

A World Bank Group Flagship Report

16TH EDITION

# DOING BUSINESS 2019

## Training for Reform

Economy Profile  
Sri Lanka



Comparing Business Regulation  
for Domestic Firms in **190** Economies

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## ***Economy Profile of Sri Lanka***

*Doing Business 2019 Indicators  
(in order of appearance in the document)*

<b>Starting a business</b>	Procedures, time, cost and paid-in minimum capital to start a limited liability company
<b>Dealing with construction permits</b>	Procedures, time and cost to complete all formalities to build a warehouse and the quality control and safety mechanisms in the construction permitting system
<b>Getting electricity</b>	Procedures, time and cost to get connected to the electrical grid, and the reliability of the electricity supply and the transparency of tariffs
<b>Registering property</b>	Procedures, time and cost to transfer a property and the quality of the land administration system
<b>Getting credit</b>	Movable collateral laws and credit information systems
<b>Protecting minority investors</b>	Minority shareholders' rights in related-party transactions and in corporate governance
<b>Paying taxes</b>	Payments, time, total tax and contribution rate for a firm to comply with all tax regulations as well as post-filing processes
<b>Trading across borders</b>	Time and cost to export the product of comparative advantage and import auto parts
<b>Enforcing contracts</b>	Time and cost to resolve a commercial dispute and the quality of judicial processes
<b>Resolving insolvency</b>	Time, cost, outcome and recovery rate for a commercial insolvency and the strength of the legal framework for insolvency
<b>Labor market regulation</b>	Flexibility in employment regulation and aspects of job quality

## About Doing Business

The *Doing Business* project provides objective measures of business regulations and their enforcement across 190 economies and selected cities at the subnational and regional level.

The *Doing Business* project, launched in 2002, looks at domestic small and medium-size companies and measures the regulations applying to them through their life cycle.

*Doing Business* captures several important dimensions of the regulatory environment as it applies to local firms. It provides quantitative indicators on regulation for starting a business, dealing with construction permits, getting electricity, registering property, getting credit, protecting minority investors, paying taxes, trading across borders, enforcing contracts and resolving insolvency. *Doing Business* also measures features of labor market regulation. Although *Doing Business* does not present rankings of economies on the labor market regulation indicators or include the topic in the aggregate ease of doing business score or ranking on the ease of doing business, it does present the data for these indicators.

By gathering and analyzing comprehensive quantitative data to compare business regulation environments across economies and over time, *Doing Business* encourages economies to compete towards more efficient regulation; offers measurable benchmarks for reform; and serves as a resource for academics, journalists, private sector researchers and others interested in the business climate of each economy.

In addition, *Doing Business* offers detailed [subnational reports](#), which exhaustively cover business regulation and reform in different cities and regions within a nation. These reports provide data on the ease of doing business, rank each location, and recommend reforms to improve performance in each of the indicator areas. Selected cities can compare their business regulations with other cities in the economy or region and with the 190 economies that *Doing Business* has ranked.

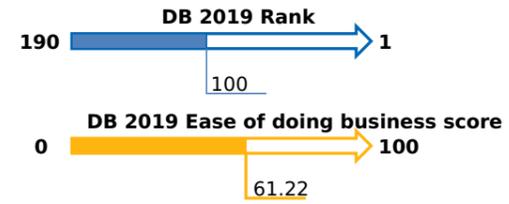
The first *Doing Business* report, published in 2003, covered 5 indicator sets and 133 economies. This year's report covers 11 indicator sets and 190 economies. Most indicator sets refer to a case scenario in the largest business city of each economy, except for 11 economies that have a population of more than 100 million as of 2013 (Bangladesh, Brazil, China, India, Indonesia, Japan, Mexico, Nigeria, Pakistan, the Russian Federation and the United States) where *Doing Business* also collected data for the second largest business city. The data for these 11 economies are a population-weighted average for the 2 largest business cities. The project has benefited from feedback from governments, academics, practitioners and reviewers. The initial goal remains: to provide an objective basis for understanding and improving the regulatory environment for business around the world.

More about [Doing Business](#) (PDF, 5MB)

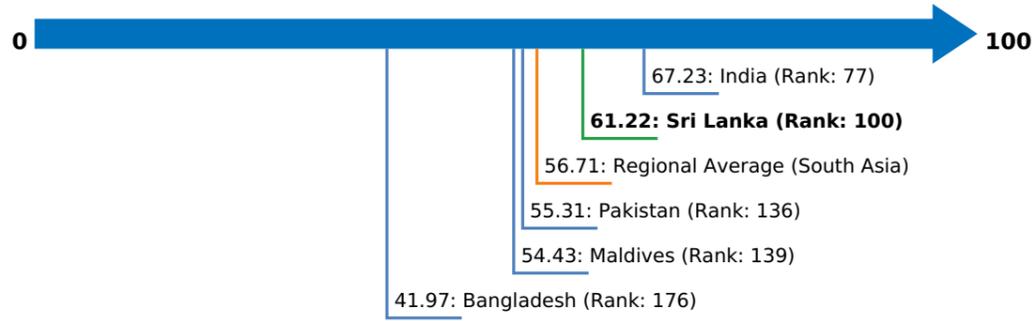
Ease of Doing Business in Sri Lanka



Region	South Asia
Income Category	Lower middle income
Population	21,444,000
City Covered	Colombo

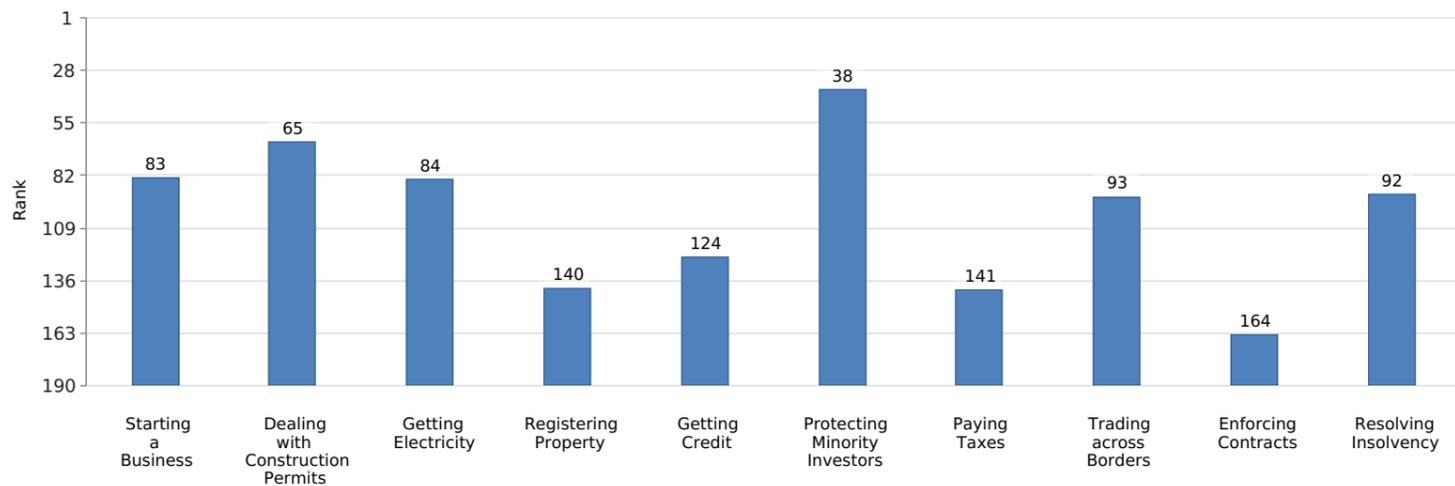


DB 2019 Ease of Doing Business Score

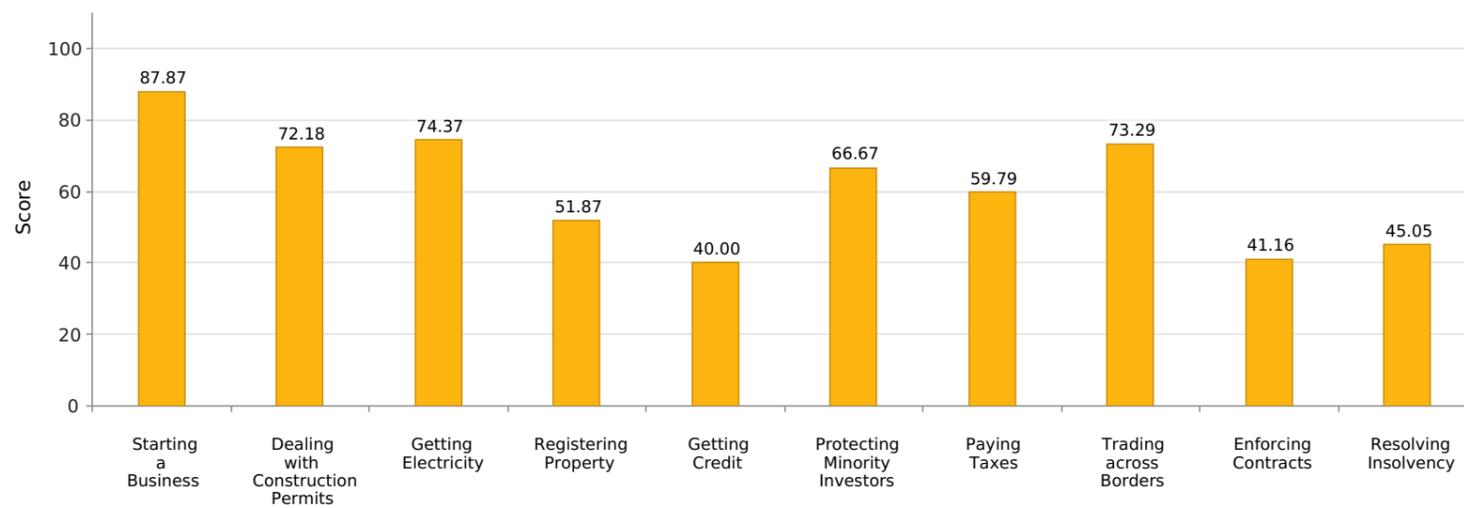


Note: The ease of doing business score captures the gap of each economy from the best regulatory performance observed on each of the indicators across all economies in the *Doing Business* sample since 2005. An economy's ease of doing business score is reflected on a scale from 0 to 100, where 0 represents the lowest and 100 represents the best performance. The ease of doing business ranking ranges from 1 to 190.

Rankings on Doing Business topics - Sri Lanka



Ease of Doing Business Score on Doing Business topics - Sri Lanka



## Starting a Business

This topic measures the number of procedures, time, cost and paid-in minimum capital requirement for a small- to medium-sized limited liability company to start up and formally operate in each economy's largest business city.

To make the data comparable across 190 economies, *Doing Business* uses a standardized business that is 100% domestically owned, has start-up capital equivalent to 10 times the income per capita, engages in general industrial or commercial activities and employs between 10 and 50 people one month after the commencement of operations, all of whom are domestic nationals. Starting a Business considers two types of local limited liability companies that are identical in all aspects, except that one company is owned by 5 married women and the other by 5 married men. The ranking of economies on the ease of starting a business is determined by sorting their scores for starting a business. These scores are the simple average of the scores for each of the component indicators.

The most recent round of data collection for the project was completed in May 2018. [See the methodology for more information.](#)

What the indicators measure	Case study assumptions
<p><b>Procedures to legally start and formally operate a company (number)</b></p> <ul style="list-style-type: none"> <li>• Preregistration (for example, name verification or reservation, notarization)</li> <li>• Registration in the economy's largest business city</li> <li>• Postregistration (for example, social security registration, company seal)</li> <li>• Obtaining approval from spouse to start a business or to leave the home to register the company</li> <li>• Obtaining any gender specific document for company registration and operation or national identification card</li> </ul> <p><b>Time required to complete each procedure (calendar days)</b></p> <ul style="list-style-type: none"> <li>• Does not include time spent gathering information</li> <li>• Each procedure starts on a separate day (2 procedures cannot start on the same day)</li> <li>• Procedures fully completed online are recorded as ½ day</li> <li>• Procedure is considered completed once final document is received</li> <li>• No prior contact with officials</li> </ul> <p><b>Cost required to complete each procedure (% of income per capita)</b></p> <ul style="list-style-type: none"> <li>• Official costs only, no bribes</li> <li>• No professional fees unless services required by law or commonly used in practice</li> </ul> <p><b>Paid-in minimum capital (% of income per capita)</b></p> <ul style="list-style-type: none"> <li>• Funds deposited in a bank or with third party before registration or up to 3 months after incorporation</li> </ul>	<p>To make the data comparable across economies, several assumptions about the business and the procedures are used. It is assumed that any required information is readily available and that the entrepreneur will pay no bribes.</p> <p><b>The business:</b></p> <ul style="list-style-type: none"> <li>- Is a limited liability company (or its legal equivalent). If there is more than one type of limited liability company in the economy, the most common among domestic firms is chosen. Information on the most common form is obtained from incorporation lawyers or the statistical office.</li> <li>- Operates in the economy's largest business city. For 11 economies the data are also collected for the second largest business city.</li> <li>- The entire office space is approximately 929 square meters (10,000 square feet).</li> <li>- Is 100% domestically owned and has five owners, none of whom is a legal entity; has a start-up capital of 10 times income per capita and has a turnover of at least 100 times income per capita.</li> <li>- Performs general industrial or commercial activities, such as the production or sale of goods or services to the public. The business does not perform foreign trade activities and does not handle products subject to a special tax regime, for example, liquor or tobacco. It does not use heavily polluting production processes.</li> <li>- Leases the commercial plant or offices and is not a proprietor of real estate and the amount of the annual lease for the office space is equivalent to the income per capita.</li> <li>- Does not qualify for investment incentives or any special benefits.</li> <li>- Has at least 10 and up to 50 employees one month after the commencement of operations, all of whom are domestic nationals.</li> <li>- Has a company deed that is 10 pages long.</li> </ul> <p><b>The owners:</b></p> <ul style="list-style-type: none"> <li>- Have reached the legal age of majority. If there is no legal age of majority, they are assumed to be 30 years old.</li> <li>- Are sane, competent, in good health and have no criminal record.</li> <li>- Are married and the marriage is monogamous and registered with the authorities.</li> <li>- Where the answer differs according to the legal system applicable to the woman or man in question (as may be the case in economies where there is legal plurality), the answer used will be the one that applies to the majority of the population.</li> </ul>

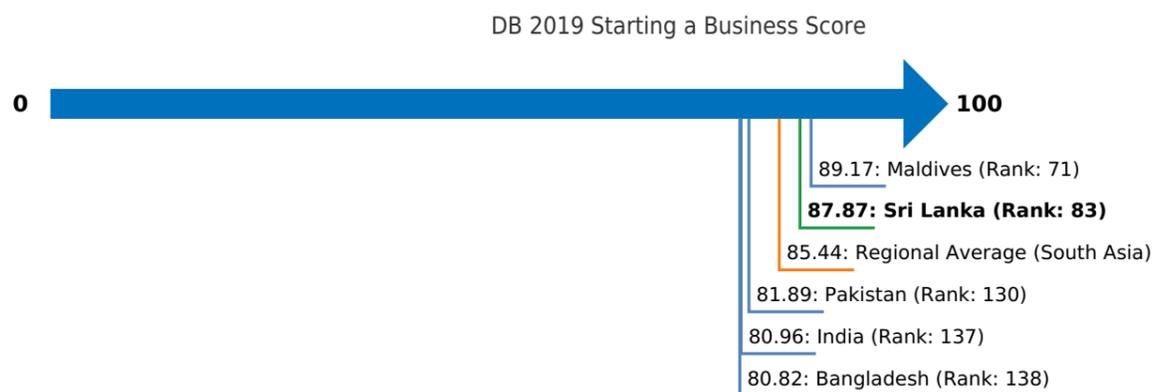
## Starting a Business - Sri Lanka

## Standardized Company

Legal form	Private Limited Liability Company
Paid-in minimum capital requirement	LKR 0
City Covered	Colombo

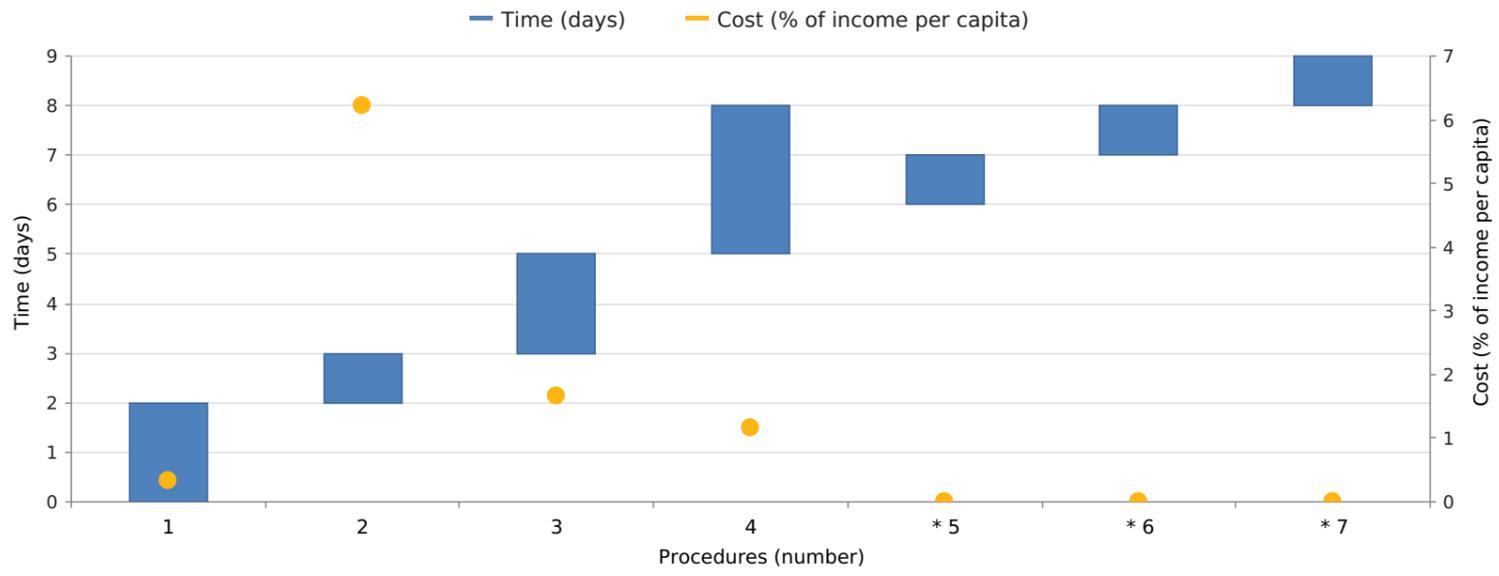
Indicator	Sri Lanka	South Asia	OECD high income	Best Regulatory Performance
Procedure - Men (number)	7	7.6	4.9	1 (New Zealand)
Time - Men (days)	9	13.7	9.3	0.5 (New Zealand)
Cost - Men (% of income per capita)	9.4	11.0	3.1	0.0 (Slovenia)
Procedure - Women (number)	7	7.8	4.9	1 (New Zealand)
Time - Women (days)	9	13.9	9.3	0.5 (New Zealand)
Cost - Women (% of income per capita)	9.4	11.0	3.1	0.0 (Slovenia)
Paid-in min. capital (% of income per capita)	0.0	0.2	8.6	0.0 (117 Economies)

Figure - Starting a Business in Sri Lanka and comparator economies - Ranking and Score



Note: The ranking of economies on the ease of starting a business is determined by sorting their scores for starting a business. These scores are the simple average of the scores for each of the component indicators.

Figure - Starting a Business in Sri Lanka - Procedure, Time and Cost



\*This symbol is shown beside procedure numbers that take place simultaneously with the previous procedure.

Note: Online procedures account for 0.5 days in the total time calculation. For economies that have a different procedure list for men and women, the graph shows the time for women. For more information on methodology, see the *Doing Business* website (<http://doingbusiness.org/en/methodology>). For details on the procedures reflected here, see the summary below.

## Details - Starting a Business in Sri Lanka - Procedure, Time and Cost

No.	Procedures	Time to Complete	Associated Costs
1	<p><b>Reserve a unique company name</b>  <i>Agency</i> : Registrar of Companies            Searching for a unique company name is done online via the website of the Department of the Registrar of Companies (<a href="http://www.drc.gov.lk">www.drc.gov.lk</a>). The website also accepts reservation fee payments. The fee for name approval and reservation is LKR 2,000 + 15% VAT. Once the payment is done, the name confirmation is provided by email and SMS. The company name reservation is valid for 3 months.</p>	2 days	LKR 2,000 + 15% VAT
2	<p><b>The company secretary and director sign a consent</b>  <i>Agency</i> : Company Secretary            According to Article 221(1) of the Companies Act No. 7 of 2007, every company shall have a director and a secretary.</p> <p>The Company Secretary must be hired before incorporation because one of the requirements to incorporate is a consent form that the Company Secretary must sign saying he/she will be the secretary for the newly formed company -- Form 19: Company Secretary Details. The company director must sign Form 18: Company Director Details. Forms can be obtained online at <a href="http://www.drc.gov.lk">www.drc.gov.lk</a>.</p> <p>There is no specific fee schedule. The fees vary from firm to firm, and are generally based on a quarterly retainer. The quarterly charges in the region vary between of USD\$ 100 - 150 for private companies but some firms may charge up to USD 1000 annual fee for acting as a Company Secretary. LKR 10,000-15,000 is usually paid per month, so per quarter the amount ranges between LKR 30,000 - 45,000.</p>	1 day	see procedure details
3	<p><b>Register at the Department of the Registrar of Companies</b>  <i>Agency</i> : Registrar of Companies            The application for company incorporation is submitted online since April 2018. The company must submit the following documents to the Department of the Registrar of Companies:</p> <ul style="list-style-type: none"> <li>• Form 1 – Registration of a company</li> <li>• Form 18 – Consent and certificate of director</li> <li>• Form 19 – Consent and certificate of secretary</li> <li>• One copy of Articles of Association</li> </ul> <p>A company may either adopt the standard set of Articles of Association in Table A of the Companies Act of Sri Lanka or draft its own Articles of Association. Professional charges are higher for drafting new Articles of Association than for adopting the standard text.</p> <p>The Registrar of Companies charges the following registration fees:</p> <ul style="list-style-type: none"> <li>- LKR 4,000 for Form 1;</li> <li>- LKR 2,000 for Form 18;</li> <li>- LKR 2,000 for Form 19; and</li> <li>- LKR 2,000 for the Articles of Association.</li> </ul> <p>All fees are subject to 15% VAT. The Certificate of Incorporation can typically be obtained in around 2 days and the registration number is provided by email and SMS.</p>	2 days	LKR 4,000+15%VAT (registration fee for Form 1) plus LKR 2,000+15%VAT (registration fee for each: Form 18, 19 and the Articles of Association)
4	<p><b>Publish a notice of incorporation</b>  <i>Agency</i> : Daily Newspapers and Government Publication Bureau            According to Section 9 of Sri Lanka's Companies Act No. 7 of 2007 and section 3(a) of the Gazette Notice No. 1566/32 dated 12/09.2008 public notice must be given within 60 days of the incorporation of a company. The notice of incorporation specifying the name of the company, registration number, date of incorporation, and address of the registered office should be published in the Government Gazette and in any daily newspaper in three languages: English, Sinhala and Tamil. The proof of publication should then be filed with the Registrar of Companies.</p> <p>The newspaper publications once handed over with the payment which depends on the size of the Notice, will appear within 3-4 days. The publication in the Gazette will appear within 2 weeks of submitting the request with the payment. The Registrar of Companies accepts a copy of the receipt issued by the Government Printer as proof of publication.</p>	3 days	LKR 7,000

⇒ 5	<p><b>Register with the tax authorities and obtain a Tax Identification Number (TIN) from Taxpayer Services Unit of Inland Revenue Department</b></p> <p><i>Agency</i> : Department of Inland Revenue</p> <p>The applicant or an authorized representative of the applicant must be physically present at the Taxpayer Services Unit of Inland Revenue Department to pick up and complete the application for a Taxpayer Identification Number (TIN) number with supporting documents including a copy of Form 1, Certificate of Incorporation and Articles of Association. TIN registration application can be submitted online through the RAMIS system. However, this method was only recently introduced and is not yet widely used.</p>	1 day (simultaneous with previous procedure)      no charge
⇒ 6	<p><b>Register for VAT with the Inland Revenue Department's VAT Registration Branch</b></p> <p><i>Agency</i> : Department of Inland Revenue</p> <p>To obtain permanent VAT registration, the applicant must submit documents proving turnover of LKR 3,000,000 per quarter or LKR 12,000,000 per year according to the Value Added Tax Act No. 14 of 2002. VAT registration application can be submitted online through the RAMIS system. However, this method was only recently introduced and is not yet widely used.</p>	1 day (simultaneous with previous procedure)      no charge
⇒ 7	<p><b>Register with the Department of Labor and obtain the Employee Provident Fund (EPF) number</b></p> <p><i>Agency</i> : Department of Labour and the Central Bank of Sri Lanka</p> <p>Companies must register with the Department of Labor to obtain the Employees Provident Fund (EPF) registration number. The fund is a government-owned and maintained by the Central Bank. No separate registration is required to register with the Employees Trust Fund (ETF). ETF uses the same EPF number for their monthly contributions. Companies must also pay gratuities to employees that have been employed for more than 5 years. The gratuity provisions do not apply to companies that have fewer than 15 employees. There is no pension scheme for private sector employees. Businesses that engage in activities of a dangerous nature should obtain special Factories Ordinance checkups.</p>	1 day (simultaneous with previous procedure)      no charge

⇒ Takes place simultaneously with previous procedure.

## Dealing with Construction Permits

This topic tracks the procedures, time and cost to build a warehouse—including obtaining necessary the licenses and permits, submitting all required notifications, requesting and receiving all necessary inspections and obtaining utility connections. In addition, the Dealing with Construction Permits indicator measures the building quality control index, evaluating the quality of building regulations, the strength of quality control and safety mechanisms, liability and insurance regimes, and professional certification requirements. The most recent round of data collection was completed in May 2018. [See the methodology for more information](#)

What the indicators measure	Case study assumptions
<p><b>Procedures to legally build a warehouse (number)</b></p> <ul style="list-style-type: none"> <li>• Submitting all relevant documents and obtaining all necessary clearances, licenses, permits and certificates</li> <li>• Submitting all required notifications and receiving all necessary inspections</li> <li>• Obtaining utility connections for water and sewerage</li> <li>• Registering and selling the warehouse after its completion</li> </ul>	<p>To make the data comparable across economies, several assumptions about the construction company, the warehouse project and the utility connections are used.</p>
<p><b>Time required to complete each procedure (calendar days)</b></p> <ul style="list-style-type: none"> <li>• Does not include time spent gathering information</li> <li>• Each procedure starts on a separate day—though procedures that can be fully completed online are an exception to this rule</li> <li>• Procedure is considered completed once final document is received</li> <li>• No prior contact with officials</li> </ul>	<p><b>The construction company (BuildCo):</b></p> <ul style="list-style-type: none"> <li>- Is a limited liability company (or its legal equivalent) and operates in the economy's largest business city. For 11 economies the data are also collected for the second largest business city.</li> <li>- Is 100% domestically and privately owned; has five owners, none of whom is a legal entity. Has a licensed architect and a licensed engineer, both registered with the local association of architects or engineers. BuildCo is not assumed to have any other employees who are technical or licensed experts, such as geological or topographical experts.</li> <li>- Owns the land on which the warehouse will be built and will sell the warehouse upon its completion.</li> </ul>
<p><b>Cost required to complete each procedure (% of income per capita)</b></p> <ul style="list-style-type: none"> <li>• Official costs only, no bribes</li> </ul>	<p><b>The warehouse:</b></p> <ul style="list-style-type: none"> <li>- Will be used for general storage activities, such as storage of books or stationery.</li> <li>- Will have two stories, both above ground, with a total constructed area of approximately 1,300.6 square meters (14,000 square feet). Each floor will be 3 meters (9 feet, 10 inches) high and will be located on a land plot of approximately 929 square meters (10,000 square feet) that is 100% owned by BuildCo, and the warehouse is valued at 50 times income per capita.</li> <li>- Will have complete architectural and technical plans prepared by a licensed architect. If preparation of the plans requires such steps as obtaining further documentation or getting prior approvals from external agencies, these are counted as procedures.</li> <li>- Will take 30 weeks to construct (excluding all delays due to administrative and regulatory requirements).</li> </ul>
<p><b>Building quality control index (0-15)</b></p> <ul style="list-style-type: none"> <li>• Quality of building regulations (0-2)</li> <li>• Quality control before construction (0-1)</li> <li>• Quality control during construction (0-3)</li> <li>• Quality control after construction (0-3)</li> <li>• Liability and insurance regimes (0-2)</li> <li>• Professional certifications (0-4)</li> </ul>	<p><b>The water and sewerage connections:</b></p> <ul style="list-style-type: none"> <li>- Will be 150 meters (492 feet) from the existing water source and sewer tap. If there is no water delivery infrastructure in the economy, a borehole will be dug. If there is no sewerage infrastructure, a septic tank in the smallest size available will be installed or built.</li> <li>- Will have an average water use of 662 liters (175 gallons) a day and an average wastewater flow of 568 liters (150 gallons) a day. Will have a peak water use of 1,325 liters (350 gallons) a day and a peak wastewater flow of 1,136 liters (300 gallons) a day.</li> <li>- Will have a constant level of water demand and wastewater flow throughout the year; will be 1 inch in diameter for the water connection and 4 inches in diameter for the sewerage connection.</li> </ul>

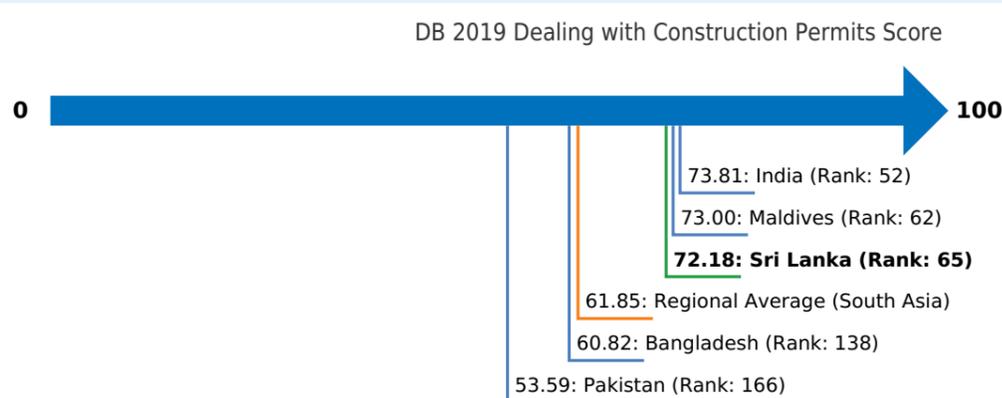
Dealing with Construction Permits - Sri Lanka

Standardized Warehouse

Estimated value of warehouse	LKR 30,126,432
City Covered	Colombo

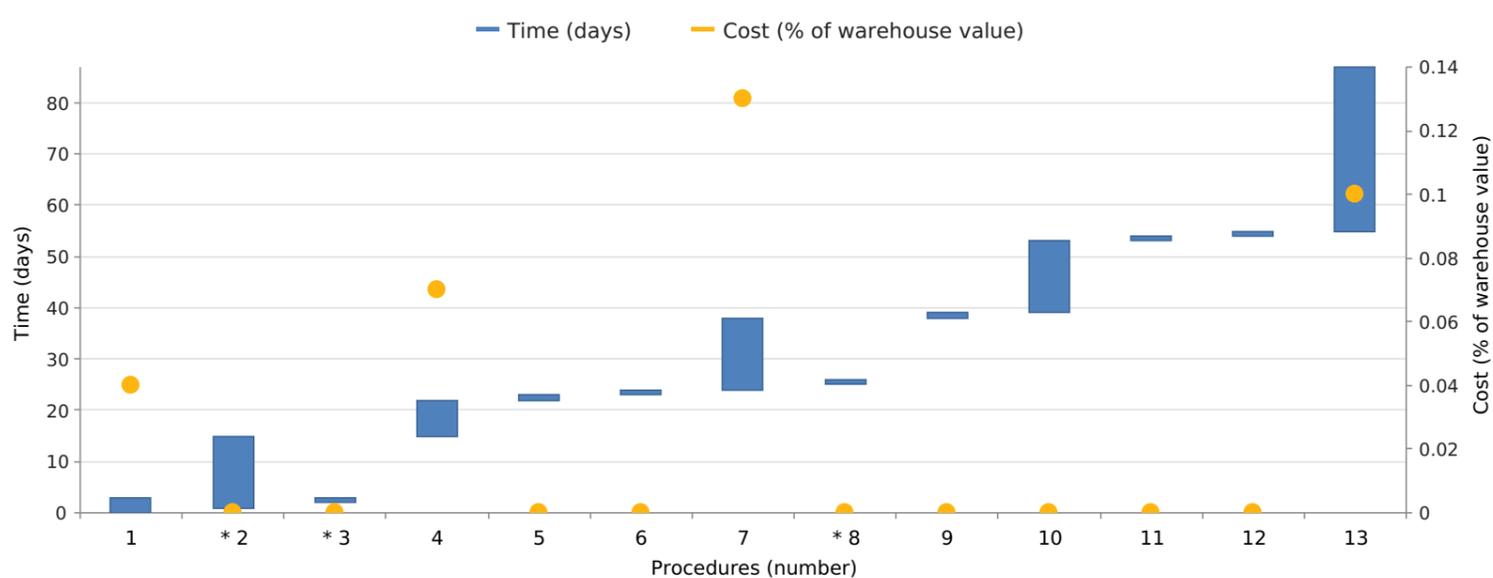
Indicator	Sri Lanka	South Asia	OECD high income	Best Regulatory Performance
Procedures (number)	13	15.2	12.7	None in 2017/18
Time (days)	87	165.5	153.1	None in 2017/18
Cost (% of warehouse value)	0.3	13.2	1.5	None in 2017/18
Building quality control index (0-15)	6.0	9.2	11.5	15.0 (3 Economies)

Figure - Dealing with Construction Permits in Sri Lanka and comparator economies - Ranking and Score



Note: The ranking of economies on the ease of dealing with construction permits is determined by sorting their scores for dealing with construction permits. These scores are the simple average of the scores for each of the component indicators.

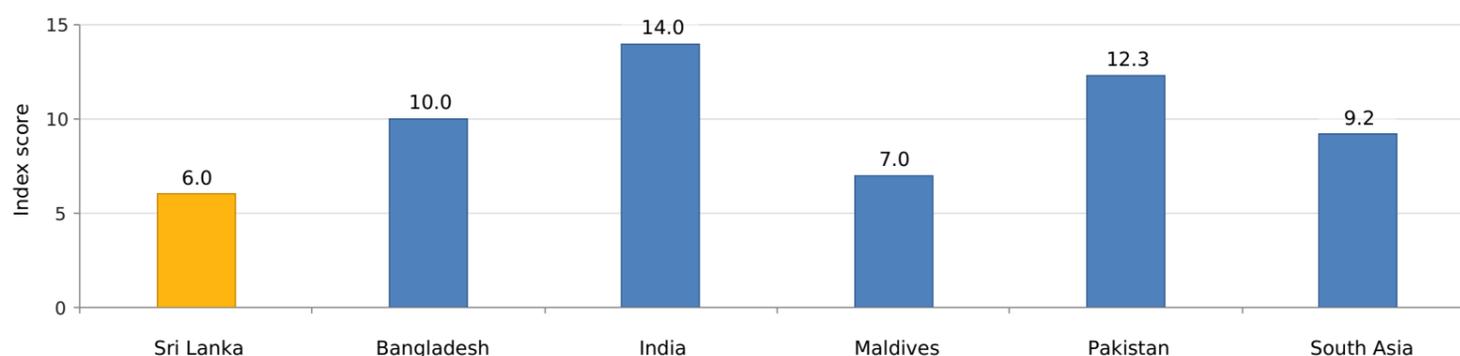
Figure - Dealing with Construction Permits in Sri Lanka - Procedure, Time and Cost



\*This symbol is shown beside procedure numbers that take place simultaneously with the previous procedure.

Note: Online procedures account for 0.5 days in the total time calculation. For economies that have a different procedure list for men and women, the graph shows the time for women. For more information on methodology, see the *Doing Business* website (<http://doingbusiness.org/en/methodology>). For details on the procedures reflected here, see the summary below.

Figure - Dealing with Construction Permits in Sri Lanka and comparator economies - Measure of Quality



## Details - Dealing with Construction Permits in Sri Lanka - Procedure, Time and Cost

No.	Procedures	Time to Complete	Associated Costs
1	<p><b>Obtain the non-vesting certificate, the certificate of ownership and the building and street line certificate</b></p> <p><i>Agency</i> : Single Window Counter of the Colombo Municipal Council It is mandatory to obtain and submit a non vesting certificate, a certificate of ownership and a building and street line certificate. All three certificates can be obtained at the same time through the Single Window Counter (SWC) of the Colombo Municipal Council (CMC).</p>	3 days	LKR 12,000
⇒ 2	<p><b>Receive on-site inspection from Fire Service Department and obtain fire safety clearance for proposed building</b></p> <p><i>Agency</i> : Fire Service Department of the CMC The Fire Service Department will carry out the inspection when the relevant department of the Urban Development Authority (UDA) sends the plan. The Fire Officers of the Fire Service Department will carry out a study of the plan and then may conduct a fire inspection and issue fire safety clearance. It takes 10 working days to obtain a fire inspection.</p>	14 days	no charge
⇒ 3	<p><b>Request and receive water sanction inspection and sewage inspection</b></p> <p><i>Agency</i> : National Water Supply &amp; Drainage Board The following documents must be submitted to obtain a drainage certificate:</p> <ul style="list-style-type: none"> <li>• The prescribed application form, signed in duplicate</li> <li>• Six copies of the approved building plan</li> <li>• The water and drainage plans</li> <li>• Two copies of the building permit</li> <li>• A copy of the water sanction</li> </ul> <p>All applications for drainage certificates must be submitted by a contractor registered with the local authority, and the drainage connection should be carried out by such contractor.</p>	1 day	LKR 204
4	<p><b>Obtain the water sanction and the drainage certificate from the National Water Supply &amp; Drainage Board</b></p> <p><i>Agency</i> : National Water Supply &amp; Drainage Board</p>	7 days	LKR 21,420
5	<p><b>Submit building permit application to Urban Development Authority (UDA)</b></p> <p><i>Agency</i> : Urban Development Authority (UDA) Once the proof of ownership has been obtained, BuildCo, can submit the application to obtain a building permit along with all the building plans and other documents. The Urban Development Authority will proceed with a site inspection to verify the location. The UDA now also accepts online applications.</p>	1 day	no charge
6	<p><b>Receive on-site inspection from the Urban Development Authority (UDA)</b></p> <p><i>Agency</i> : Urban Development Authority (UDA) The applicant normally provides transportation or is responsible for the cost of a taxi or a trishaw. The cost depends on the location, but does not normally exceed USD 10.00.</p>	1 day	no charge

7	<p><b>Obtain building permit from the Urban Development Authority (UDA)</b>  <i>Agency : Urban Development Authority (UDA)</i>  An application for a building permit must be submitted along with five copies of the building plan. The following documents must be submitted</p> <ul style="list-style-type: none"> <li>• The water clearance from National Water Supply &amp; Drainage Board</li> <li>• The Drainage Clearance from Water Supply &amp; Drainage Division of relevant Local Authority</li> <li>• The Fire Service Department of the UDA issues the fire report with or without conditions</li> <li>• The Building Department of the Urban Development Authority (UDA) issues the street line certification. An on-site inspection is conducted by an area inspector of the UDA and a report is prepared based on the investigations.</li> <li>• The Area Inspector's report is assessed by an Officer in Charge, Planning Officer or Building Engineer, and presented to the Planning Committee with comments and recommendations</li> <li>• The Planning Committee may approve the building plan and grant the development permit with or without conditions</li> <li>• The street/building lines must be demarcated on the ground, before the commencement of construction</li> </ul> <p>The building permit application form costs LKR 150.00.</p> <p>If the floor area is more than 3,500 square feet, the application should be certified by an architect and a chartered engineer. The following documents are needed:</p> <ul style="list-style-type: none"> <li>• A certificate from a qualified civil structural engineer regarding the design, supervision, and structural stability of the proposed development in order to ensure that no damage would be caused to adjoining properties</li> <li>• An insurance policy and a letter of indemnity</li> </ul>	14 days	LKR 38,150
⇒ 8	<p><b>Request and receive on-site inspection by fire inspector of Fire Service Department of CMC</b>  <i>Agency : Fire Service Department of the CMC</i></p>	1 day	no charge
9	<p><b>Request and receive final inspection by Area Inspector of the Planning Department of the Urban Development Authority (UDA)</b>  <i>Agency : Planning Division of the UDA</i></p>	1 day	no charge
10	<p><b>Obtain certificate of conformity from the Urban Development Authority (UDA)</b>  <i>Agency : Urban Development Authority (UDA)</i>  The application to obtain a certificate of conformity must be signed by the owner(s) and a qualified person. The certificate of conformity (COC) is issued only under the names of the owners. To obtain a certificate of conformity, an application must be submitted with the following documents:</p> <ul style="list-style-type: none"> <li>• Water sanction</li> <li>• Drainage certificate</li> <li>• Approved building plan: the building plan should be strictly in compliance with the Building Regulations of the Urban Development Authority Act</li> <li>• On-site inspection by an Area Inspector of the Planning Department of the CMC to ensure that construction has been completed according to the approved plan</li> <li>• On-site inspection by a fire inspector. The inspector's report is then assessed by a technical staff assistant and by an Officer in Charge, Planning Officer or Building Engineer, and presented to the Planning Committee</li> <li>• A certificate approving the mechanical ventilation system by private air-conditioning engineers (working for AC suppliers)</li> <li>• Any other certificates mentioned in the building permit</li> </ul> <p>It is a mandate to obtain a COC for the constructed building before occupying the new building. The requirements to fulfill in applying for Certificate of Conformity can be found through the on line Application System in the UDA Official web site.</p>	14 days	LKR 699
11	<p><b>Apply for water connection from National Water Supply and Drainage Board</b>  <i>Agency : National Water Supply and Drainage Board</i>  To obtain the water connection, BuildCo must submit an application to the National Water Supply and Drainage Board, an assessment notice, the title deed and an ownership certificate. After that, BuildCo receives an on-site inspection, pays the water installation costs, and signs an agreement with the Board.</p>	1 day	no charge
12	<p><b>Receive on-site inspection by inspector from National Water Supply and Drainage Board</b>  <i>Agency : National Water Supply and Drainage Board</i></p>	1 day	no charge
13	<p><b>Obtain water connection</b>  <i>Agency : National Water Supply and Drainage Board</i></p>	32 days	LKR 31,000

⇒ Takes place simultaneously with previous procedure.

## Details - Dealing with Construction Permits in Sri Lanka - Measure of Quality

	Answer	Score
<b>Building quality control index (0-15)</b>		<b>6.0</b>
<b>Quality of building regulations index (0-2)</b>		<b>2.0</b>
How accessible are building laws and regulations in your economy? (0-1)	Available online; Free of charge; In official gazette.	1.0
Which requirements for obtaining a building permit are clearly specified in the building regulations or on any accessible website, brochure or pamphlet? (0-1)	List of required documents; Fees to be paid; Required preapprovals.	1.0
<b>Quality control before construction index (0-1)</b>		<b>0.0</b>
Which third-party entities are required by law to verify that the building plans are in compliance with existing building regulations? (0-1)	By law, there is no need to verify plans compliance; Civil servant reviews plans.	0.0
<b>Quality control during construction index (0-3)</b>		<b>1.0</b>
What types of inspections (if any) are required by law to be carried out during construction? (0-2)	Inspections by in-house engineer.	1.0
Do legally mandated inspections occur in practice during construction? (0-1)	Mandatory inspections are not always done in practice during construction.	0.0
<b>Quality control after construction index (0-3)</b>		<b>3.0</b>
Is there a final inspection required by law to verify that the building was built in accordance with the approved plans and regulations? (0-2)	Yes, final inspection is done by government agency.	2.0
Do legally mandated final inspections occur in practice? (0-1)	Final inspection always occurs in practice.	1.0
<b>Liability and insurance regimes index (0-2)</b>		<b>0.0</b>
Which parties (if any) are held liable by law for structural flaws or problems in the building once it is in use (Latent Defect Liability or Decennial Liability)? (0-1)	No party is held liable under the law.	0.0
Which parties (if any) are required by law to obtain an insurance policy to cover possible structural flaws or problems in the building once it is in use (Latent Defect Liability Insurance or Decennial Insurance)? (0-1)	No party is required by law to obtain insurance .	0.0
<b>Professional certifications index (0-4)</b>		<b>0.0</b>
What are the qualification requirements for the professional responsible for verifying that the architectural plans or drawings are in compliance with existing building regulations? (0-2)	Being a registered architect or engineer.	0.0
What are the qualification requirements for the professional who supervises the construction on the ground? (0-2)	Being a registered architect or engineer.	0.0

## ⚡ Getting Electricity

This topic measures the procedures, time and cost required for a business to obtain a permanent electricity connection for a newly constructed warehouse. Additionally, the reliability of supply and transparency of tariffs index measures reliability of supply, transparency of tariffs and the price of electricity. The most recent round of data collection for the project was completed in May 2018. [See the methodology for more information.](#)

### What the indicators measure

#### Procedures to obtain an electricity connection (number)

- Submitting all relevant documents and obtaining all necessary clearances and permits
- Completing all required notifications and receiving all necessary inspections
- Obtaining external installation works and possibly purchasing material for these works
- Concluding any necessary supply contract and obtaining final supply

#### Time required to complete each procedure (calendar days)

- Is at least 1 calendar day
- Each procedure starts on a separate day
- Does not include time spent gathering information
- Reflects the time spent in practice, with little follow-up and no prior contact with officials

#### Cost required to complete each procedure (% of income per capita)

- Official costs only, no bribes
- Value added tax excluded

#### The reliability of supply and transparency of tariffs index (0-8)

- Duration and frequency of power outages (0-3)
- Tools to monitor power outages (0-1)
- Tools to restore power supply (0-1)
- Regulatory monitoring of utilities' performance (0-1)
- Financial deterrents limiting outages (0-1)
- Transparency and accessibility of tariffs (0-1)

#### Price of electricity (cents per kilowatt-hour)\*

- Price based on monthly bill for commercial warehouse in case study

\*Note: *Doing Business* measures the price of electricity, but it is not included in the ease of doing business score nor the ranking on the ease of getting electricity.

### Case study assumptions

To make the data comparable across economies, several assumptions about the warehouse, the electricity connection and the monthly consumption are used.

#### The warehouse:

- Is owned by a local entrepreneur and is used for storage of goods.
- Is located in the economy's largest business city. For 11 economies the data are also collected for the second largest business city.
- Is located in an area where similar warehouses are typically located and is in an area with no physical constraints. For example, the property is not near a railway.
- Is a new construction and is being connected to electricity for the first time.
- Has two stories with a total surface area of approximately 1,300.6 square meters (14,000 square feet). The plot of land on which it is built is 929 square meters (10,000 square feet).

#### The electricity connection:

- Is a permanent one with a three-phase, four-wire Y connection with a subscribed capacity of 140-kilo-volt-ampere (kVA) with a power factor of 1, when 1 kVA = 1 kilowatt (kW).
- Has a length of 150 meters. The connection is to either the low- or medium-voltage distribution network and is either overhead or underground, whichever is more common in the area where the warehouse is located and requires works that involve the crossing of a 10-meter road (such as by excavation or overhead lines) but are all carried out on public land. There is no crossing of other owners' private property because the warehouse has access to a road.
- Does not require work to install the internal wiring of the warehouse. This has already been completed up to and including the customer's service panel or switchboard and the meter base.

#### The monthly consumption:

- It is assumed that the warehouse operates 30 days a month from 9:00 a.m. to 5:00 p.m. (8 hours a day), with equipment utilized at 80% of capacity on average and that there are no electricity cuts (assumed for simplicity reasons) and the monthly energy consumption is 26,880 kilowatt-hours (kWh); hourly consumption is 112 kWh.
- If multiple electricity suppliers exist, the warehouse is served by the cheapest supplier.
- Tariffs effective in January of the current year are used for calculation of the price of electricity for the warehouse. Although January has 31 days, for calculation purposes only 30 days are used.

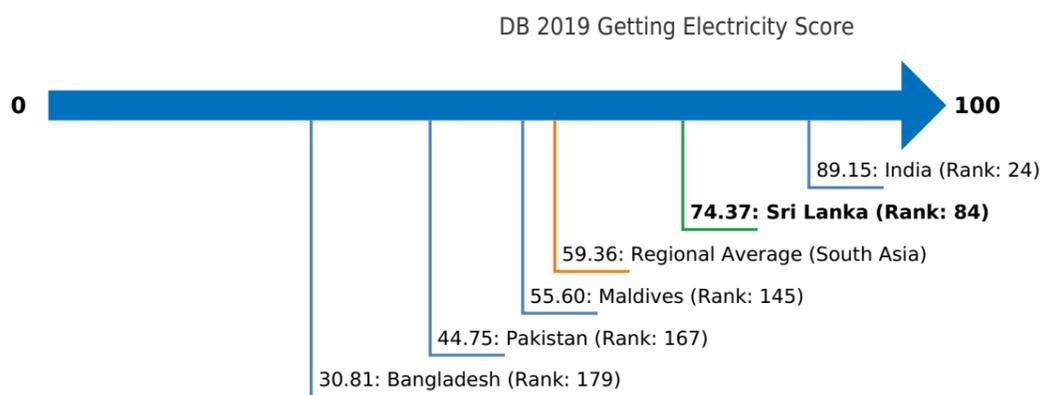
Getting Electricity - Sri Lanka

Standardized Connection

Price of electricity (US cents per kWh)	16.9
Name of utility	Ceylon Electricity Board
City Covered	Colombo

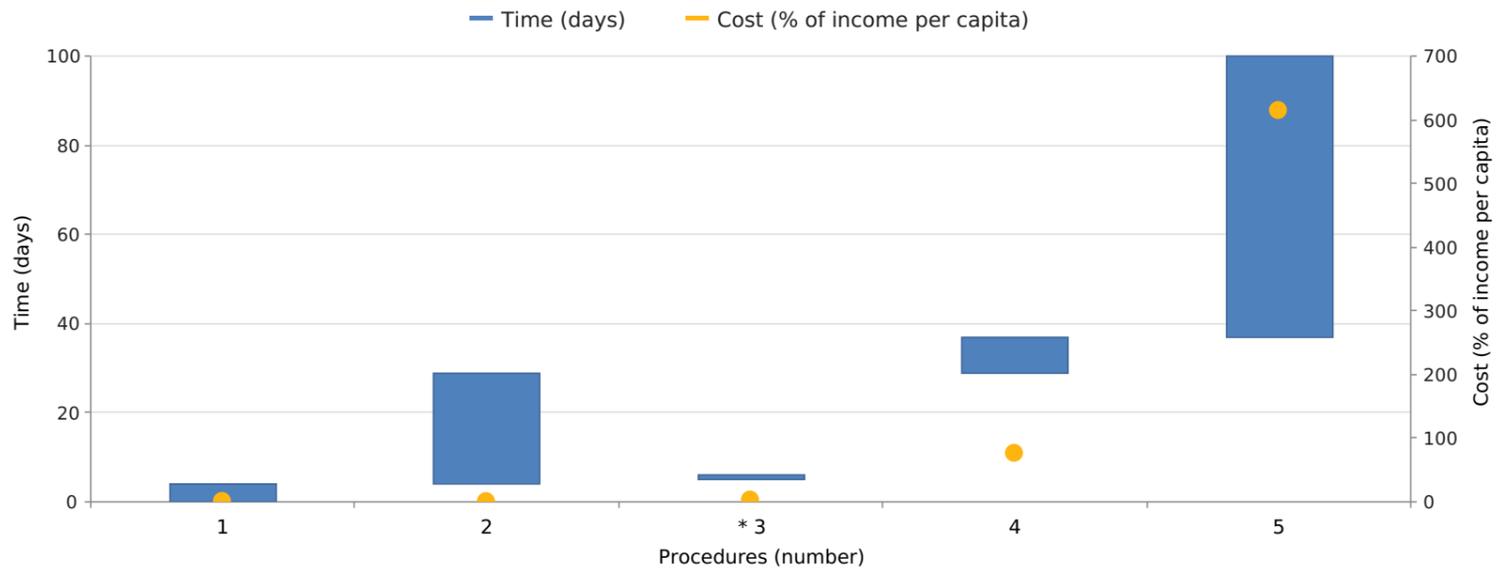
Indicator	Sri Lanka	South Asia	OECD high income	Best Regulatory Performance
Procedures (number)	5	5.4	4.5	3 (25 Economies)
Time (days)	100	98.3	77.2	18 (3 Economies)
Cost (% of income per capita)	692.8	1054.7	64.2	0.0 (3 Economies)
Reliability of supply and transparency of tariff index (0-8)	6	2.1	7.5	8.0 (27 Economies)

Figure - Getting Electricity in Sri Lanka and comparator economies - Ranking and Score



Note: The ranking of economies on the ease of getting electricity is determined by sorting their scores for getting electricity. These scores are the simple average of the scores for all the component indicators except the price of electricity.

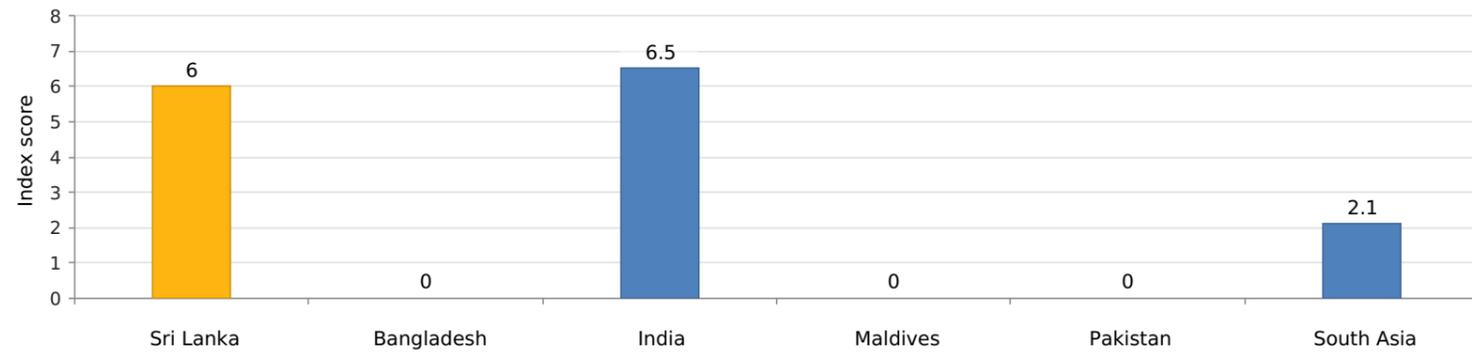
Figure - Getting Electricity in Sri Lanka - Procedure, Time and Cost



\*This symbol is shown beside procedure numbers that take place simultaneously with the previous procedure.

Note: Online procedures account for 0.5 days in the total time calculation. For economies that have a different procedure list for men and women, the graph shows the time for women. For more information on methodology, see the *Doing Business* website (<http://doingbusiness.org/en/methodology>). For details on the procedures reflected here, see the summary below.

Figure - Getting Electricity in Sri Lanka and comparator economies - Measure of Quality



## Details - Getting Electricity in Sri Lanka - Procedure, Time and Cost

No.	Procedures	Time to Complete	Associated Costs
1	<p><b>Submit application to Ceylon Electricity Board and await external site inspection</b></p> <p><i>Agency : Ceylon Electricity Board</i></p> <p>An application should be submitted to the City Office of Ceylon Electricity Board, together with the following documents. These documents need not be notarized.</p> <p>(i) A copy of the approved Building Plan; (ii) Documentary evidence to establish the street address/assessment number allotted to the property by the Colombo Municipal Council (e.g. - Certificate of ownership, Statutory Notice of Assessment for the current year, Non-vesting certificate or a letter issued by the CMC); and (iii) a copy of the certificate of incorporation to identify the customer. Once the documents are checked and accepted, the applicant is provided with an appointment for the site visit.</p>	4 calendar days	LKR 2,000
2	<p><b>Receive site inspection and estimate from Ceylon Electricity Board</b></p> <p><i>Agency : Ceylon Electricity Board</i></p> <p>CEB officials make site visit to ascertain the possible route/s for the connection cable/s, length/s of possible route/s, point/s of connection to the medium voltage network of Colombo City; as well as to decide upon the network improvements required to make available the power capacity at the proposed point/s of network of network, to finalize the substation kiosk location and to make measurements and any other details for the kiosk. CEB officials then design the proposal for the connection and the detailed design of the substation kiosk.</p> <p>The quotation provided by CEB includes a) all further costs payable to CEB; b) any other requirements to be fulfilled such as Chartered Engineer's certificate and the specifications and the drawing of the kiosk is sent out to the applicant by post or handed over if he calls over to collect it.</p>	25 calendar days	LKR 0
⇒ 3	<p><b>Request and receive installation test certificate from chartered electrical engineer</b></p> <p><i>Agency : Chartered Electrical Engineer</i></p> <p>Applicant has to pay for the Chartered Electrical Engineers as follows;</p> <p>&gt; 150kVA - LKR 10,000 - 15,000 &lt; 150kVA - LKR 15,000 - 25,000</p> <p>This inspection is carried out by a Chartered Electrical Engineer, who is registered with the City Office of CEB. Request for the inspection could be made by phone.</p>	1 calendar day	LKR 15,000
4	<p><b>Obtain excavation permit</b></p> <p><i>Agency : Colombo Municipal Council</i></p> <p>Ceylon Electricity Board gives the customer an excavation sketch which needs to be provided by the customer to Central Road Maintenance Unit (CRMU) of the Colombo Municipal Council. The CRMU will examine the same and if necessary visit the site and provide an estimated reinstatement cost which will be the cost of the excavation permit.</p> <p>The cost of the excavation permit will depend on the type of paving on the road or foot path that has to be excavated to lay the underground cabling and that must be therefore reinstated.</p>	8 calendar days	LKR 457,025
5	<p><b>Ceylon Electricity Board carries out laying of cables, installation of switchgears and equipment and commission of electricity</b></p> <p><i>Agency : Ceylon Electricity Board</i></p> <p>Once the estimate is paid, the utility applies for the road excavation permit from the Colombo Municipal Council/Road Development Authority. Labor costs are charged by the RDA/CMC for reinstatement of excavation. Construction cost is essentially for construction of sub-station. This amount has to be submitted to the CEB.</p> <p>Approved building plan from CMC is sufficient from applicant's side. But CEB has to get approval from following institutes (before cable laying);- Presidential Security Division; Traffic Police; Sri Lanka Police; Colombo Municipal Council. All the material needed for the external connection is provided by the CEB. Meter is installed by the Construction Unit of the CEB and at the same time the connection is provided by the Area Unit of the CEB. Prior to the connection, the applicant should enter into an Agreement with the CEB for supply of electricity.</p>	63 calendar days	LKR 3,700,435.56

⇒ Takes place simultaneously with previous procedure.

## Details - Getting Electricity in Sri Lanka - Measure of Quality

	Answer
<b>Reliability of supply and transparency of tariff index (0-8)</b>	6
<b>Total duration and frequency of outages per customer a year (0-3)</b>	2
System average interruption duration index (SAIDI)	3.2
System average interruption frequency index (SAIFI)	2.3
What is the minimum outage time (in minutes) that the utility considers for the calculation of SAIDI/SAIFI	2.0
<b>Mechanisms for monitoring outages (0-1)</b>	1
Does the distribution utility use automated tools to monitor outages?	Yes
<b>Mechanisms for restoring service (0-1)</b>	1
Does the distribution utility use automated tools to restore service?	Yes
<b>Regulatory monitoring (0-1)</b>	1
Does a regulator—that is, an entity separate from the utility—monitor the utility's performance on reliability of supply?	Yes
<b>Financial deterrents aimed at limiting outages (0-1)</b>	0
Does the utility either pay compensation to customers or face fines by the regulator (or both) if outages exceed a certain cap?	No
<b>Communication of tariffs and tariff changes (0-1)</b>	1
Are effective tariffs available online?	Yes
Link to the website, if available online	<a href="http://www.ceb.lk/for-your-business/">http://www.ceb.lk/for-your-business/</a>
Are customers notified of a change in tariff ahead of the billing cycle?	Yes

**Note:**

If the duration and frequency of outages is 100 or less, the economy is eligible to score on the Reliability of supply and transparency of tariff index.

If the duration and frequency of outages is not available, or is over 100, the economy is not eligible to score on the index.

If the minimum outage time considered for SAIDI/SAIFI is over 5 minutes, the economy is not eligible to score on the index.

## Registering Property

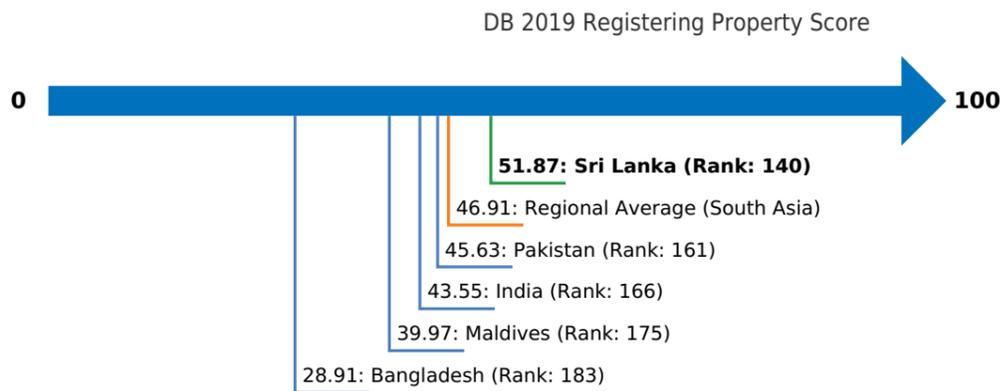
This topic examines the steps, time and cost involved in registering property, assuming a standardized case of an entrepreneur who wants to purchase land and a building that is already registered and free of title dispute. In addition, the topic also measures the quality of the land administration system in each economy. The quality of land administration index has five dimensions: reliability of infrastructure, transparency of information, geographic coverage, land dispute resolution, and equal access to property rights. The most recent round of data collection for the project was completed in May 2018. [See the methodology for more information.](#)

What the indicators measure	Case study assumptions
<p><b>Procedures to legally transfer title on immovable property (number)</b></p> <ul style="list-style-type: none"> <li>• Preregistration procedures (for example, checking for liens, notarizing sales agreement, paying property transfer taxes)</li> <li>• Registration procedures in the economy's largest business city.</li> <li>• Postregistration procedures (for example, filling title with municipality)</li> </ul>	<p>To make the data comparable across economies, several assumptions about the parties to the transaction, the property and the procedures are used.</p>
<p><b>Time required to complete each procedure (calendar days)</b></p> <ul style="list-style-type: none"> <li>• Does not include time spent gathering information</li> <li>• Each procedure starts on a separate day - though procedures that can be fully completed online are an exception to this rule</li> <li>• Procedure is considered completed once final document is received</li> <li>• No prior contact with officials</li> </ul>	<p><b>The parties (buyer and seller):</b></p> <ul style="list-style-type: none"> <li>- Are limited liability companies (or the legal equivalent).</li> <li>- Are located in the periurban area of the economy's largest business city. For 11 economies the data are also collected for the second largest business city.</li> <li>- Are 100% domestically and privately owned.</li> <li>- Have 50 employees each, all of whom are nationals.</li> <li>- Perform general commercial activities.</li> </ul>
<p><b>Cost required to complete each procedure (% of property value)</b></p> <ul style="list-style-type: none"> <li>• Official costs only (such as administrative fees, duties and taxes).</li> <li>• Value Added Tax, Capital Gains Tax and illicit payments are excluded</li> </ul>	<p><b>The property (fully owned by the seller):</b></p> <ul style="list-style-type: none"> <li>- Has a value of 50 times income per capita, which equals the sale price.</li> <li>- Is fully owned by the seller.</li> <li>- Has no mortgages attached and has been under the same ownership for the past 10 years.</li> <li>- Is registered in the land registry or cadastre, or both, and is free of title disputes.</li> <li>- Is located in a periurban commercial zone, and no rezoning is required.</li> <li>- Consists of land and a building. The land area is 557.4 square meters (6,000 square feet). A two-story warehouse of 929 square meters (10,000 square feet) is located on the land. The warehouse is 10 years old, is in good condition, has no heating system and complies with all safety standards, building codes and legal requirements. The property, consisting of land and building, will be transferred in its entirety.</li> <li>- Will not be subject to renovations or additional construction following the purchase.</li> <li>- Has no trees, natural water sources, natural reserves or historical monuments of any kind.</li> <li>- Will not be used for special purposes, and no special permits, such as for residential use, industrial plants, waste storage or certain types of agricultural activities, are required.</li> <li>- Has no occupants, and no other party holds a legal interest in it.</li> </ul>
<p><b>Quality of land administration index (0-30)</b></p> <ul style="list-style-type: none"> <li>• Reliability of infrastructure index (0-8)</li> <li>• Transparency of information index (0-6)</li> <li>• Geographic coverage index (0-8)</li> <li>• Land dispute resolution index (0-8)</li> <li>• Equal access to property rights index (-2-0)</li> </ul>	

Registering Property - Sri Lanka

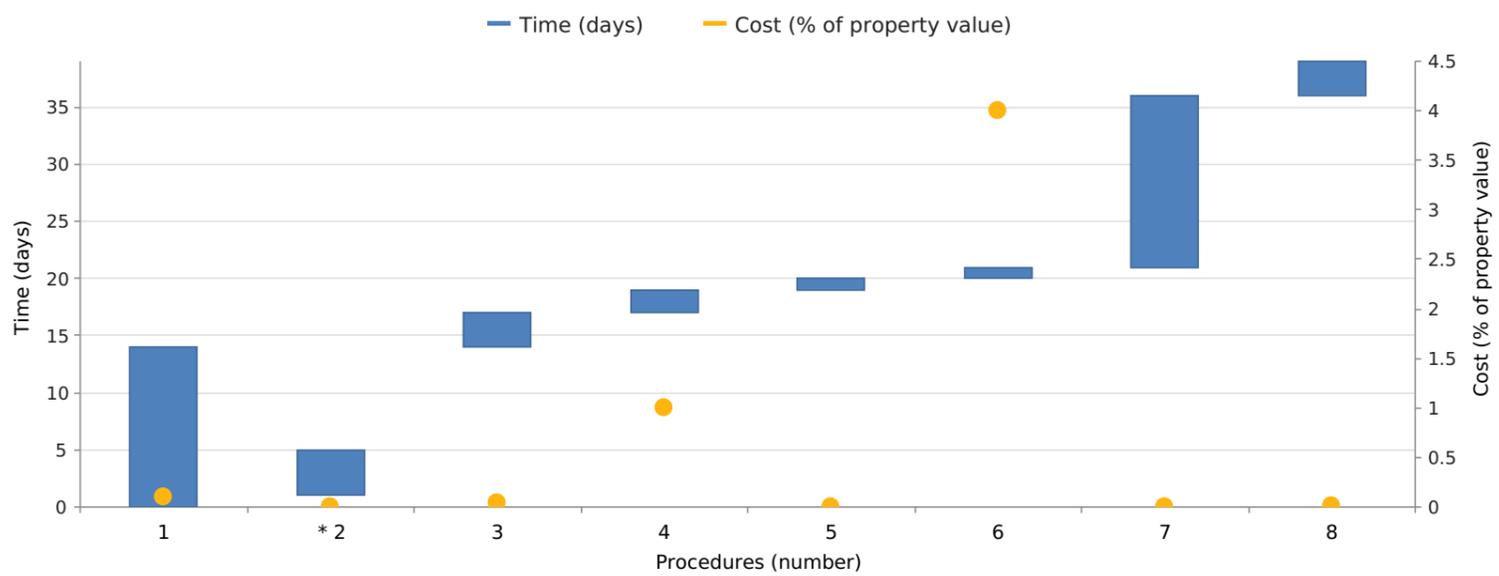
Indicator	Sri Lanka	South Asia	OECD high income	Best Regulatory Performance
Procedures (number)	8	6.8	4.7	1 (4 Economies)
Time (days)	39	114.1	20.1	1 (New Zealand)
Cost (% of property value)	5.2	6.9	4.2	0.0 (Saudi Arabia)
Quality of the land administration index (0-30)	5.5	8.8	23.0	None in 2017/18

Figure - Registering Property in Sri Lanka and comparator economies - Ranking and Score



Note: The ranking of economies on the ease of registering property is determined by sorting their scores for registering property. These scores are the simple average of the scores for each of the component indicators.

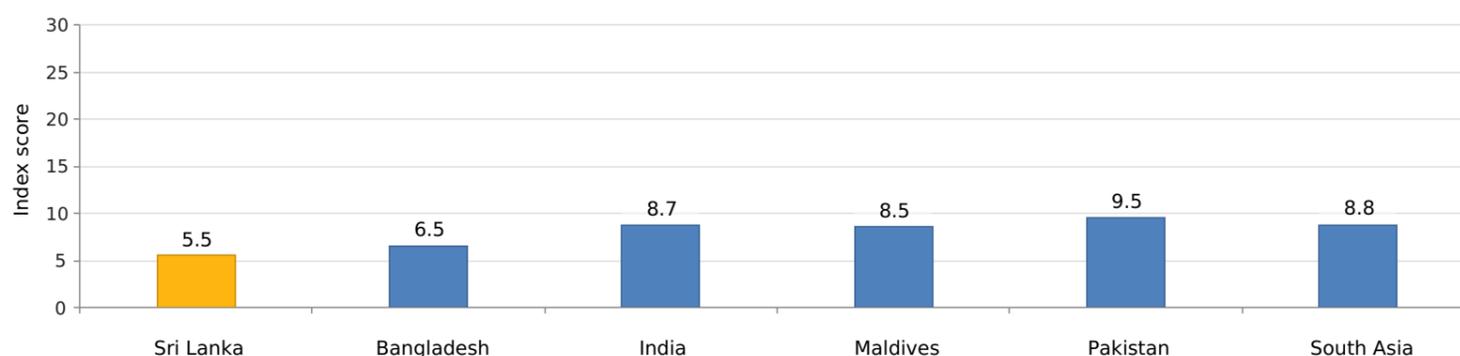
Figure - Registering Property in Sri Lanka - Procedure, Time and Cost



\*This symbol is shown beside procedure numbers that take place simultaneously with the previous procedure.

Note: Online procedures account for 0.5 days in the total time calculation. For economies that have a different procedure list for men and women, the graph shows the time for women. For more information on methodology, see the *Doing Business* website (<http://doingbusiness.org/en/methodology>). For details on the procedures reflected here, see the summary below.

Figure - Registering Property in Sri Lanka and comparator economies - Measure of Quality



## Details - Registering Property in Sri Lanka - Procedure, Time and Cost

No.	Procedures	Time to Complete	Associated Costs
1	<p><b>Obtain an updated survey plan of the property</b>  <i>Agency : Colombo Municipal Council</i>            Obtaining a new updated plan of the land and the building is advisable to ensure that the boundaries on the ground have not changed or if the survey plan is old. This is also needed to obtain the Building and Street Line Certificate.</p>	14 days	LKR 30,126.43; (About 0.1% of property value)
⇒ 2	<p><b>A title search must be carried out at the relevant Land Registry</b>  <i>Agency : Land Registry</i>            On receipt of the last title deed and plan from the seller, a title search must be carried out at the relevant Land Registry. A notary engaged by the purchaser must recommend the title. Good title must be established for the past 35 years. All deeds and plans must be checked. If prior deeds are not available with the seller the notary will have to check duplicates of deeds at the Land Registry. If plans are not available, the relevant surveyors would have to be contacted and obtain duplicates of the plans. Other checks must be carried out as well by the lawyer (notary) at the local authority.            As per the section 17(a) of the Notaries Ordinance No 1 of 1907 before any deed or instrument affecting any interest in land or other immovable property is drawn by the Notary, he shall search or cause to be searched the registers in the land registry to ascertain the state of the title regarding such land and whether any prior deed adversely affecting any interest in such land has been registered. On confirmation that the title to the property is clear. If the title is not clear, it is recommended to purchase a title insurance is recommended, and the next step would be to obtain a policy of title Insurance (procedure 1a).            If title insurance is recommended in procedure 1 due to a defect in title, then the next step would be to obtain a Buyer's Policy of Title Insurance to cover defects. This step is optional and contingent to the result of step 1. If the policy is needed, the time necessary to obtain this title will depend on the time taken by the title insurance company to evaluate the title, decide to issue or not to issue the title insurance policy and the cost will depend on the premium payable.            Usually title insurance is recommended for the following reasons:</p> <ul style="list-style-type: none"> <li>• Prior deeds and documentation not being available and further if the registers at the land registry cannot be traced for 35 years (if the books are damaged).</li> <li>• If there are any discrepancies in the title deeds and plans.</li> <li>• If the present owner had owned an undivided share of a larger land, and had sub-divided it without the consent of the other parties or without a Deed of Partition or Partition Plan.</li> </ul>	4 days	LKR 500
3	<p><b>Obtain the non-vesting certificate, the ownership certificate and the building and street line certificate</b>  <i>Agency : Colombo Municipal Council</i>            The seller obtains the following certificates at the Single Window Counter at the Colombo Municipal Council</p> <ol style="list-style-type: none"> <li>1. The Non-vesting Certificate</li> <li>2. The Ownership Certificate</li> <li>3. The Building and Street Line Certificates. The Street Line Certificate confirms whether the property is affected by a proposed road widening or any other reservation. The local authority issues a photocopy of the survey plan indicating the approximate position of the street line which is measured from the center of the Road.            Necessary documents to obtain Street Line Certificate</li> </ol> <ol style="list-style-type: none"> <li>1. Copies of Survey Plan with correct assessment</li> <li>2. Owner's consent letter</li> <li>3. Applicant's NIC photocopy</li> <li>4. If the assessment number given in the survey plan does not tally with the current assessment number municipal assessor's letter clarifying the assessment number.</li> </ol> <p>The buyer must also obtain from the seller the Certificate of Conformity already in his possession, which confirms that the building constructed is an approved construction.</p>	3 days	LKR 12,000; (Certificate of ownership Rs. 3500.00-Commercial + Non Vesting Certificate: Rs. 5000.00-Commercial + Building and Street Line Certificate Rs. 3500)

4	<p><b>Transfer deed is signed in favor of the buyer</b>  <i>Agency : Lawyer/Notary</i>  The following document with regard to the Selling company must be presented to the buyer's lawyer/notary for the deed of transfer to be signed in favor of the buyer:</p> <p>The documents are as follows:</p> <ol style="list-style-type: none"> <li>Articles of Association of the company</li> <li>Certificate of incorporation of the seller</li> <li>Resolution authorizing the sale of land. If the purchase-sale is a major transaction as defined by section 185 of Companies Act No. 7 of 2007, such a transaction should require the shareholders sanction as well.</li> </ol> <p>The buyer needs to pass a resolution to purchase the property.  On receipt of the above documents the deed of transfer in favor of the purchaser can be signed. Lawyer's fees are paid by the buyer and will depend on the lawyer (usually 1% of purchase price).</p>	2 days	LKR 301,764.32; (1% of purchase price (Lawyer's fees) + LKR 500 additional cost)
5	<p><b>Obtain the market value from the Provincial Department of Revenue</b>  <i>Agency : Provincial Department of Revenue, Western Province</i>  Before or after the payment of stamp duty the instrument of transfer is forwarded to the office of the Provincial Department of Revenue of the Western Province for the purpose of obtaining the market value of the property. This measure was introduced beginning March 1, 2013 with the purpose of ensuring that stamp duties are paid based on the correct market value. The appropriate value will be provided at the discretion of the department's valuer. If the instrument is submitted after the stamp duties have already been paid the and after the examination the department determines that the amount paid is inadequate, then the balance must be settled. The department will provide the certification of "instrument with duly paid stamp duties." By ensuring that the stamp duty was paid based on the value provided by the Provincial Department of Revenue the instrument will not be recalled later on for examination of its value and will not be refused registration.</p>	1 day	LKR 250
6	<p><b>Payment of stamp duty at a nominated bank</b>  <i>Agency : State Bank</i>  After execution of the deed of transfer stamp duty will have to be paid within 7 days to a nominated state bank in favor of the Revenue Commissioner of the relevant Provincial Council in which the land is situated.</p>	1 day	LKR 1,204,057.28; (Stamp duty payable as follows 3% on the First Rs. 100 000 4% on the Balance)
7	<p><b>Deed is sent for registration to the relevant land registry</b>  <i>Agency : Land Registry</i>  After payment of stamp duty, the deed duly attested by the notary, will have to be sent for registration to the relevant Land Registry. The deed is registered and returned to the notary from the Land Registry within 3 days after receiving the Day Book. Notaries are involved with searching, preparing title report and attestation, as well as paying stamp duty. The details of the registered deeds are published in the Land Registry website (<a href="http://www.Rgd.gov.lk">www.Rgd.gov.lk</a>) and notice boards are available at the Land Registry office. Computerized system and greater number of staff are ensuring faster registration of deeds.</p>	15 days	LKR 100
8	<p><b>Name of the buyer must be registered at the Municipality and the certificate of ownership is obtained</b>  <i>Agency : Colombo Municipal Council</i>  The name of the new company will have to be registered as the new owner at the Colombo Municipal Council. An abstract of title form should be duly filled by a Notary Public and should be submitted to the relevant Local Authority together with a Pedigree, a certificate, a copy of the rate receipt, a certified copy of the latest plan and deed of transfer and a covering letter prepared by the Notary. Thereafter the name of the new owner will be registered in the Assessment registers and the Certificate of Ownership will be issued giving the present owner's name.</p>	3 days	LKR 3,500; (for commercial properties)

→ Takes place simultaneously with previous procedure.

## Details - Registering Property in Sri Lanka - Measure of Quality

	Answer	Score
<b>Reliability of infrastructure index (0-8)</b>		<b>3.0</b>
What is the institution in charge of immovable property registration?	Registrar General Department	
In what format are the majority of title or deed records kept in the largest business city—in a paper format or in a computerized format (scanned or fully digital)?	Paper	0.0
Is there an electronic database for checking for encumbrances (liens, mortgages, restrictions and the like)?	No	0.0
Institution in charge of the plans showing legal boundaries in the largest business city:	Sri Lanka Survey Department (SLSD)	
In what format are the majority of maps of land plots kept in the largest business city—in a paper format or in a computerized format (scanned or fully digital)?	Computer/Fully digital	2.0
Is there an electronic database for recording boundaries, checking plans and providing cadastral information (geographic information system)?	Yes	1.0
Is the information recorded by the immovable property registration agency and the cadastral or mapping agency kept in a single database, in different but linked databases or in separate databases?	Separate databases	0.0
Do the immovable property registration agency and cadastral or mapping agency use the same identification number for properties?	No	0.0
<b>Transparency of information index (0-6)</b>		<b>1.5</b>
Who is able to obtain information on land ownership at the agency in charge of immovable property registration in the largest business city?	Only intermediaries and interested parties	0.0
Is the list of documents that are required to complete any type of property transaction made publicly available—and if so, how?	Yes, online	0.5
Link for online access:	<a href="http://www.rgd.gov.lk/web/index.php?option=com_content&amp;view=article&amp;id=13&amp;Itemid=138&amp;lang=en#registration-of-movable-and-immovable-properties">http://www.rgd.gov.lk/web/index.php?option=com_content&amp;view=article&amp;id=13&amp;Itemid=138&amp;lang=en#registration-of-movable-and-immovable-properties</a>	
Is the applicable fee schedule for any property transaction at the agency in charge of immovable property registration in the largest business city made publicly available—and if so, how?	Yes, online	0.5
Link for online access:	<a href="http://www.rgd.gov.lk/web/index.php?option=com_content&amp;view=article&amp;id=13&amp;Itemid=138&amp;lang=en#registration-of-movable-and-immovable-properties">http://www.rgd.gov.lk/web/index.php?option=com_content&amp;view=article&amp;id=13&amp;Itemid=138&amp;lang=en#registration-of-movable-and-immovable-properties</a>	
Does the agency in charge of immovable property registration commit to delivering a legally binding document that proves property ownership within a specific time frame—and if so, how does it communicate the service standard?	No	0.0
Link for online access:		

Is there a specific and separate mechanism for filing complaints about a problem that occurred at the agency in charge of immovable property registration?	No	0.0
Contact information:		
Are there publicly available official statistics tracking the number of transactions at the immovable property registration agency?	No	0.0
Number of property transfers in the largest business city in 2017:		
Who is able to consult maps of land plots in the largest business city?	Anyone who pays the official fee	0.5
Is the applicable fee schedule for accessing maps of land plots made publicly available—and if so, how?	No	0.0
Link for online access:		
Does the cadastral or mapping agency commit to delivering an updated map within a specific time frame—and if so, how does it communicate the service standard?	No	0.0
Link for online access:		
Is there a specific and separate mechanism for filing complaints about a problem that occurred at the cadastral or mapping agency?	No	0.0
Contact information:		
<b>Geographic coverage index (0-8)</b>		<b>0.0</b>
Are all privately held land plots in the economy formally registered at the immovable property registry?	No	0.0
Are all privately held land plots in the largest business city formally registered at the immovable property registry?	No	0.0
Are all privately held land plots in the economy mapped?	No	0.0
Are all privately held land plots in the largest business city mapped?	No	0.0
<b>Land dispute resolution index (0-8)</b>		<b>1.0</b>
Does the law require that all property sale transactions be registered at the immovable property registry to make them opposable to third parties?	No	0.0
Is the system of immovable property registration subject to a state or private guarantee?	No	0.0
Is there a specific compensation mechanism to cover for losses incurred by parties who engaged in good faith in a property transaction based on erroneous information certified by the immovable property registry?	No	0.0
Does the legal system require a control of legality of the documents necessary for a property transaction (e.g., checking the compliance of contracts with requirements of the law)?	Yes	0.5
If yes, who is responsible for checking the legality of the documents?	Registrar;	
Does the legal system require verification of the identity of the parties to a property transaction?	Yes	0.5
If yes, who is responsible for verifying the identity of the parties?	Notary;	
Is there a national database to verify the accuracy of identity documents?	No	0.0
For a standard land dispute between two local businesses over tenure rights of a property worth 50 times gross national income (GNI) per capita and located in the largest business city, what court would be in charge of the case in the first instance?	District Court of Colombo	
How long does it take on average to obtain a decision from the first-instance court for such a case (without appeal)?	More than 3 years	0.0
Are there any statistics on the number of land disputes in the first instance?	No	0.0
Number of land disputes in the largest business city in 2017:		
<b>Equal access to property rights index (-2-0)</b>		<b>0.0</b>
Do unmarried men and unmarried women have equal ownership rights to property?	Yes	

Do married men and married women have equal ownership rights to property?

Yes

0.0

## Getting Credit

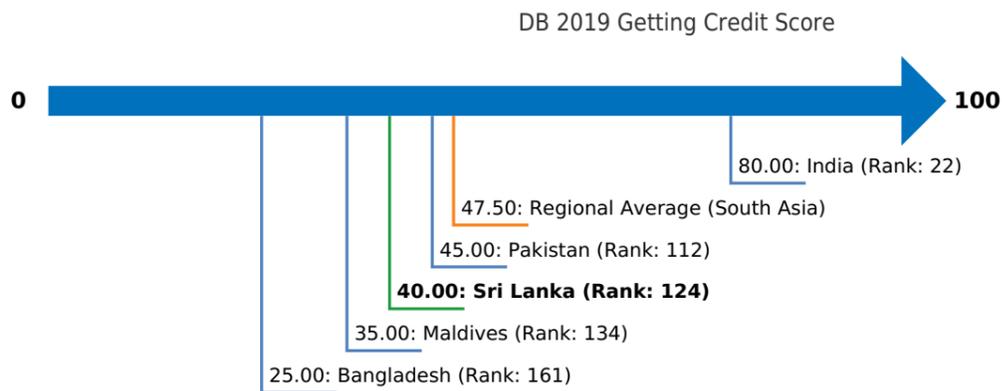
This topic explores two sets of issues—the strength of credit reporting systems and the effectiveness of collateral and bankruptcy laws in facilitating lending. The most recent round of data collection for the project was completed in May 2018. [See the methodology for more information.](#)

What the indicators measure	Case study assumptions
<p><b>Strength of legal rights index (0-12)</b></p> <ul style="list-style-type: none"> <li>• Rights of borrowers and lenders through collateral laws (0-10)</li> <li>• Protection of secured creditors' rights through bankruptcy laws (0-2)</li> </ul> <p><b>Depth of credit information index (0-8)</b></p> <ul style="list-style-type: none"> <li>• Scope and accessibility of credit information distributed by credit bureaus and credit registries (0-8)</li> </ul> <p><b>Credit bureau coverage (% of adults)</b></p> <ul style="list-style-type: none"> <li>• Number of individuals and firms listed in largest credit bureau as a percentage of adult population</li> </ul> <p><b>Credit registry coverage (% of adults)</b></p> <ul style="list-style-type: none"> <li>• Number of individuals and firms listed in credit registry as a percentage of adult population</li> </ul>	<p><i>Doing Business</i> assesses the sharing of credit information and the legal rights of borrowers and lenders with respect to secured transactions through 2 sets of indicators. The depth of credit information index measures rules and practices affecting the coverage, scope and accessibility of credit information available through a credit registry or a credit bureau. The strength of legal rights index measures the degree to which collateral and bankruptcy laws protect the rights of borrowers and lenders and thus facilitate lending. For each economy it is first determined whether a unitary secured transactions system exists. Then two case scenarios, case A and case B, are used to determine how a nonpossessory security interest is created, publicized and enforced according to the law. Special emphasis is given to how the collateral registry operates (if registration of security interests is possible). The case scenarios involve a secured borrower, company ABC, and a secured lender, BizBank.</p> <p>In some economies the legal framework for secured transactions will allow only case A or case B (not both) to apply. Both cases examine the same set of legal provisions relating to the use of movable collateral.</p> <p><b>Several assumptions about the secured borrower (ABC) and lender (BizBank) are used:</b></p> <ul style="list-style-type: none"> <li>- ABC is a domestic limited liability company (or its legal equivalent).</li> <li>- ABC has up to 50 employees.</li> <li>- ABC has its headquarters and only base of operations in the economy's largest business city. For 11 economies the data are also collected for the second largest business city.</li> <li>- Both ABC and BizBank are 100% domestically owned.</li> </ul> <p>The case scenarios also involve assumptions. In case A, as collateral for the loan, ABC grants BizBank a nonpossessory security interest in one category of movable assets, for example, its machinery or its inventory. ABC wants to keep both possession and ownership of the collateral. In economies where the law does not allow nonpossessory security interests in movable property, ABC and BizBank use a fiduciary transfer-of-title arrangement (or a similar substitute for nonpossessory security interests).</p> <p>In case B, ABC grants BizBank a business charge, enterprise charge, floating charge or any charge that gives BizBank a security interest over ABC's combined movable assets (or as much of ABC's movable assets as possible). ABC keeps ownership and possession of the assets.</p>

Getting Credit - Sri Lanka

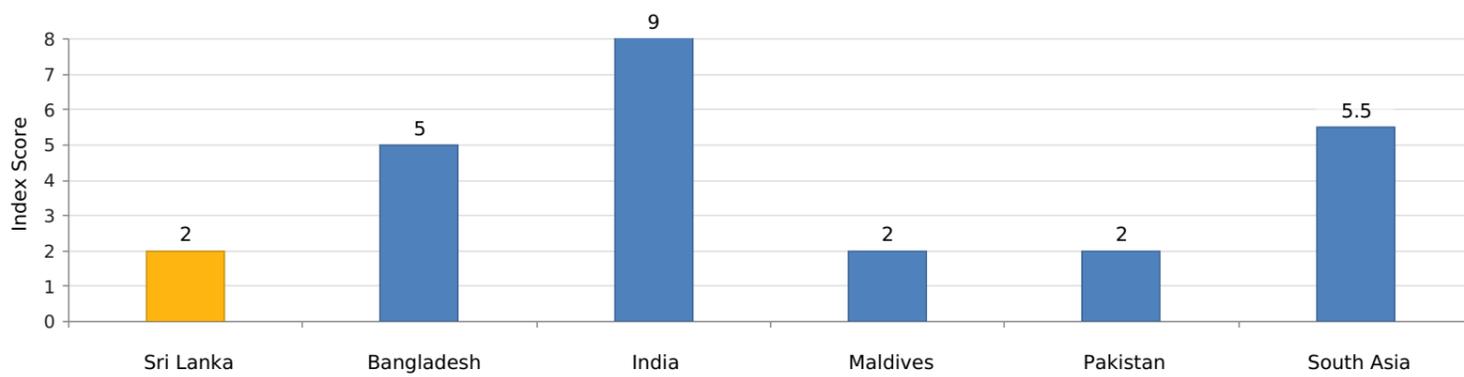
Indicator	Sri Lanka	South Asia	OECD high income	Best Regulatory Performance
Strength of legal rights index (0-12)	2	5.5	6.1	12 (5 Economies)
Depth of credit information index (0-8)	6	4.0	6.7	8 (42 Economies)
Credit registry coverage (% of adults)	0	4.8	21.8	100.0 (4 Economies)
Credit bureau coverage (% of adults)	46.5	18.5	65.3	100.0 (25 Economies)

Figure - Getting Credit in Sri Lanka and comparator economies - Ranking and Score



Note: The ranking of economies on the ease of getting credit is determined by sorting their scores for getting credit. These scores are the sum of the scores for the strength of legal rights index and the depth of credit information index.

Figure - Legal Rights in Sri Lanka and comparator economies

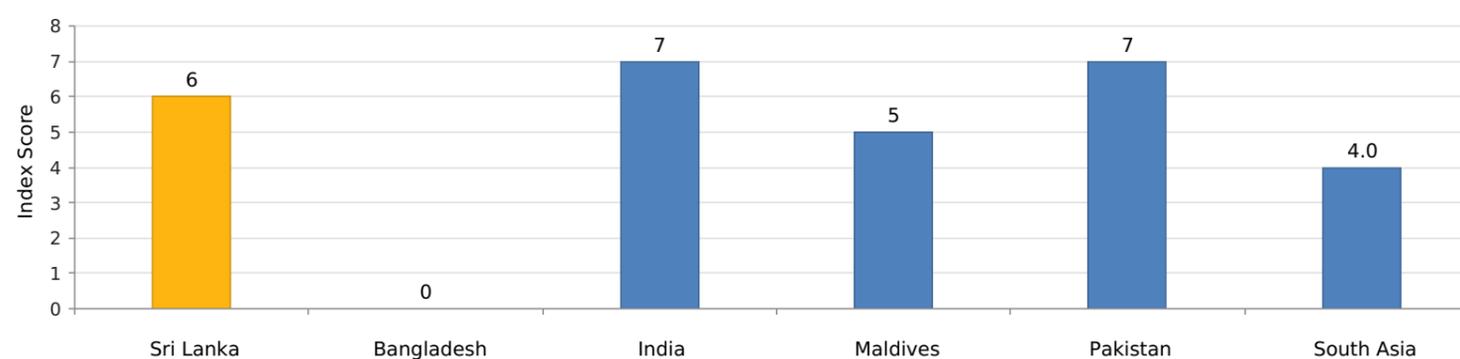


Details - Legal Rights in Sri Lanka

**Strength of legal rights index (0-12)** **2**

Does an integrated or unified legal framework for secured transactions that extends to the creation, publicity and enforcement of functional equivalents to security interests in movable assets exist in the economy?	No
Does the law allow businesses to grant a non possessory security right in a single category of movable assets, without requiring a specific description of collateral?	No
Does the law allow businesses to grant a non possessory security right in substantially all of its assets, without requiring a specific description of collateral?	Yes
May a security right extend to future or after-acquired assets, and does it extend automatically to the products, proceeds and replacements of the original assets?	No
Is a general description of debts and obligations permitted in collateral agreements; can all types of debts and obligations be secured between parties; and can the collateral agreement include a maximum amount for which the assets are encumbered?	No
Is a collateral registry in operation for both incorporated and non-incorporated entities, that is unified geographically and by asset type, with an electronic database indexed by debtor's name?	No
Does a notice-based collateral registry exist in which all functional equivalents can be registered?	No
Does a modern collateral registry exist in which registrations, amendments, cancellations and searches can be performed online by any interested third party?	No
Are secured creditors paid first (i.e. before tax claims and employee claims) when a debtor defaults outside an insolvency procedure?	No
Are secured creditors paid first (i.e. before tax claims and employee claims) when a business is liquidated?	No
Are secured creditors subject to an automatic stay on enforcement when a debtor enters a court-supervised reorganization procedure? Does the law protect secured creditors' rights by providing clear grounds for relief from the stay and sets a time limit for it?	No
Does the law allow parties to agree on out of court enforcement at the time a security interest is created? Does the law allow the secured creditor to sell the collateral through public auction or private tender, as well as, for the secured creditor to keep the asset in satisfaction of the debt?	Yes

Figure - Credit Information in Sri Lanka and comparator economies



## Details - Credit Information in Sri Lanka

Depth of credit information index (0-8)	Credit bureau	Credit registry	Score
Are data on both firms and individuals distributed?	Yes	No	1
Are both positive and negative credit data distributed?	Yes	No	1
Are data from retailers or utility companies - in addition to data from banks and financial institutions - distributed?	No	No	0
Are at least 2 years of historical data distributed? (Credit bureaus and registries that distribute more than 10 years of negative data or erase data on defaults as soon as they are repaid obtain a score of 0 for this component.)	Yes	No	1
Are data on loan amounts below 1% of income per capita distributed?	Yes	No	1
By law, do borrowers have the right to access their data in the credit bureau or credit registry?	Yes	No	1
Can banks and financial institutions access borrowers' credit information online (for example, through an online platform, a system-to-system connection or both)?	Yes	No	1
Are bureau or registry credit scores offered as a value-added service to help banks and financial institutions assess the creditworthiness of borrowers?	No	No	0
<b>Total Score ("yes" to either public bureau or private registry)</b>			<b>6</b>

Note: An economy receives a score of 1 if there is a "yes" to either bureau or registry. If the credit bureau or registry is not operational or covers less than 5% of the adult population, the total score on the depth of credit information index is 0.

Coverage	Credit bureau	Credit registry
Number of individuals	6,356,658	0
Number of firms	212,892	0
Total	6,569,550	0
<b>Percentage of adult population</b>	<b>46.5</b>	<b>0</b>

## Protecting Minority Investors

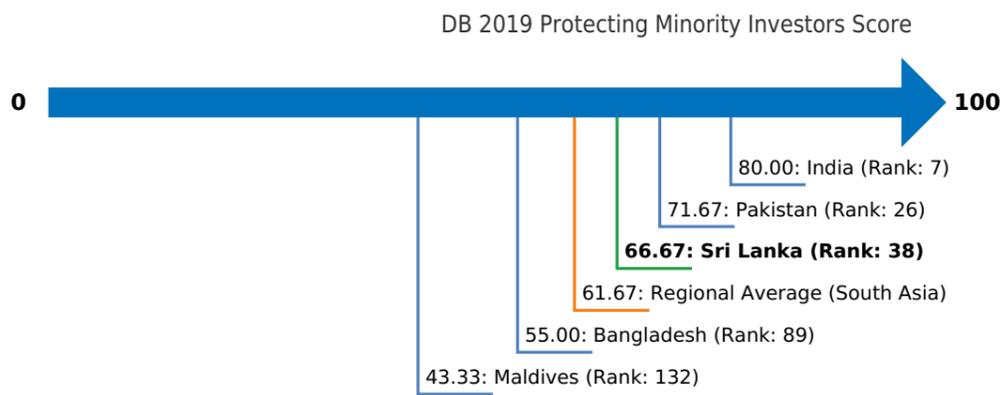
This topic measures the strength of minority shareholder protections against misuse of corporate assets by directors for their personal gain as well as shareholder rights, governance safeguards and corporate transparency requirements that reduce the risk of abuse. The most recent round of data collection for the project was completed in May 2018. [See the methodology for more information.](#)

What the indicators measure	Case study assumptions
<ul style="list-style-type: none"> <li>• <b>Extent of disclosure index (0-10):</b> Review and approval requirements for related-party transactions; Disclosure requirements for related-party transactions</li> <li>• <b>Extent of director liability index (0-10):</b> Ability of minority shareholders to sue and hold interested directors liable for prejudicial related-party transactions; Available legal remedies (damages, disgorgement of profits, fines, imprisonment, rescission of the transaction)</li> <li>• <b>Ease of shareholder suits index (0-10):</b> Access to internal corporate documents; Evidence obtainable during trial and allocation of legal expenses</li> <li>• <b>Extent of conflict of interest regulation index (0-10):</b> Simple average of the extent of disclosure, extent of director liability and ease of shareholder indices</li> <li>• <b>Extent of shareholder rights index (0-10):</b> Shareholders' rights and role in major corporate decisions</li> <li>• <b>Extent of ownership and control index (0-10):</b> Governance safeguards protecting shareholders from undue board control and entrenchment</li> <li>• <b>Extent of corporate transparency index (0-10):</b> Corporate transparency on ownership stakes, compensation, audits and financial prospects</li> <li>• <b>Extent of shareholder governance index (0-10):</b> Simple average of the extent of shareholders rights, extent of ownership and control and extent of corporate transparency indices</li> <li>• <b>Strength of minority investor protection index (0-10):</b> Simple average of the extent of conflict of interest regulation and extent of shareholder governance indices</li> </ul>	<p>To make the data comparable across economies, a case study uses several assumptions about the business and the transaction.</p> <p><b>The business (Buyer):</b></p> <ul style="list-style-type: none"> <li>- Is a publicly traded corporation listed on the economy's most important stock exchange. If there are fewer than ten listed companies or if there is no stock exchange in the economy, it is assumed that Buyer is a large private company with multiple shareholders.</li> <li>- Has a board of directors and a chief executive officer (CEO) who may legally act on behalf of Buyer where permitted, even if this is not specifically required by law.</li> <li>- Has a supervisory board in economies with a two-tier board system on which Mr. James appointed 60% of the shareholder-elected members.</li> <li>- Has not adopted bylaws or articles of association that go beyond the minimum requirements. Does not follow codes, principles, recommendations or guidelines that are not mandatory.</li> <li>- Is a manufacturing company with its own distribution network.</li> </ul> <p><b>The transaction involves the following details:</b></p> <ul style="list-style-type: none"> <li>- Mr. James owns 60% of Buyer, sits on Buyer's board of directors and elected two directors to Buyer's five-member board.</li> <li>- Mr. James also owns 90% of Seller, a company that operates a chain of retail hardware stores. Seller recently closed a large number of its stores.</li> <li>- Mr. James proposes that Buyer purchase Seller's unused fleet of trucks to expand Buyer's distribution of its food products, a proposal to which Buyer agrees. The price is equal to 10% of Buyer's assets and is higher than the market value.</li> <li>- The proposed transaction is part of the company's principal activity and is not outside the authority of the company.</li> <li>- Buyer enters into the transaction. All required approvals are obtained, and all required disclosures made—that is, the transaction was not entered into fraudulently.</li> <li>- The transaction causes damages to Buyer. Shareholders sue Mr. James and the executives and directors that approved the transaction.</li> </ul>

Protecting Minority Investors - Sri Lanka

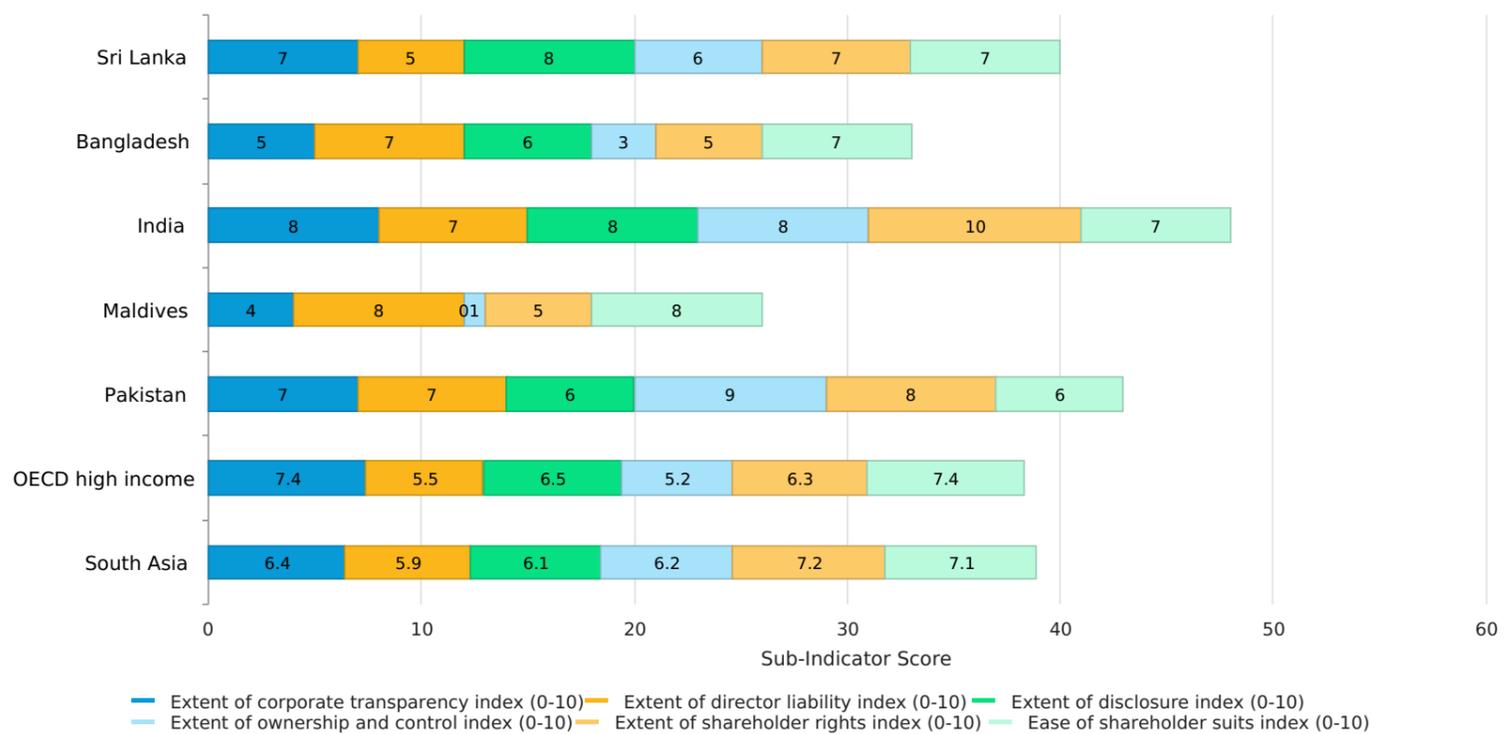
Indicator	Sri Lanka	South Asia	OECD high income	Best Regulatory Performance
Extent of disclosure index (0-10)	8.0	5.8	6.5	10 (13 Economies)
Extent of director liability index (0-10)	5.0	5.0	5.3	10 (Cambodia)
Ease of shareholder suits index (0-10)	7.0	7.4	7.3	10 (Djibouti)
Extent of shareholder rights index (0-10)	7.0	6.9	6.4	10 (Kazakhstan)
Extent of ownership and control index (0-10)	6.0	5.9	5.4	None in 2017/18
Extent of corporate transparency index (0-10)	7.0	6.1	7.6	10 (6 Economies)

Figure - Protecting Minority Investors in Sri Lanka and comparator economies - Ranking and Score



Note: The ranking of economies on the strength of minority investor protections is determined by sorting their scores for protecting minority investors. These scores are the simple average of the scores for the extent of conflict of interest regulation index and the extent of shareholder governance index.

Figure - Protecting Minority Investors in Sri Lanka and comparator economies - Measure of Quality



## Details - Protecting Minority Investors in Sri Lanka - Measure of Quality

	Answer	Score
<b>Extent of conflict of interest regulation index (0-10)</b>		<b>6.7</b>
<b>Extent of disclosure index (0-10)</b>		<b>8.0</b>
Whose decision is sufficient to approve the Buyer-Seller transaction? (0-3)	Board of directors excluding interested members	2.0
Must an external body review the terms of the transaction before it takes place? (0-1)	Yes	1.0
Must Mr. James disclose his conflict of interest to the board of directors? (0-2)	Existence of a conflict without any specifics	1.0
Must Buyer disclose the transaction in periodic filings (e.g. annual reports)? (0-2)	Disclosure on the transaction and on the conflict of interest	2.0
Must Buyer immediately disclose the transaction to the public? (0-2)	Disclosure on the transaction and on the conflict of interest	2.0
<b>Extent of director liability index (0-10)</b>		<b>5.0</b>
Can shareholders representing 10% of Buyer's share capital sue for the damage the transaction caused to Buyer? (0-1)	Yes	1.0
Can shareholders hold Mr. James liable for the damage the transaction caused to Buyer? (0-2)	Liable if negligent	1.0
Can shareholders hold the other directors liable for the damage the transaction caused to Buyer (0-2)	Liable if negligent	1.0
Must Mr. James pay damages for the harm caused to Buyer upon a successful claim by shareholders? (0-1)	Yes	1.0
Must Mr. James repay profits made from the transaction upon a successful claim by shareholders? (0-1)	No	0.0
Is Mr. James disqualified upon a successful claim by shareholders? (0-1)	No	0.0
Can a court void the transaction upon a successful claim by shareholders? (0-2)	Voidable if negligently concluded	1.0
<b>Ease of shareholder suits index (0-10)</b>		<b>7.0</b>
Before suing, can shareholders representing 10% of Buyer's share capital inspect the transaction documents? (0-1)	No	0.0
Can the plaintiff obtain any documents from the defendant and witnesses at trial? (0-3)	Any relevant document	3.0
Can the plaintiff request categories of documents from the defendant without identifying specific ones? (0-1)	No	0.0
Can the plaintiff directly question the defendant and witnesses at trial? (0-2)	Yes	2.0
Is the level of proof required for civil suits lower than that of criminal cases? (0-1)	Yes	1.0
Can shareholder plaintiffs recover their legal expenses from the company? (0-2)	Yes if successful	1.0
<b>Extent of shareholder governance index (0-10)</b>		<b>6.7</b>
<b>Extent of shareholder rights index (0-10)</b>		<b>7.0</b>
Does the sale of 51% of Buyer's assets require shareholder approval?	Yes	1.0
Can shareholders representing 10% of Buyer's share capital call for a meeting of shareholders?	Yes	1.0

Must Buyer obtain its shareholders' approval every time it issues new shares?	Yes	1.0
Do shareholders automatically receive preemption rights every time Buyer issues new shares?	No	0.0
Must shareholders approve the election and dismissal of the external auditor?	Yes	1.0
Are changes to the rights of a class of shares only possible if the holders of the affected shares approve?	Yes	1.0
Assuming that Buyer is a limited company, does the sale of 51% of its assets require member approval?	Yes	1.0
Assuming that Buyer is a limited company, can members representing 10% call for a meeting of members?	Yes	1.0
Assuming that Buyer is a limited company, must all or almost all members consent to add a new member?	No	0.0
Assuming that Buyer is a limited company, must a member first offer to sell their interest to the existing members before they can sell to non-members?	No	0.0
<b>Extent of ownership and control index (0-10)</b>		<b>6.0</b>
Is it forbidden to appoint the same individual as CEO and chairperson of the board of directors?	No	0.0
Must the board of directors include independent and nonexecutive board members?	Yes	1.0
Can shareholders remove members of the board of directors without cause before the end of their term?	Yes	1.0
Must the board of directors include a separate audit committee exclusively comprising board members?	Yes	1.0
Must a potential acquirer make a tender offer to all shareholders upon acquiring 50% of Buyer?	Yes	1.0
Must Buyer pay declared dividends within a maximum period set by law?	Yes	1.0
Is a subsidiary prohibited from acquiring shares issued by its parent company?	Yes	1.0
Assuming that Buyer is a limited company, must Buyer have a mechanism to resolve disagreements among members?	No	0.0
Assuming that Buyer is a limited company, must a potential acquirer make a tender offer to all shareholders upon acquiring 50% of Buyer?	No	0.0
Assuming that Buyer is a limited company, must Buyer distribute profits within a maximum period set by law?	No	0.0
<b>Extent of corporate transparency index (0-10)</b>		<b>7.0</b>
Must Buyer disclose direct and indirect beneficial ownership stakes representing 5%?	Yes	1.0
Must Buyer disclose information about board members' primary employment and directorships in other companies?	Yes	1.0
Must Buyer disclose the compensation of individual managers?	No	0.0
Must a detailed notice of general meeting be sent 21 days before the meeting?	Yes	1.0
Can shareholders representing 5% of Buyer's share capital put items on the general meeting agenda?	No	0.0
Must Buyer's annual financial statements be audited by an external auditor?	Yes	1.0
Must Buyer disclose its audit reports to the public?	Yes	1.0
Assuming that Buyer is a limited company, must members meet at least once a year?	Yes	1.0
Assuming that Buyer is a limited company, can members representing 5% put items on the meeting agenda?	No	0.0
Assuming that Buyer is a limited company, must Buyer's annual financial statements be audited by an external auditor?	Yes	1.0

## Paying Taxes

This topic records the taxes and mandatory contributions that a medium-size company must pay or withhold in a given year, as well as the administrative burden of paying taxes and contributions and complying with postfiling procedures (VAT refund and tax audit). The most recent round of data collection for the project was completed in May 2018 covering for the Paying Taxes indicator calendar year 2017 (January 1, 2017 – December 31, 2017). [See the methodology for more information.](#)

### What the indicators measure

#### Tax payments for a manufacturing company in 2017 (number per year adjusted for electronic and joint filing and payment)

- Total number of taxes and contributions paid or withheld, including consumption taxes (value added tax, sales tax or goods and service tax)
- Method and frequency of filing and payment

#### Time required to comply with 3 major taxes (hours per year)

- Collecting information, computing tax payable
- Preparing separate tax accounting books, if required
- Completing tax return, filing with agencies
- Arranging payment or withholding

#### Total tax and contribution rate (% of commercial profits)

- Profit or corporate income tax
- Social contributions, labor taxes paid by employer
- Property and property transfer taxes
- Dividend, capital gains, financial transactions taxes
- Waste collection, vehicle, road and other taxes

#### Postfiling Index

- Time to comply with a VAT refund (hours)
- Time to obtain a VAT refund (weeks)
- Time to comply with a corporate income tax correction (hours)
- Time to complete a corporate income tax correction (weeks)

### Case study assumptions

Using a case scenario, *Doing Business* records taxes and mandatory contributions a medium size company must pay in a year, and measures the administrative burden of paying taxes, contributions and dealing with postfiling processes. Information is also compiled on frequency of filing and payments, time taken to comply with tax laws, time taken to comply with the requirements of postfiling processes and time waiting.

To make data comparable across economies, several assumptions are used:

- TaxpayerCo is a medium-size business that started operations on January 1, 2016. It produces ceramic flowerpots and sells them at retail. All taxes and contributions recorded are paid in the second year of operation (calendar year 2017). Taxes and mandatory contributions are measured at all levels of government.

#### The VAT refund process:

- In June 2017, TaxpayerCo. makes a large capital purchase: the value of the machine is 65 times income per capita of the economy. Sales are equally spread per month (1,050 times income per capita divided by 12) and cost of goods sold are equally expensed per month (875 times income per capita divided by 12). The machinery seller is registered for VAT and excess input VAT incurred in June will be fully recovered after four consecutive months if the VAT rate is the same for inputs, sales and the machine and the tax reporting period is every month. Input VAT will exceed Output VAT in June 2017.

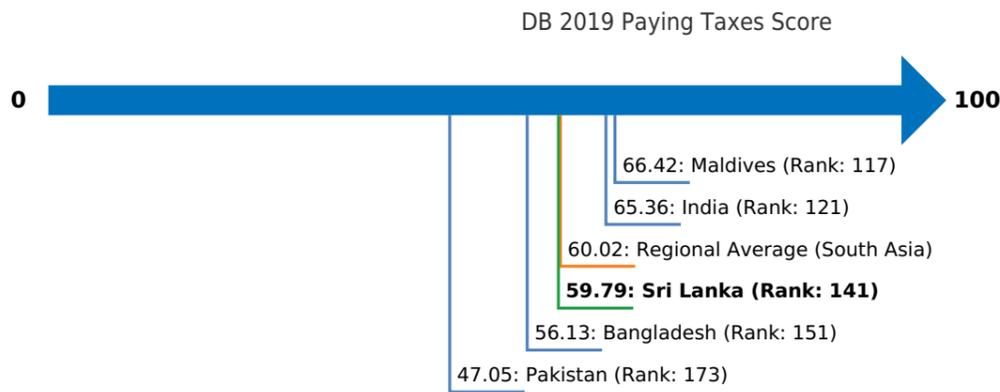
#### The corporate income tax audit process:

- An error in calculation of income tax liability (for example, use of incorrect tax depreciation rates, or incorrectly treating an expense as tax deductible) leads to an incorrect income tax return and a corporate income tax underpayment. TaxpayerCo. discovered the error and voluntarily notified the tax authority. The value of the underpaid income tax liability is 5% of the corporate income tax liability due. TaxpayerCo. submits corrected information after the deadline for submitting the annual tax return, but within the tax assessment period.

**Paying Taxes - Sri Lanka**

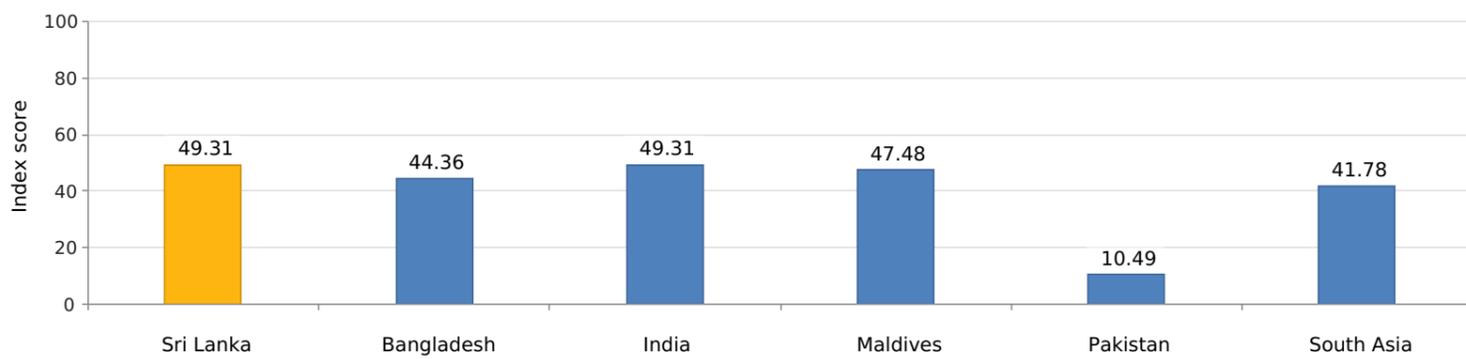
Indicator	Sri Lanka	South Asia	OECD high income	Best Regulatory Performance
Payments (number per year)	36	27.6	11.2	3 (Hong Kong SAR, China)
Time (hours per year)	129	274.8	159.4	49 (Singapore)
Total tax and contribution rate (% of profit)	55.2	43.5	39.8	26.1% (32 Economies)
Postfiling index (0-100)	49.31	41.78	84.41	None in 2017/18

**Figure - Paying Taxes in Sri Lanka and comparator economies - Ranking and Score**



Note: The ranking of economies on the ease of paying taxes is determined by sorting their scores for paying taxes. These scores are the simple average of the scores for each of the component indicators, with a threshold and a nonlinear transformation applied to one of the component indicators, the total tax and contribution rate. The threshold is defined as the total tax and contribution rate at the 15th percentile of the overall distribution for all years included in the analysis up to and including Doing Business 2015, which is 26.1%. All economies with a total tax and contribution rate below this threshold receive the same score as the economy at the threshold.

**Figure - Paying Taxes in Sri Lanka and comparator economies - Measure of Quality**



## Details - Paying Taxes in Sri Lanka

Tax or mandatory contribution	Payments (number)	Notes on Payments	Time (hours)	Statutory tax rate	Tax base	Total tax and contribution rate (% of profit)	Notes on TTCR
Nation Building Tax	12.0			2%	turnover	35.35	
Employer paid - Social security contribution (EPF)	1.0	online	11.0	12%	gross salaries	13.54	
Employees Trust Fund (ETF)	1.0	online		3%	gross salaries	3.38	
Property tax	1.0			35%	annual property value	1.73	
Corporate income tax	5.0		15.0	12%	taxable profit	1.17	
Tax on interest	0.0	withheld		10%	interest income	0.26	included in other taxes
Municipal business tax	1.0			varies from LKR 250 to LKR 5,000		0.02	
Stamp duty	1.0			various rates		0.00	small amount
Employee paid - Social security contribution (EPF)	0.0	online and jointly		8%	gross salaries	0.00	withheld
Fuel tax	1.0				included in the price of fuel	0.00	small amount
Value added tax (VAT)	12.0		103.0	11% /15%	value addition	0.00	not included
Vehicle tax	1.0			LKR 1,000	fixed fee depending on vehicle type	0.00	
<b>Totals</b>	<b>36</b>		<b>129</b>			<b>55.2</b>	

## Details - Paying Taxes in Sri Lanka - Tax by Type

Taxes by type	Answer
Profit tax (% of profit)	1.2
Labor tax and contributions (% of profit)	16.9
Other taxes (% of profit)	37.1

## Details - Paying Taxes in Sri Lanka - Measure of Quality

	Answer	Score
<b>Postfiling index (0-100)</b>		<b>49.31</b>
<b>VAT refunds</b>		
Does VAT exist?	Yes	
Does a VAT refund process exist per the case study?	No	
Restrictions on VAT refund process	Restricted to international traders and others	
Percentage of cases exposed to a VAT audit (%)	Not applicable	
Is there a mandatory carry forward period?	No	
Time to comply with VAT refund (hours)	No VAT refund per case study scenario	0
Time to obtain a VAT refund (weeks)	No VAT refund per case study scenario	0
<b>Corporate income tax audits</b>		
Does corporate income tax exist?	Yes	
Percentage of cases exposed to a corporate income tax audit (%)	0% - 24%	
Time to comply with a corporate income tax correction (hours)	3.0	97.25
Time to complete a corporate income tax correction (weeks)	No tax audit per case study scenario	100

**Notes:** Names of taxes have been standardized. For instance income tax, profit tax, tax on company's income are all named corporate income tax in this table.

The hours for VAT include all the VAT and sales taxes applicable.

The hours for Social Security include all the hours for labor taxes and mandatory contributions in general.

The postfiling index is the average of the scores on time to comply with VAT refund, time to obtain a VAT refund, time to comply with a corporate income tax correction and time to complete a corporate income tax correction.

N/A = Not applicable.

## Trading across Borders

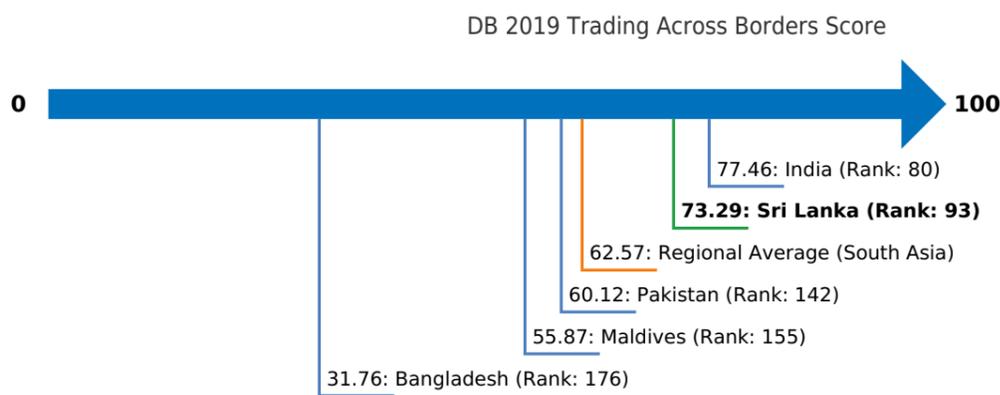
*Doing Business* records the time and cost associated with the logistical process of exporting and importing goods. *Doing Business* measures the time and cost (excluding tariffs) associated with three sets of procedures—documentary compliance, border compliance and domestic transport—within the overall process of exporting or importing a shipment of goods. The most recent round of data collection for the project was completed in May 2018. [See the methodology for more information.](#)

What the indicators measure	Case study assumptions
<p><b>Documentary compliance</b></p> <ul style="list-style-type: none"> <li>• Obtaining, preparing and submitting documents during transport, clearance, inspections and port or border handling in origin economy</li> <li>• Obtaining, preparing and submitting documents required by destination economy and any transit economies</li> <li>• Covers all documents required by law and in practice, including electronic submissions of information</li> </ul> <p><b>Border compliance</b></p> <ul style="list-style-type: none"> <li>• Customs clearance and inspections</li> <li>• Inspections by other agencies (if applied to more than 20% of shipments)</li> <li>• Handling and inspections that take place at the economy's port or border</li> </ul> <p><b>Domestic transport</b></p> <ul style="list-style-type: none"> <li>• Loading or unloading of the shipment at the warehouse or port/border</li> <li>• Transport between warehouse and port/border</li> <li>• Traffic delays and road police checks while shipment is en route</li> </ul>	<p>To make the data comparable across economies, a few assumptions are made about the traded goods and the transactions:</p> <p><b>Time:</b> Time is measured in hours, and 1 day is 24 hours (for example, 22 days are recorded as <math>22 \times 24 = 528</math> hours). If customs clearance takes 7.5 hours, the data are recorded as is. Alternatively, suppose documents are submitted to a customs agency at 8:00a.m., are processed overnight and can be picked up at 8:00a.m. the next day. The time for customs clearance would be recorded as 24 hours because the actual procedure took 24 hours.</p> <p><b>Cost:</b> Insurance cost and informal payments for which no receipt is issued are excluded from the costs recorded. Costs are reported in U.S. dollars. Contributors are asked to convert local currency into U.S. dollars based on the exchange rate prevailing on the day they answer the questionnaire. Contributors are private sector experts in international trade logistics and are informed about exchange rates.</p> <p><b>Assumptions of the case study:</b></p> <ul style="list-style-type: none"> <li>- For all 190 economies covered by <i>Doing Business</i>, it is assumed a shipment is in a warehouse in the largest business city of the exporting economy and travels to a warehouse in the largest business city of the importing economy.</li> <li>- It is assumed each economy imports 15 metric tons of containerized auto parts (HS 8708) from its natural import partner—the economy from which it imports the largest value (price times quantity) of auto parts. It is assumed each economy exports the product of its comparative advantage (defined by the largest export value) to its natural export partner—the economy that is the largest purchaser of this product. Shipment value is assumed to be \$50,000.</li> <li>- The mode of transport is the one most widely used for the chosen export or import product and the trading partner, as is the seaport or land border crossing.</li> <li>- All electronic information submissions requested by any government agency in connection with the shipment are considered to be documents obtained, prepared and submitted during the export or import process.</li> <li>- A port or border is a place (seaport or land border crossing) where merchandise can enter or leave an economy.</li> <li>- Relevant government agencies include customs, port authorities, road police, border guards, standardization agencies, ministries or departments of agriculture or industry, national security agencies and any other government authorities.</li> </ul>

Trading across Borders - Sri Lanka

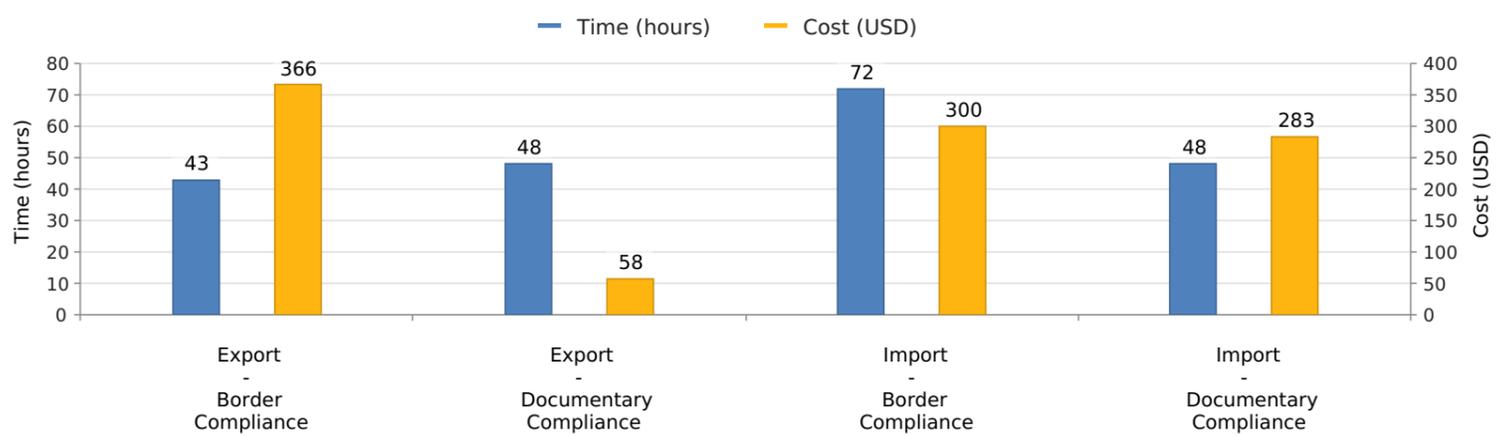
Indicator	Sri Lanka	South Asia	OECD high income	Best Regulatory Performance
Time to export: Border compliance (hours)	43	62.9	12.5	1 (19 Economies)
Cost to export: Border compliance (USD)	366	347.2	139.1	0 (19 Economies)
Time to export: Documentary compliance (hours)	48	74.1	2.4	1 (26 Economies)
Cost to export: Documentary compliance (USD)	58	160.3	35.2	0 (20 Economies)
Time to import: Border compliance (hours)	72	95.8	8.5	0 (25 Economies)
Cost to import: Border compliance (USD)	300	504.6	100.2	0 (28 Economies)
Time to import: Documentary compliance (hours)	48	100.8	3.4	1 (30 Economies)
Cost to import: Documentary compliance (USD)	283	276.7	24.9	0 (30 Economies)

Figure - Trading across Borders in Sri Lanka and comparator economies - Ranking and Score



Note: The ranking of economies on the ease of trading across borders is determined by sorting their scores for trading across borders. These scores are the simple average of the scores for the time and cost for documentary compliance and border compliance to export and import.

Figure - Trading across Borders in Sri Lanka - Time and Cost



## Details - Trading across Borders in Sri Lanka

Characteristics	Export	Import
Product	HS 61 : Articles of apparel and clothing accessories, knitted or crocheted	HS 8708: Parts and accessories of motor vehicles
Trade partner	United States	Japan
Border	Colombo port	Colombo port
Distance (km)	5	5
Domestic transport time (hours)	6	6
Domestic transport cost (USD)	110	110

## Details - Trading across Borders in Sri Lanka - Components of Border Compliance

	Time to Complete (hours)	Associated Costs (USD)
Export: Clearance and inspections required by customs authorities	24.0	171.7
Export: Clearance and inspections required by agencies other than customs	0.0	0.0
Export: Port or border handling	43.0	194.4
Import: Clearance and inspections required by customs authorities	24.0	72.6
Import: Clearance and inspections required by agencies other than customs	0.0	0.0
Import: Port or border handling	72.0	227.1

## Details - Trading across Borders in Sri Lanka - Trade Documents

Export	Import
Commercial invoice	Bill of lading
Packing list	Packing list
Certificate of origin	Commercial invoice
Insurance certificate	Certificate of origin
Export declaration	Customs Import Declaration
Bill of lading	Delivery order
SOLAS certificate	E-manifest
	SOLAS certificate

## Enforcing Contracts

The enforcing contracts indicator measures the time and cost for resolving a commercial dispute through a local first-instance court, and the quality of judicial processes index, evaluating whether each economy has adopted a series of good practices that promote quality and efficiency in the court system. The most recent round of data collection was completed in May 2018. [See the methodology for more information.](#)

What the indicators measure	Case study assumptions
<p><b>Time required to enforce a contract through the courts (calendar days)</b></p>	<p>The dispute in the case study involves the breach of a sales contract between 2 domestic businesses. The case study assumes that the court hears an expert on the quality of the goods in dispute. This distinguishes the case from simple debt enforcement.</p>
<ul style="list-style-type: none"> <li>• Time to file and serve the case</li> <li>• Time for trial and to obtain the judgment</li> <li>• Time to enforce the judgment</li> </ul>	<p>To make the data comparable across economies, <i>Doing Business</i> uses several assumptions about the case:</p>
<p><b>Cost required to enforce a contract through the courts (% of claim)</b></p>	<ul style="list-style-type: none"> <li>- The dispute concerns a lawful transaction between two businesses (Seller and Buyer), both located in the economy's largest business city. For 11 economies the data are also collected for the second largest business city.</li> </ul>
<ul style="list-style-type: none"> <li>• Attorney fees</li> <li>• Court fees</li> <li>• Enforcement fees</li> </ul>	<ul style="list-style-type: none"> <li>- The buyer orders custom-made goods, then fails to pay alleging that the goods are not of adequate quality.</li> </ul>
<p><b>Quality of judicial processes index (0-18)</b></p>	<ul style="list-style-type: none"> <li>- The value of the dispute is 200% of the income per capita or the equivalent in local currency of USD 5,000, whichever is greater.</li> </ul>
<ul style="list-style-type: none"> <li>• Court structure and proceedings (-1-5)</li> </ul>	<ul style="list-style-type: none"> <li>- The seller sues the buyer before the court with jurisdiction over commercial cases worth 200% of income per capita or \$5,000.</li> </ul>
<ul style="list-style-type: none"> <li>• Case management (0-6)</li> </ul>	<ul style="list-style-type: none"> <li>- The seller requests the pretrial attachment of the defendant's movable assets to secure the claim.</li> </ul>
<ul style="list-style-type: none"> <li>• Court automation (0-4)</li> </ul>	<ul style="list-style-type: none"> <li>- The dispute on the quality of the goods requires an expert opinion.</li> </ul>
<ul style="list-style-type: none"> <li>• Alternative dispute resolution (0-3)</li> </ul>	<ul style="list-style-type: none"> <li>- The judge decides in favor of the seller; there is no appeal.</li> </ul>
	<ul style="list-style-type: none"> <li>- The seller enforces the judgment through a public sale of the buyer's movable assets.</li> </ul>

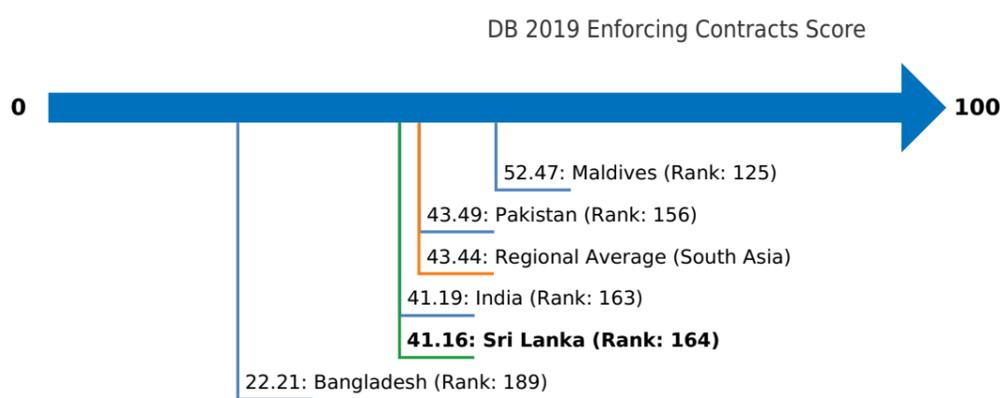
Enforcing Contracts - Sri Lanka

Standardized Case

Claim value	LKR 1,085,845
Court name	Colombo District Court
City Covered	Colombo

Indicator	Sri Lanka	South Asia	OECD high income	Best Regulatory Performance
Time (days)	1318	1101.6	582.4	None in 2017/18
Cost (% of claim value)	22.8	29.8	21.2	None in 2017/18
Quality of judicial processes index (0-18)	8.5	7.0	11.5	None in 2017/18

Figure - Enforcing Contracts in Sri Lanka and comparator economies - Ranking and Score



Note: The ranking of economies on the ease of enforcing contracts is determined by sorting their scores for enforcing contracts. These scores are the simple average of the scores for each of the component indicators.

Figure - Enforcing Contracts in Sri Lanka - Time and Cost

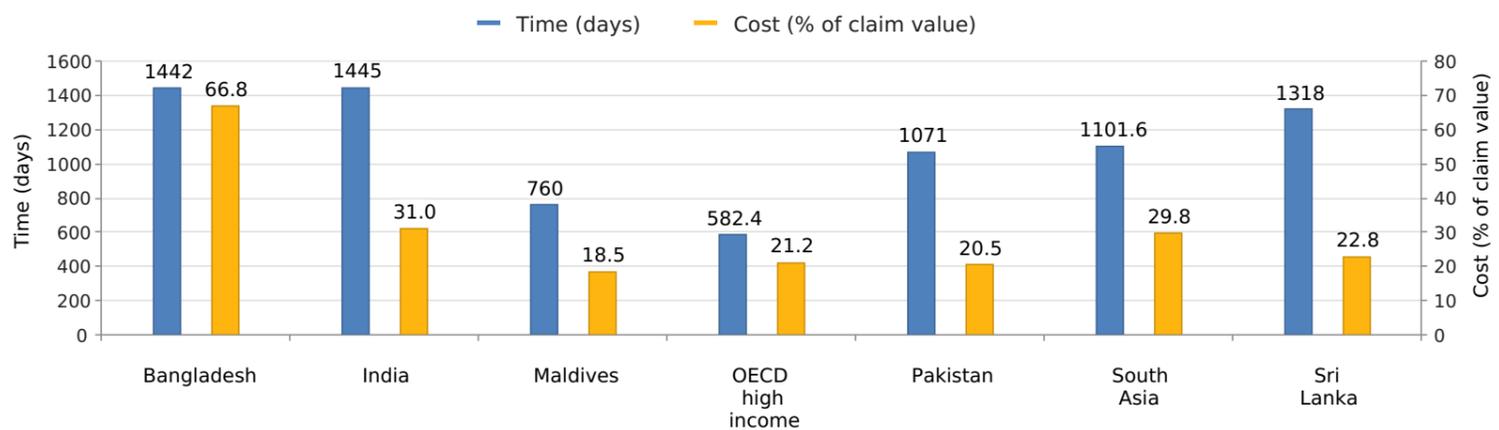
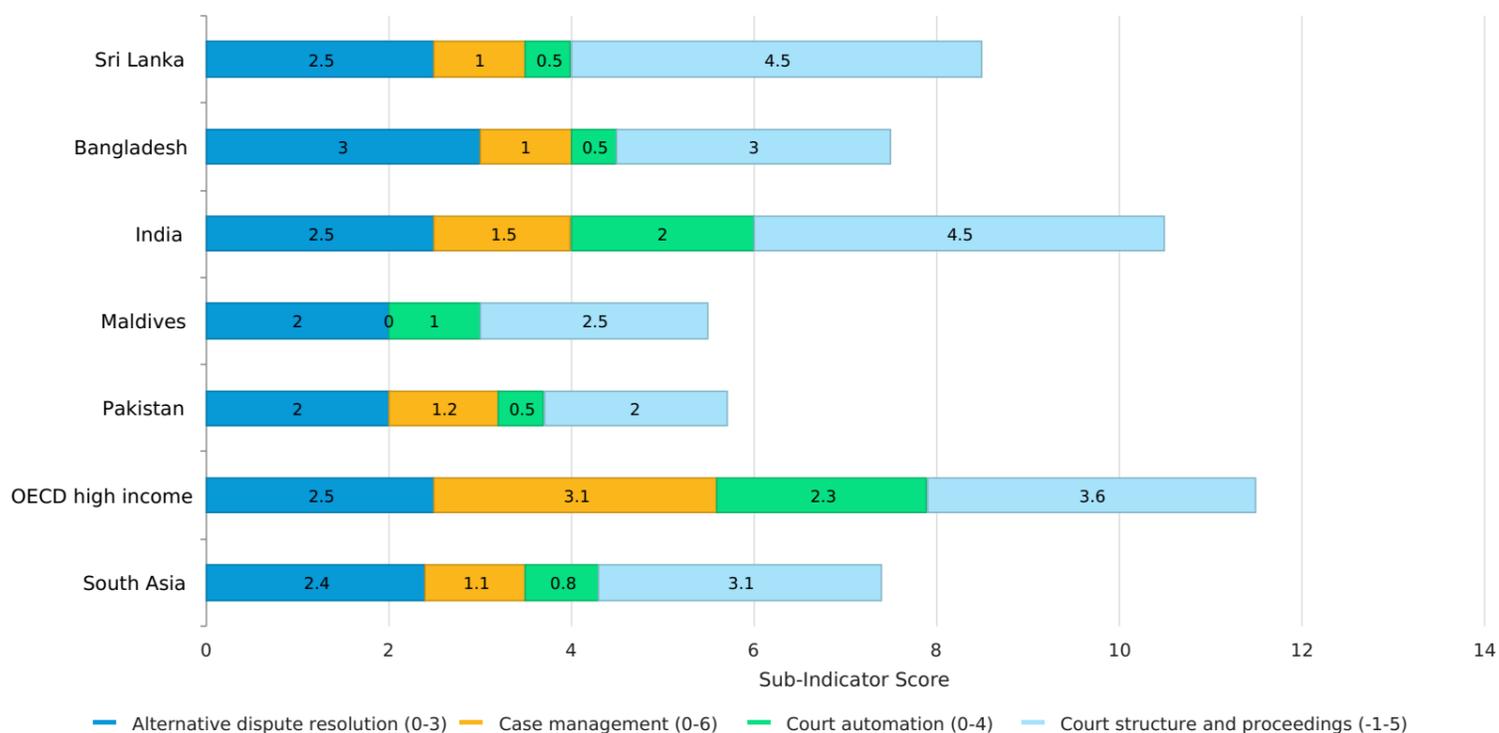


Figure - Enforcing Contracts in Sri Lanka and comparator economies - Measure of Quality



Details - Enforcing Contracts in Sri Lanka

	Indicator
<b>Time (days)</b>	<b>1318</b>
Filing and service	62
Trial and judgment	1000
Enforcement of judgment	256
<b>Cost (% of claim value)</b>	<b>22.8</b>
Attorney fees	20.2
Court fees	1.1
Enforcement fees	1.5
<b>Quality of judicial processes index (0-18)</b>	<b>8.5</b>
Court structure and proceedings (-1-5)	4.5
Case management (0-6)	1.0
Court automation (0-4)	0.5
Alternative dispute resolution (0-3)	2.5

## Details - Enforcing Contracts in Sri Lanka - Measure of Quality

	Answer	Score
<b>Quality of judicial processes index (0-18)</b>		<b>8.5</b>
<b>Court structure and proceedings (-1-5)</b>		<b>4.5</b>
1. Is there a court or division of a court dedicated solely to hearing commercial cases?	Yes	1.5
2. Small claims court		1.5
2.a. Is there a small claims court or a fast-track procedure for small claims?	Yes	
2.b. If yes, is self-representation allowed?	Yes	
3. Is pretrial attachment available?	Yes	1.0
4. Are new cases assigned randomly to judges?	Yes, but manual	0.5
5. Does a woman's testimony carry the same evidentiary weight in court as a man's?	Yes	0.0
<b>Case management (0-6)</b>		<b>1.0</b>
1. Time standards		0.0
1.a. Are there laws setting overall time standards for key court events in a civil case?	No	
1.b. If yes, are the time standards set for at least three court events?	n.a.	
1.c. Are these time standards respected in more than 50% of cases?	n.a.	
2. Adjournments		0.0
2.a. Does the law regulate the maximum number of adjournments that can be granted?	No	
2.b. Are adjournments limited to unforeseen and exceptional circumstances?	No	
2.c. If rules on adjournments exist, are they respected in more than 50% of cases?	n.a.	
3. Can two of the following four reports be generated about the competent court: (i) time to disposition report; (ii) clearance rate report; (iii) age of pending cases report; and (iv) single case progress report?	No	0.0
4. Is a pretrial conference among the case management techniques used before the competent court?	Yes	1.0
5. Are there any electronic case management tools in place within the competent court for use by judges?	No	0.0
6. Are there any electronic case management tools in place within the competent court for use by lawyers?	No	0.0
<b>Court automation (0-4)</b>		<b>0.5</b>
1. Can the initial complaint be filed electronically through a dedicated platform within the competent court?	no	0.0
2. Is it possible to carry out service of process electronically for claims filed before the competent court?	No	0.0
3. Can court fees be paid electronically within the competent court?	No	0.0
4. Publication of judgments		0.5
4.a. Are judgments rendered in commercial cases at all levels made available to the general public through publication in official gazettes, in newspapers or on the internet or court website?	No	
4.b. Are judgments rendered in commercial cases at the appellate and supreme court level made available to the general public through publication in official gazettes, in newspapers or on the internet or court website?	Yes	
<b>Alternative dispute resolution (0-3)</b>		<b>2.5</b>
1. Arbitration		1.5

1.a. Is domestic commercial arbitration governed by a consolidated law or consolidated chapter or section of the applicable code of civil procedure encompassing substantially all its aspects?	Yes	
1.b. Are there any commercial disputes—aside from those that deal with public order or public policy—that cannot be submitted to arbitration?	No	
1.c. Are valid arbitration clauses or agreements usually enforced by the courts?	Yes	
2. Mediation/Conciliation		1.0
2.a. Is voluntary mediation or conciliation available?	Yes	
2.b. Are mediation, conciliation or both governed by a consolidated law or consolidated chapter or section of the applicable code of civil procedure encompassing substantially all their aspects?	Yes	
2.c. Are there financial incentives for parties to attempt mediation or conciliation (i.e., if mediation or conciliation is successful, a refund of court filing fees, income tax credits or the like)?	No	

## Resolving Insolvency

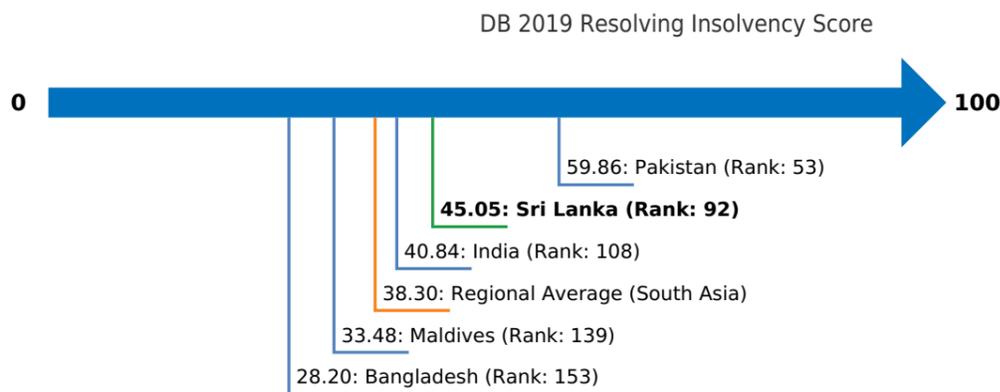
*Doing Business* studies the time, cost and outcome of insolvency proceedings involving domestic legal entities. These variables are used to calculate the recovery rate, which is recorded as cents on the dollar recovered by secured creditors through reorganization, liquidation or debt enforcement (foreclosure or receivership) proceedings. To determine the present value of the amount recovered by creditors, *Doing Business* uses the lending rates from the International Monetary Fund, supplemented with data from central banks and the Economist Intelligence Unit. The most recent round of data collection was completed in May 2018. [See the methodology for more information.](#)

What the indicators measure	Case study assumptions
<b>Time required to recover debt (years)</b>	To make the data on the time, cost and outcome comparable across economies, several assumptions about the business and the case are used:
<ul style="list-style-type: none"> <li>• Measured in calendar years</li> <li>• Appeals and requests for extension are included</li> </ul>	<ul style="list-style-type: none"> <li>- A hotel located in the largest city (or cities) has 201 employees and 50 suppliers. The hotel experiences financial difficulties.</li> </ul>
<b>Cost required to recover debt (% of debtor's estate)</b>	<ul style="list-style-type: none"> <li>- The value of the hotel is 100% of the income per capita or the equivalent in local currency of USD 200,000, whichever is greater.</li> </ul>
<ul style="list-style-type: none"> <li>• Measured as percentage of estate value</li> <li>• Court fees</li> <li>• Fees of insolvency administrators</li> <li>• Lawyers' fees</li> <li>• Assessors' and auctioneers' fees</li> <li>• Other related fees</li> </ul>	<ul style="list-style-type: none"> <li>- The hotel has a loan from a domestic bank, secured by a mortgage over the hotel's real estate. The hotel cannot pay back the loan, but makes enough money to operate otherwise.</li> </ul>
<b>Outcome</b>	In addition, <i>Doing Business</i> evaluates the quality of legal framework applicable to judicial liquidation and reorganization proceedings and the extent to which best insolvency practices have been implemented in each economy covered.
<ul style="list-style-type: none"> <li>• Whether business continues operating as a going concern or business assets are sold piecemeal</li> </ul>	
<b>Recovery rate for creditors</b>	
<ul style="list-style-type: none"> <li>• Measures the cents on the dollar recovered by secured creditors</li> <li>• Outcome for the business (survival or not) determines the maximum value that can be recovered</li> <li>• Official costs of the insolvency proceedings are deducted</li> <li>• Depreciation of furniture is taken into account</li> <li>• Present value of debt recovered</li> </ul>	
<b>Strength of insolvency framework index (0- 16)</b>	
<ul style="list-style-type: none"> <li>• Sum of the scores of four component indices:</li> <li>• Commencement of proceedings index (0-3)</li> <li>• Management of debtor's assets index (0-6)</li> <li>• Reorganization proceedings index (0-3)</li> <li>• Creditor participation index (0-4)</li> </ul>	

Resolving Insolvency - Sri Lanka

Indicator	Sri Lanka	South Asia	OECD high income	Best Regulatory Performance
Recovery rate (cents on the dollar)	43.1	32.7	70.5	None in 2017/18
Time (years)	1.7	2.6	1.7	0.4 (Ireland)
Cost (% of estate)	10.0	9.9	9.3	1.0 (Norway)
Outcome (0 as piecemeal sale and 1 as going concern)	0	..	..	..
Strength of insolvency framework index (0-16)	7.0	6.6	11.9	None in 2017/18

Figure - Resolving Insolvency in Sri Lanka and comparator economies - Ranking and Score



Note: The ranking of economies on the ease of resolving insolvency is determined by sorting their scores for resolving insolvency. These scores are the simple average of the scores for the recovery rate and the strength of insolvency framework index.

Figure - Resolving Insolvency in Sri Lanka - Time and Cost

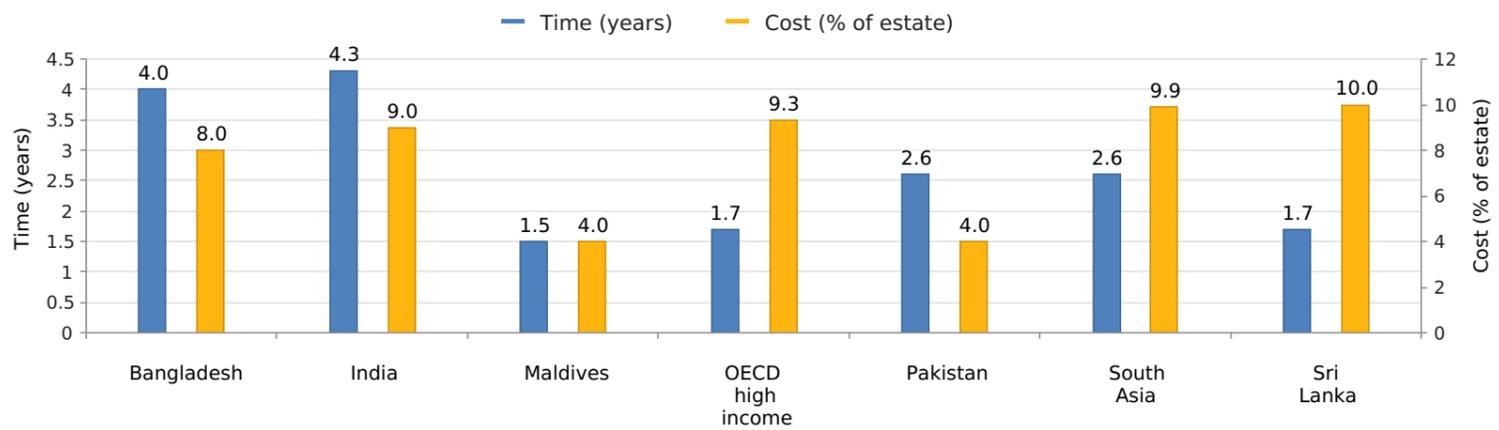
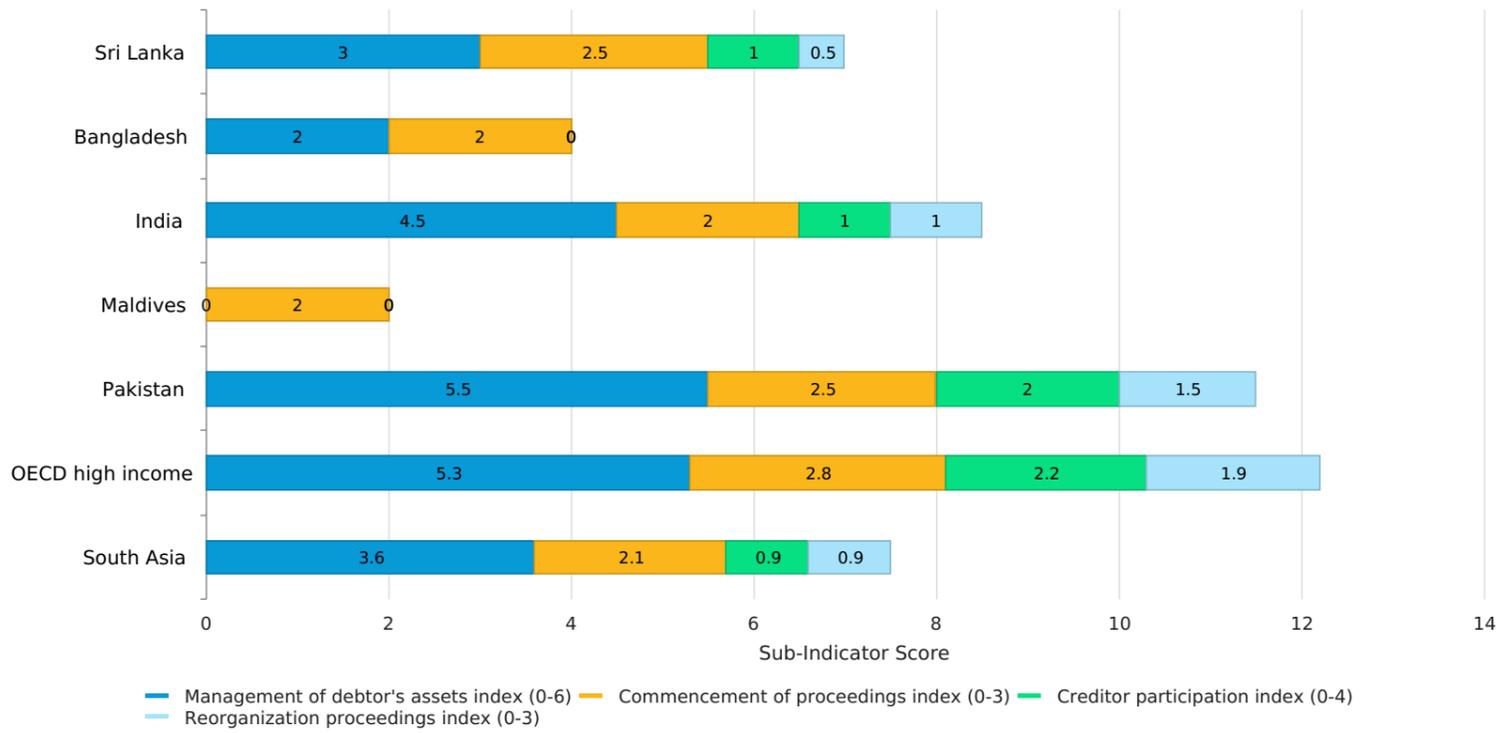
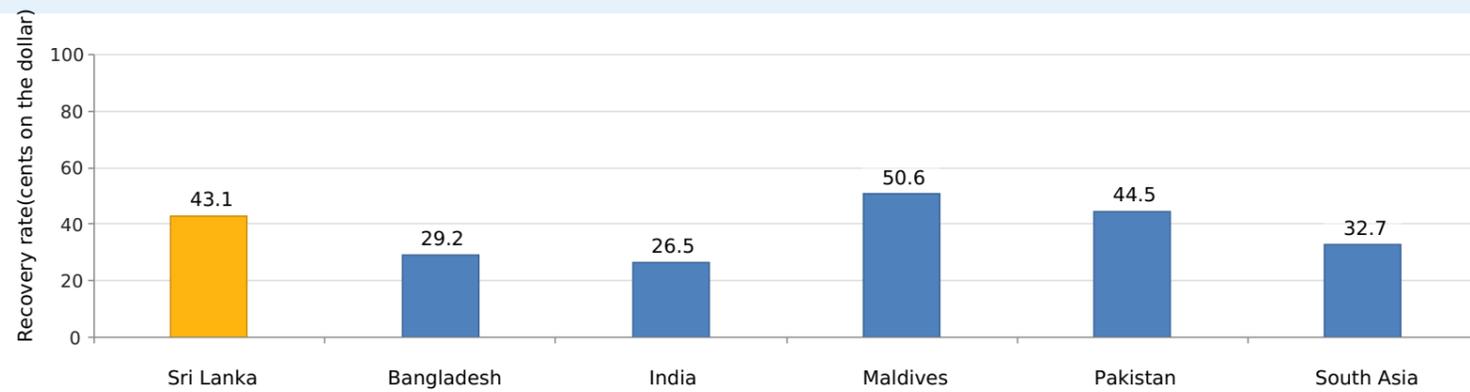


Figure - Resolving Insolvency in Sri Lanka and comparator economies - Measure of Quality



Note: Even if the economy's legal framework includes provisions related to insolvency proceedings (liquidation or reorganization), the economy receives 0 points for the strength of insolvency framework index, if time, cost and outcome indicators are recorded as "no practice."

Figure - Resolving Insolvency in Sri Lanka and comparator economies - Recovery Rate



## Details - Resolving Insolvency in Sri Lanka

Indicator	Answer	Score
Proceeding	foreclosure	As per provisions of the new Companies Act No. 7 of 2007, secured creditors are totally exempted from an automatic stay. Therefore, after Mirage's default on payment, BizBank would initiate foreclosure trying to recoup the investment as soon as possible by filing the petition at the High Court.
Outcome	piecemeal sale	The hotel will stop operating and Mirage assets will be sold piecemeal by the court-appointed auctioneer after the foreclosure proceeding.
Time (in years)	1.7	The foreclosure procedure takes approximate 1.7 years until BizBank is repaid some or all of the money owed to it. BizBank would initiate foreclosure after 60 days since Mirage's default on payment. It takes at least half a year for the High Court to make the initial decision on BizBank's petition. Mirage would be given another 60 days to appeal the decision followed by the Court's final decision (another 2 months). The appeal will take several months. The preparation and execution of the auction sale until BizBank receives the sale proceeds usually takes at least 3 months.
Cost (% of estate)	10.0	The costs associated with the case would amount to approximately 10% of the value of the debtor's estate. Cost incurred during the entire insolvency process mainly include court or government agency fees (<1%), attorney fees (5%), costs of notification and publication (<1%), , fees of accountants, assessors, inspectors and other professionals (1%), and fees of auctioneers (5%), additional cost related to the auction (1%).
Recovery rate (cents on the dollar)		43.1

## Details - Resolving Insolvency in Sri Lanka - Measure of Quality

	Answer	Score
<b>Strength of insolvency framework index (0-16)</b>		<b>7.0</b>
<b>Commencement of proceedings index (0-3)</b>		<b>2.5</b>
What procedures are available to a DEBTOR when commencing insolvency proceedings?	(a) Debtor may file for both liquidation and reorganization	1.0
Does the insolvency framework allow a CREDITOR to file for insolvency of the debtor?	(b) Yes, but a creditor may file for liquidation only	0.5
What basis for commencement of the insolvency proceedings is allowed under the insolvency framework?	(a) Debtor is generally unable to pay its debts as they mature	1.0
<b>Management of debtor's assets index (0-6)</b>		<b>3.0</b>
Does the insolvency framework allow the continuation of contracts supplying essential goods and services to the debtor?	No	0.0
Does the insolvency framework allow the rejection by the debtor of overly burdensome contracts?	Yes	1.0
Does the insolvency framework allow avoidance of preferential transactions?	Yes	1.0
Does the insolvency framework allow avoidance of undervalued transactions?	Yes	1.0
Does the insolvency framework provide for the possibility of the debtor obtaining credit after commencement of insolvency proceedings?	No	0.0
Does the insolvency framework assign priority to post-commencement credit?	(c) No priority is assigned to post-commencement creditors	0.0
<b>Reorganization proceedings index (0-3)</b>		<b>0.5</b>
Which creditors vote on the proposed reorganization plan?	(a) All creditors	0.5
Does the insolvency framework require that dissenting creditors in reorganization receive at least as much as what they would obtain in a liquidation?	No	0.0
Are the creditors divided into classes for the purposes of voting on the reorganization plan, does each class vote separately and are creditors in the same class treated equally?	No	0.0
<b>Creditor participation index (0-4)</b>		<b>1.0</b>
Does the insolvency framework require approval by the creditors for selection or appointment of the insolvency representative?	Yes	1.0
Does the insolvency framework require approval by the creditors for sale of substantial assets of the debtor?	No	0.0
Does the insolvency framework provide that a creditor has the right to request information from the insolvency representative?	No	0.0
Does the insolvency framework provide that a creditor has the right to object to decisions accepting or rejecting creditors' claims?	No	0.0

**Note:** Even if the economy's legal framework includes provisions related to insolvency proceedings (liquidation or reorganization), the economy receives 0 points for the strength of insolvency framework index, if time, cost and outcome indicators are recorded as "no practice."

## Labor Market Regulation

*Doing Business* presents detailed data for the labor market regulation indicators on the *Doing Business* website (<http://www.doingbusiness.org>). The report does not present rankings of economies on these indicators or include the topic in the aggregate ease of doing business score or ranking on the ease of doing business.

The most recent round of data collection was completed in May 2018. [See the methodology for more information.](#)

### What the indicators measure

#### Hiring

(i) whether fixed-term contracts are prohibited for permanent tasks; (ii) maximum cumulative duration of fixed-term contracts; (iii) length of the probationary period; (iv) minimum wage.

#### Working hours

(i) maximum number of working days allowed per week; (ii) premiums for work: at night, on a weekly rest day and overtime; (iii) whether there are restrictions on work at night, work on a weekly rest day and for overtime work; (iv) whether nonpregnant and nonnursing women can work same night hours as men; (v) length of paid annual leave.

#### Redundancy rules

(i) whether redundancy can be basis for terminating workers; (ii) whether employer needs to notify and/or get approval from third party to terminate 1 redundant worker and a group of 9 redundant workers; (iii) whether law requires employer to reassign or retrain a worker before making worker redundant; (iv) whether priority rules apply for redundancies and reemployment.

#### Redundancy cost

(i) notice period for redundancy dismissal; (ii) severance payments due when terminating a redundant worker.

#### Job quality

(i) whether law mandates equal remuneration for work of equal value and nondiscrimination based on gender in hiring; (ii) whether law mandates paid or unpaid maternity leave; (iii) length of paid maternity leave; (iv) whether employees on maternity leave receive 100% of wages; (v) availability of five fully paid days of sick leave a year; (vi) eligibility requirements for unemployment protection.

### Case study assumptions

To make the data comparable across economies, several assumptions about the worker and the business are used.

#### The worker:

- Is a cashier in a supermarket or grocery store, age 19, with one year of work experience.
- Is a full-time employee.
- Is not a member of the labor union, unless membership is mandatory.

#### The business:

- Is a limited liability company (or the equivalent in the economy).
- Operates a supermarket or grocery store in the economy's largest business city. For 11 economies the data are also collected for the second largest business city.
- Has 60 employees.
- Is subject to collective bargaining agreements if such agreements cover more than 50% of the food retail sector and they apply even to firms that are not party to them.
- Abides by every law and regulation but does not grant workers more benefits than those mandated by law, regulation or (if applicable) collective bargaining agreements.

## Labor Market Regulation - Sri Lanka

## Details - Labor Market Regulation in Sri Lanka

	Answer
<b>Hiring</b>	
Fixed-term contracts prohibited for permanent tasks?	No
Maximum length of a single fixed-term contract (months)	No limit
Maximum length of fixed-term contracts, including renewals (months)	No limit
Minimum wage applicable to the worker assumed in the case study (US\$/month)	68.7
Ratio of minimum wage to value added per worker	0.1
Maximum length of probationary period (months)	n.a.
<b>Working hours</b>	
Standard workday	8.0
Maximum number of working days per week	5.5
Premium for night work (% of hourly pay)	0.0
Premium for work on weekly rest day (% of hourly pay)	0.0
Premium for overtime work (% of hourly pay)	50.0
Restrictions on night work?	Yes
Whether nonpregnant and nonnursing women can work the same night hours as men	No
Restrictions on weekly holiday?	No
Restrictions on overtime work?	No
Paid annual leave for a worker with 1 year of tenure (working days)	14.0
Paid annual leave for a worker with 5 years of tenure (working days)	14.0
Paid annual leave for a worker with 10 years of tenure (working days)	14.0
Paid annual leave (average for workers with 1, 5 and 10 years of tenure, in working days)	14.0
<b>Redundancy rules</b>	
Dismissal due to redundancy allowed by law?	Yes
Third-party notification if one worker is dismissed?	Yes
Third-party approval if one worker is dismissed?	Yes
Third-party notification if nine workers are dismissed?	Yes
Third-party approval if nine workers are dismissed?	Yes
Retraining or reassignment obligation before redundancy?	No
Priority rules for redundancies?	No
Priority rules for reemployment?	No
<b>Redundancy cost</b>	
Notice period for redundancy dismissal for a worker with 1 year of tenure	4.3
Notice period for redundancy dismissal for a worker with 5 years of tenure	4.3
Notice period for redundancy dismissal for a worker with 10 years of tenure	4.3
Notice period for redundancy dismissal (average for workers with 1, 5 and 10 years of tenure)	4.3
Severance pay for redundancy dismissal for a worker with 1 year of tenure	10.8

Severance pay for redundancy dismissal for a worker with 5 years of tenure	54.2
Severance pay for redundancy dismissal for a worker with 10 years of tenure	97.5
Severance pay for redundancy dismissal (average for workers with 1, 5 and 10 years of tenure)	54.2
<b>Job quality</b>	
Equal remuneration for work of equal value?	No
Gender nondiscrimination in hiring?	No
Paid or unpaid maternity leave mandated by law?	Yes
Minimum length of maternity leave (calendar days)?	84.0
Receive 100% of wages on maternity leave?	Yes
Five fully paid days of sick leave a year?	Yes
Unemployment protection after one year of employment?	No
Minimum contribution period for unemployment protection (months)?	n.a.

## Business Reforms in Sri Lanka

In the past year, *Doing Business* observed a peaking of reform activity worldwide. From June 2, 2017, to May 1, 2018, 128 economies implemented a record 314 regulatory reforms improving the business climate. Reforms inspired by *Doing Business* have been implemented by economies in all regions. The following are reforms implemented since *Doing Business* 2008.

✓ = *Doing Business* reform making it easier to do business. ✗ = Change making it more difficult to do business.

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DB2019

- ✓ **Dealing with Construction Permits:** Sri Lanka made dealing with construction permits easier by launching a single window, increasing transparency by providing online access to building regulations and reducing the processing times to issue several building certificates.
- ✓ **Registering Property:** Sri Lanka made property registration easier by implementing a single window to streamline the process of delivering several certificates and increased transparency by providing online access to cadastral information.
- ✓ **Paying Taxes:** Sri Lanka made paying taxes easier by introducing online systems for filing corporate income tax, value added tax and employee trust fund contributions
- ✓ **Enforcing Contracts:** Sri Lanka made enforcing contracts easier by introducing a pre-trial conference as part of the case management techniques used in court.

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DB2018

- ✓ **Trading across Borders:** Sri Lanka made exporting and importing easier by developing a customs single window.

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DB2017

- ✓ **Starting a Business:** Sri Lanka made starting a business easier by removing the stamp duty on newly issued shares.
- ✓ **Protecting Minority Investors:** Sri Lanka strengthened minority investor protections by requiring board and in some cases shareholder approval of related-party transactions and by requiring that such transactions undergo external review.

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DB2016

- ✓ **Starting a Business:** Sri Lanka made starting a business easier by eliminating the requirement to notify the Registrar of Companies of the payment of stamp duty for the initial issuance of shares.
- ✓ **Dealing with Construction Permits:** Sri Lanka made dealing with construction permits less time-consuming by streamlining the internal review process for building permit applications.

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DB2015

- ✗ **Paying Taxes:** Sri Lanka made paying taxes more costly for companies by increasing the reduced corporate income tax rate for qualifying small and medium-size enterprises.

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DB2014

- ✓ **Dealing with Construction Permits:** Sri Lanka made dealing with construction permits easier by eliminating the requirement to obtain a tax clearance and by reducing building permit fees.
- ✓ **Getting Electricity:** Sri Lanka made getting electricity easier by improving the utility's internal workflow and by reducing the time required to process new applications for connections.
- ✓ **Paying Taxes:** Sri Lanka made paying taxes easier for companies by introducing an electronic filing system for social security contributions.
- ✓ **Trading across Borders:** Sri Lanka made trading across borders easier by introducing an electronic payment system for port services.

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DB2013

- ✓ **Starting a Business:** Sri Lanka made starting a business easier by computerizing and expediting the process of obtaining a registration number for the Employees Provident Fund and Employees Trust Fund.
- ✓ **Registering Property:** Sri Lanka made registering property faster by introducing an electronic system at the Land Registry in Colombo.
- ✓ **Getting Credit:** Sri Lanka strengthened its secured transactions system by establishing an electronic, searchable collateral registry and issuing regulations for its operation.
- ✓ **Trading across Borders:** Sri Lanka reduced the time to export by implementing the ASYCUDA World electronic data interchange system.

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DB2012

- ✓ **Protecting Minority Investors:** Sri Lanka strengthened investor protections by requiring greater corporate disclosure in case of transactions between interested parties.
  
  - ✓ **Paying Taxes:** Sri Lanka made paying taxes less costly for businesses by abolishing the turnover tax and social security contribution and by reducing corporate income tax, value added tax and national building tax rates.
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DB2011

- ✗ **Paying Taxes:**
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DB2010

- ✗ **Dealing with Construction Permits:** Sri Lanka made dealing with construction permits more difficult by increasing some fees and adding a procedure.
  
  - ✓ **Getting Credit:** Sri Lanka improved access to credit information through a consolidation of systems at the private credit bureau allowing all shareholder lending institutions to submit credit data, with no minimum threshold for the loans to be reported to the database.
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DB2009

- ✓ **Getting Credit:** Sri Lanka improved access to credit by strengthening its secured transactions system through its new company act, under which secured creditors' claims are no longer frozen when the company goes into liquidation and by setting up an online system for banks to share credit information at the private credit bureau, collecting data on all loans from financial institutions and distributing historical credit information covering a longer period.
- 

DB2008

- ✓ **Starting a Business:** Sri Lanka made starting a business easier by eliminating burdensome requirements for approvals, introducing a flat registration fee and making company seals and the use of notaries optional.
  
- ✗ **Getting Credit:** In Sri Lanka the private credit bureau increased the minimum threshold for loans on which negative information is distributed from 100,000 Sri Lanka rupees to 500,000.
  
- ✓ **Trading across Borders:** Sri Lanka made trading across borders easier by introducing a new electronic data interchange system that enables electronic submission and processing of customs declarations and cargo manifests and by providing for legal recognition of electronic documents and contracts.

*Doing Business 2019* is the 16th in a series of annual reports investigating the regulations that enhance business activity and those that constrain it. The report provides quantitative indicators covering 11 areas of the business environment in 190 economies. The goal of the *Doing Business* series is to provide objective data for use by governments in designing sound business regulatory policies and to encourage research on the important dimensions of the regulatory environment for firms.

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