

Media Release

18th November 2020

SEC Chairman Welcomes the Budget Proposals

The Chairman of the Securities and Exchange Commission of Sri Lanka (SEC), Mr. Viraj Dayaratne P.C. commended the Budget Proposals presented to Parliament on 17th November 2020, by the Hon. Prime Minister Mahinda Rajapaksa in his capacity as the Minister of Finance.

The Proposals include several measures to develop the capital market of Sri Lanka. As an incentive to promote and popularize Real Estate Investment Trusts (REITS) that was enabled by the SEC by way of its Rules published in the Gazette on 31st July 2020, the proposals state that the investments in REITS are exempted from the Capital Gains Tax and the Dividends are to be free from Income Tax. Further, the Stamp Duty is to be reduced upto 0.75%. The stakeholders in the industry had perceived the Stamp Duty as an impediment to the setting up of REITS in Sri Lanka and the SEC sees this proposal as a huge boost to setting up of REITS in the country.

In addition, to promote new listings of local companies on the Colombo Stock Exchange (CSE), the Government has put forward certain key proposals such as a 50% tax concession for the years 2021/2022 for companies that are listed before 31 December 2021. The number of companies listed on the CSE has not increased during the last several years and that was seen as a reason for the lack of liquidity and relatively small size of the market. The new proposal will be an impetus for new listings.

The SEC wishes to thank His Excellency the President, the Hon. Prime Minister, the Hon State Minister for Money and Capital Markets, the Secretary to His Excellency the President and the Secretary to the Treasury for having taken into consideration the representations made by the SEC and for taking these initiatives which will help to develop and build a strong capital market which could benefit both users and providers of capital. These efforts will undoubtedly help deepen market activity and increase access to capital for Sri Lankan corporates.

The CSE has functioned uninterrupted and has performed exceptionally well with an 80% increase in total market turnover as against 2019 and the average daily turnover has doubled. The SEC Chairman remarked that “The steps taken by the joint committee comprising of representatives of the SEC and the CSE to digitalize the stock market in September 2020 has enabled the market to operate without interruption despite the present situation in the country.

I wish to express my sincere gratitude to all the stakeholders in the capital market industry, particularly the CSE and the stockbroking community for the unstinted support given to facilitate the end-to-end digitalization of the market”.

Issued by

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