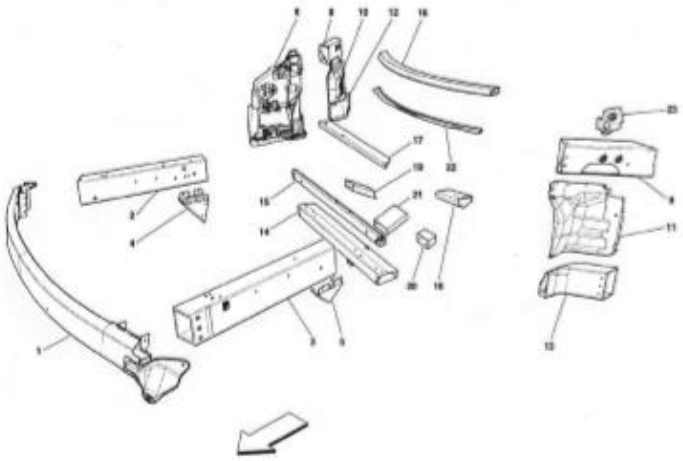
C

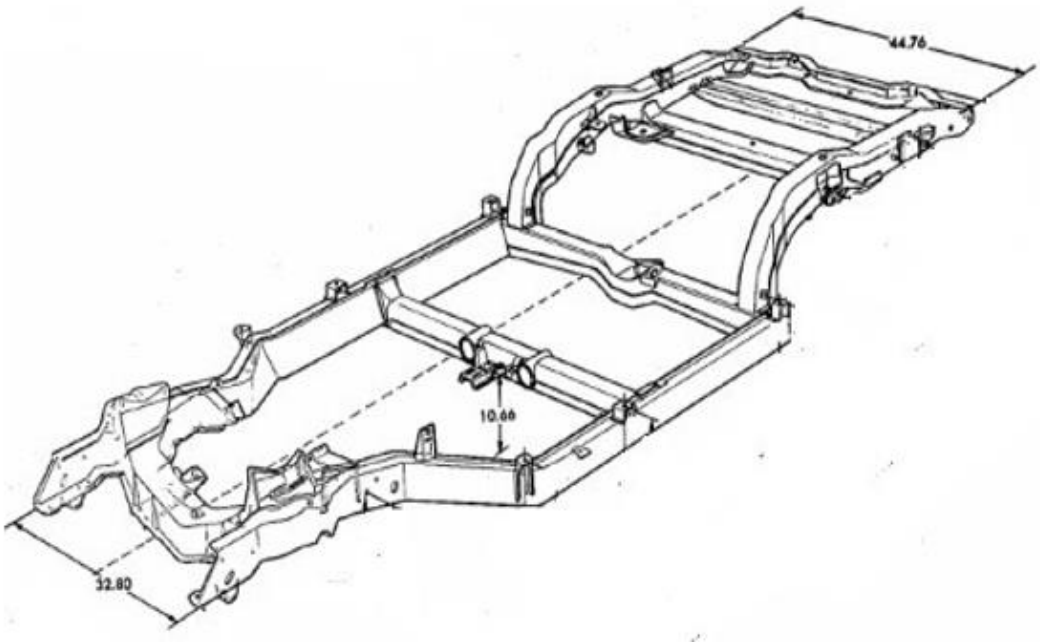
D

E

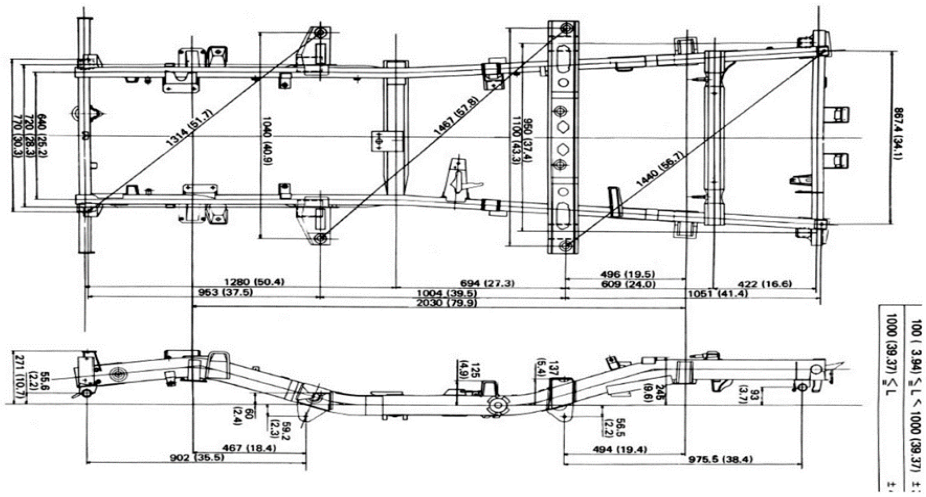
F

Chassis structure elements view

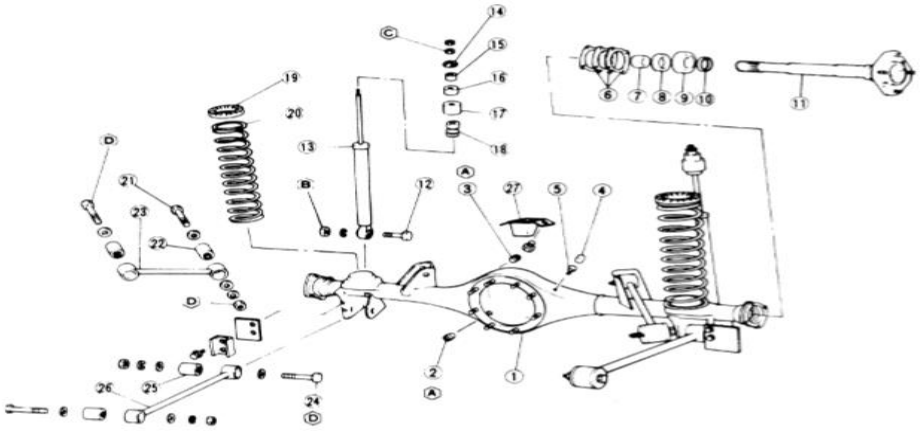


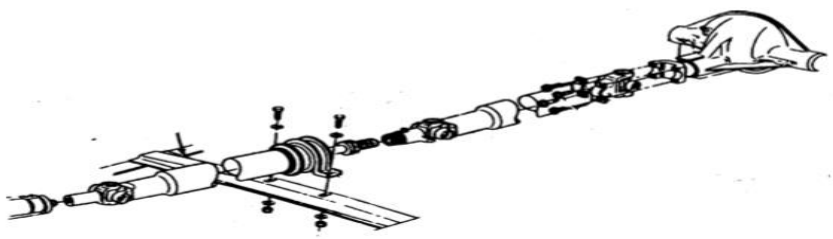


Chassis dimensions

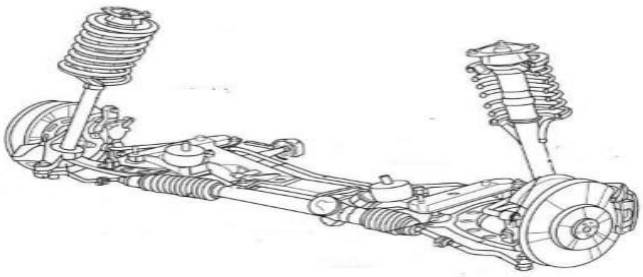


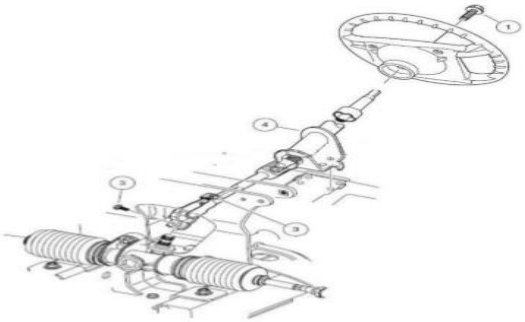
Rear drivetrain and suspension



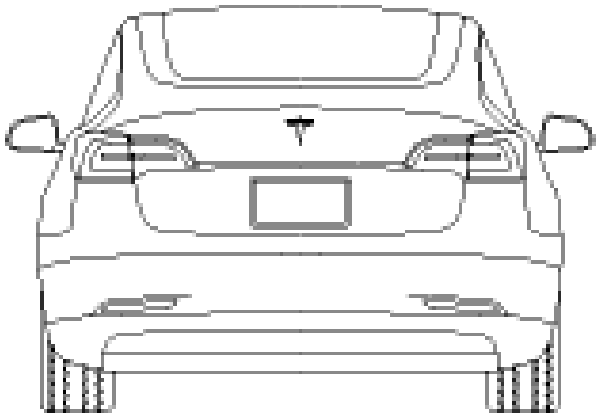


Front suspension steering and sub frame

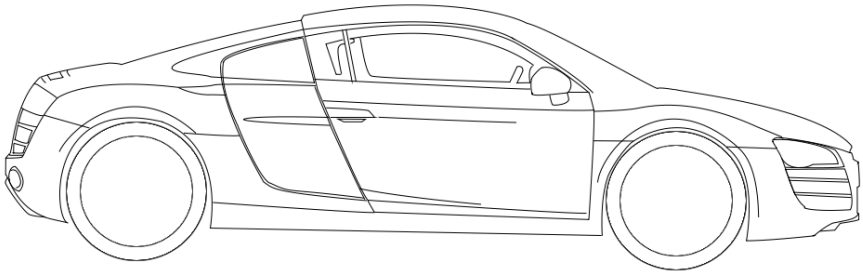




Rear View



Side View



Front View

Annexes 2

Check List for Domestically Manufactured / Assembled Vehicles

L, MA, MB and MC Vehicles

Manufacture's Details

Manufacture's Name

……...……...

Address……

……...……...

……...……

Vehicle Details

Make ……..…..

Model ……

Year of Manufacture …….

Vehicle Mass (kg) ……

VIN/Chassis Number

Engine Details

Make ……Type …… No. of Cylinders/Rotors ……..

Displacement …… Liters or …… Cubic Inches Year of Manufacture ……

…… Maximum Power Output …… KW or …… BHP

Signatory Certification

Vehicle Certified By

(Signatory) ……

Signatory Employer

(if applicable)

…….

Signatory's Signature ……..Date ……

1. REVERSING SIGNAL LAMPS

(Y=Yes, N=No, N/A=Not Applicable)

Feature	Y	N	N/A
Reversing light or lights fitted and operate continuously only when reverse gear selected and ignition Switched on?			
Colour white/amber?			
Number of lamps one/two (circle)?			

2. DOOR LATCHES AND HINGES

Feature	Y	N	N/A
Two (fully latched and secondary) latch positions?			
Locks on all side doors and operating mechanism in the interior?			
Rear Door Locks MA only Rear door locks prevent opening from outside and, inside by engagement of 'Child Safety Locks?'			

3. SEATS AND SEAT ANCHORAGES

Feature	Y	N	N/A
Self-locking restraining device and release control provided on all hinged seats or seat backs?			

4. SEATBELTS

Feature	Y	N	N/A
Are seat belts fitted?			
Are newly installed seat belts new?			
All seat belts in good working condition? Lap belts, at least, for all other seating positions? All buckles of a quick-release design?			

5. DIRECTION INDICATOR LAMPS

Feature	Y	N	N/A
Direction turn signal lamps, front, rear and side fitted?			
Colour amber?			
Distance between side indicator and front of vehicle does not exceed 1800 mm (or 2500 mm if Structure re5.nders lower figure impossible)?			

6. INTERNAL SUN VISORS

Feature	Y	N	N/A
Sun visors padded with energy absorption material?			
No rigid material edges less than 3 mm radius??			

7. GLARE REDUCTION IN THE FIELD OF VIEW

Feature	Y	N	N/A
Are All Surfaces Of The Following Items Dull Metal Or Non-Metallic			
(1) windscreen wiper arms and blades (2) internal windscreen moldings (3) horn ring and hub of steering wheel (4) internal rear vision mirror frame and mounting bracket			

8. INSTALLATION OF LIGHTS & LIGHT SIGNALLING DEVICES

Feature	Y	N	N/A
Main beam headlamps			
Dipped beam headlamps			
Front fog lamp(s) (optional)			
Reversing lamp(s)			
Direction indicator lamps			
Hazard warning lamps			
Cornering lamps (optional)			
Stop (brake) lamps			

9. REAR VISION MIRROR

Feature	Y	N	N/A
RHS external mirror adjustable from the drivers seating position?			
RHS external mirror not obscured by the unwiped portion of the windscreen?			

10. WINDSCREEN WIPERS & WASHERS

Feature	Y	N	N/A
Corresponding areas wiped in front of the driver and the front seat passenger?			
Wiper and washer controls readily accessible to driver?			
Number of frequencies? (including intermittent cycles)			
Windscreen washing system operational and serviceable?			
Windscreen washing system reservoir capacity at least 1 liter?			

11. INSTRUMENTATION

Feature	Y	N	N/A
Speedometer on driver's side and all visual indicators readily visible by the driver?			
Speed indicating element colour and background contrast?			
All essential gauges and indicators other than warning lamps provided with variable intensity Illumination?			
Vehicle speed indicated in Km/h only? If 'NO' is Major Scale Km/h?			
Speedometer readily visible to the driver?			

12. TYRES

Feature	Y	N	N/A
Are NEW tyres fitted?			
(1) Manufacturer or trademark Fr…… Rr……...…… (2) Tyre size, speed category Fr……...…… (3) Date code Fr …..…… Rr……			
At least 4 tread wear indicators?			

13. EXTERNAL NOISE OF MOTOR VEHICLES

Feature	Y	N	N/A
Vehicle sound level measurement satisfies			
Exhaust system is original and in good condition with no leaks or corrosion?			
Stationary sound level measurement (dB)……..			

14. PASSENGER CAR BRAKES (MA Category Only)

Feature	Y	N	N/A
Brake system checked and serviced, brake pads/linings in a serviceable condition??			
Service brake a split system?			
Adequate provision made for adjustment of service and park brake systems?			
1) Combined reservoir for split system?			
2) If yes, is there a divider fitted?			
Labelling satisfactory with at least the word 'BRAKE,' or ISO symbol?			
Park brake mechanical only?			

15. EMISSION CONTROL FOR LIGHT VEHICLES

Feature	Y	N	N/A
Readily visible unleaded fuel label affixed near petrol filler inlet(s) or filler cap(s) marked?			
Filler neck internal diameter more than 21.30 mm and less than 23.6 mm (for unleaded petrol nozzle Only)?			
Engine emission test conducted (test report attached)?			

16. GENERAL SAFETY REQUIREMENTS

Feature	Y	N	N/A
BONNET LATCHING If bonnet front opening, is a second latching position provided?			
CIGAR OR CIGARETTE LIGHTER Activation possible only with switch in "accessory" or "engine on" position?			
DIESEL ENGINES Device fitted to prevent inadvertent starting of engine?			
STEERING SYSTEM Steering wheel located centrally or to the right?			
AUTOMATIC TRANSMISSION Fitted with automatic transmission? If YES: Starter inoperative in forward and reverse			

17. TYRE AND RIM SELECTION

Is a tyre placard fitted?	Y	N	N/A
Does the placard contain the following information	Y	N	N/A
(1) Manufacturers recommended tyre size?	Y	N	N/A
(2) Recommended cold inflation pressures in Psi?	Y	N	N/A
(3) Recommended load rating and speed category?	Y	N	N/A
(4) Maximum load rating and speed category of tyre fitted equal to or greater than that on the placard?	Y	N	N/A

18. VEHICLE CONFIGURATION & MARKING

Feature	Y	N	N/A
ENGINE NUMBER Engine number stamped, legible and satisfactorily located?			

Annexes 3

Type Approval Application

1. Type Approval Application

Any Image or Drawing

Vehicle:

Company Name:

2. Index:

3. Introduction about the vehicle:

4. Brief Technical Details:

- Make
- Model
- Technology
- Engine Capacity
- …….
- …….
- …….
- …….

5. Structural Drawings

5.1. Front View

5.2. Rear View

6. Test

No	Tests	Approved (√) / Not Approved (X)	Test Agency	Authorized Signature	Office Seal
6.1.	Torsional Rigidity Test				
6.2.	Safety Component Test				
6.3.	Torsional Test				
6.4.	Beaming Test				
6.5.	Roof Crush Strength Test				
6.6.	Brake Test				
6.7.	Lane Change Maneuver Test				

6.8.	Engine Emission Test				
6.9.	Fiberglass panel test				
6.10.	Bump Steer Plots Test				
6.11.	Welding Test				
6.12.	Crumple Zones Test				
6.13.	Coast Down Test				
6.14.	Engine Power Test				
6.15.	Head Resultant Acceleration Test				
6.16.	Crash Test				

7. Approved by the Commissioner General, Department of Motor Traffic

Approved / Not Approved:

Annexes 4

Specimen of Bill of Materials

Company:

Vehicle Model:

Imported Components

No	Imported Components	CIF (in LKR)	Duties & Levies (in LKR)					License Fee	Remarks
			Cus. Duty	VAT	PAL	NBT	Other		

Note: Please attached Nature and Form of Imported Components separately as [A].vi.1.

Domestically Manufactured Components

No	Domestically Manufactured Components	Company or Individual Purchased	Value (in LKR)	Taxes		Remarks
				VAT	Other	

……...

Authorized Signature and Seal

Annexes 5

Specimen of Declaration of Nature and Form of Imported Component

No:

Imported Component:

Brief Description on nature and form of the component:

Photographs

Colour and Clear

Annexes 6

Specimen of the Inspection Report

Date ……

Secretary/Chairman (CAC)

Ministry of Industry

Inspection Report

[Company Name] – By [Ministerial Inspection Team/ CGTTI/ Uni. of Moratuwa]

- Reference to the letter no …….. Dated ……...
- Location……..
- Inspected Date …….

- Vehicle Model No 1 ……. Variant ……..
- Engine Capacity …….
- HS Code ……..
- No of Units Inspected ……...

NO	Chassis No's.	Engine No's	Color	Interior Type	Status			Total
					Completed	Assembly line	CKD/SKD Form	
Total								
As a Percentage								

Domestic Manufactured Components

No.	Type of local components used	Qty.	Manufacture/Supplier	Number of components in the rack	Number of components available in the stores

Other Observations and Comments;

Recommendations;

Signature List

- Member 01 ……
- Member 02 ……...
- Member 03 ……...
- Member 04 ……
- Member 05 ……...

Date: ……

Annexes 7

Request for the Inspection

.....

…….

…….

…….

Dear Sir / Madam,

Inspection of New Consignments

Please be kind enough to make necessary arrangement a vehicle inspection on ……. ***(Date)*** at …… ***(Place / Factory)*** for the below consignments. These consignments are currently in production.

1. ……. *(Model Name)* - …… *(No of Units)*
2. ……. *(Model Name)* - …… *(No of Units)*

If you need any further clarifications, please contact …….. (Contact Person & Phone No).

……

……

Thank You.

Your Faithfully,

……..

…….

Annexes 8

Specimen of Exemption Letter

MACP/TARIFF/ ……(date)

Registered Post

Director General
Department of Sri Lanka Customs

EXCISE DUTY CONCESSION

…….(COMPANY NAME & VEHICLE MODELS)

……(company name) has made a request for the excise duty concession for …… nos. of ……(company name) as per the provisions stipulated in the Gazette (Extraordinary) No. 1992/30 dated 10/11/2016. They have submitted the cost structures for the vehicles of the above model with the Chartered Accountant's (…….) certificates.

The calculation of the Domestic Value Addition was based on the declared cost components in the audited report, explanations and clarifications given by the Company for the queries made by this Ministry and the technical reports submitted by the Ceylon German Technical Training Institute, University of Moratuwa and the inspection team of the Ministry of Industry and Commerce. The calculated Domestic value addition of the relevant vehicles have exceeded …… (Percentage of DVA) and as such, it fulfills the requirement for the excise duty concession.

This has been discussed by the Cabinet Appointed Committee (to take decisions with regard to the excise duty concession for domestically assembled motor vehicles) at its meeting held on …….. (date), and the Hon Minister's approval has also been obtained in this regard.

Accordingly, the vehicles with the chassis numbers given in the annexure hereto could be recommended for the excise duty concession.

Additional Secretary (……..)
For Secretary

Cc: 1. Secretary - Ministry of Finance
2. Director General - Department of Fiscal Policy
3. Director General - Department of Trade and Investment Policy
4. Commissioner General - Department of Motor Traffic
5. ……. - (Company Name)