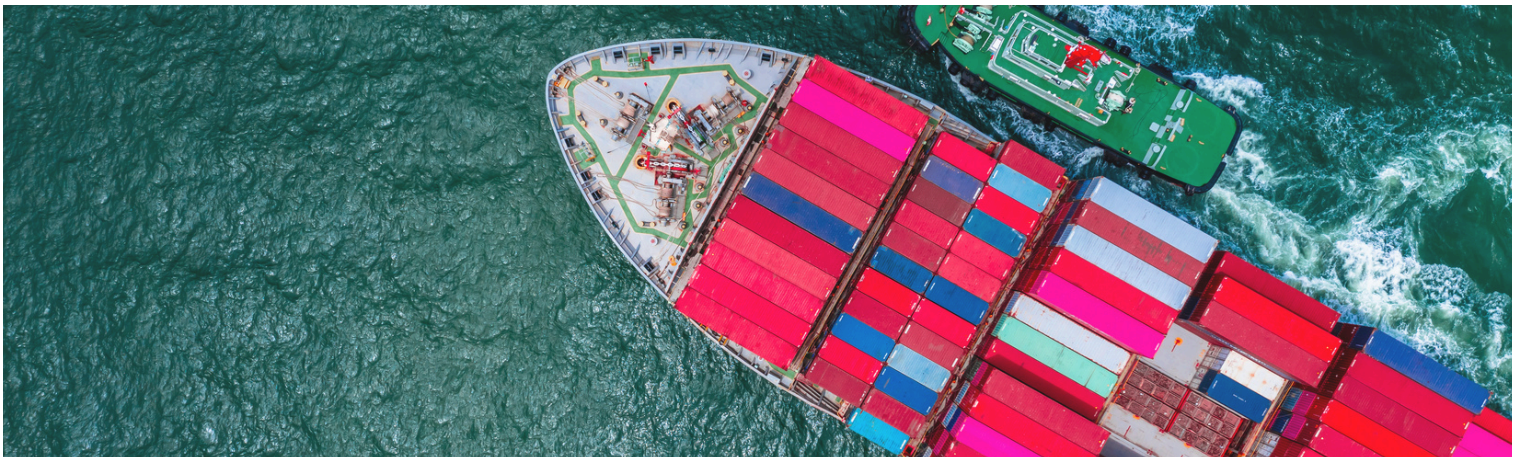

E–ALERT: RECENT AMENDMENTS TO THE SPECIAL IMPORT LICENCE AND PAYMENT REGULATIONS NO. 1 OF 2011

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BACKGROUND

The Special Import Licence and Payment Regulations No. 1 of 2011, published in Extraordinary Gazette No. 1739/3 dated 2 January 2012 (the "2012 Regulations"), were promulgated under the Imports and Exports (Control) Act, No. 1 of 1969 (as amended) and set out, inter alia, requirements relating to import licensing, methods of payment for imports, conditions applicable to effecting advance payments, and reporting and compliance obligations imposed on commercial banks and importers.

The 2012 Regulations, as subsequently amended from time to time, were further amended by the Imports and Exports (Control) Regulations No. 06 of 2026, published in Extraordinary Gazette No. 2493/39 dated 18 June 2026 and issued by the Minister of Finance, Planning and Economic Development (the "2026 Regulations"). The stated purpose of the 2026 Regulations is to strengthen the effective monitoring and oversight of outward remittances made from Sri Lanka in respect of import transactions. The amendments also appear to be aimed at improving transparency in import-related outward remittances and enhancing coordination between commercial banks and the Sri Lanka Customs Department ("SLCD"). The 2026 Regulations came into force with effect from 19 June 2026.

This e-alert addresses the key amendments introduced by the 2026 Regulations and their potential implications for importers, commercial banks and other stakeholders.

ENHANCED REPORTING OBLIGATIONS IMPOSED ON COMMERCIAL BANKS

The 2026 Regulations repeal and replace Regulation 4 of the 2012 Regulations, introducing a more detailed reporting framework for commercial banks in respect of import-related remittances.

Under the amended Regulation 4, all banks are required to assign a unique number to each import transaction and forthwith notify the SLCD of all information regarding each transaction relating to, or made under, the number so assigned, including:

- the valid Taxpayer Identification Number (TIN) of the importer;
- the address of the importer;
- the address of the beneficiary;
- the account number of the beneficiary;
- the bank code;
- the branch code;
- the type of currency and amount;
- the terms of payment;
- the terms of delivery;
- the date of remittance;
- the proforma invoice number; and
- a description of goods.

MANDATORY REGISTRATION OF IMPORTERS FOR EFFECTING ADVANCE PAYMENTS AND RESTRICTIONS IMPOSED ON COMMERCIAL BANKS

The 2026 Regulations introduce a new Regulation 8(4) to the 2012 Regulations. Accordingly, notwithstanding the requirements applicable to advance payments under Regulations 8(1), 8(2) and 8(3) of the 2012 Regulations, it is mandatory for an importer to be registered with the SLCD as an eligible importer before effecting any advance payment in respect of imports.

Commercial banks are correspondingly prohibited from effecting advance payments for the importation of goods unless the relevant importer has duly registered with the SLCD as an importer in terms of Regulation 8(4).

SPA COMMENT

The 2026 Regulations appear to have been introduced in light of recent public statements and disclosures concerning alleged import-related fraud and foreign exchange outflows through trade payment channels. In particular, concerns have been raised regarding telegraphic transfers effected in favour of overseas suppliers through entities purportedly operating as shell companies, where substantial sums were allegedly remitted abroad without any corresponding importation of goods into Sri Lanka.**[1]**

In this context, the enhanced reporting framework may assist in closing information gaps between commercial banks and the SLCD by creating a direct mechanism for reporting transaction-level information on import-related remittances. This may improve visibility over outward remittances, support the monitoring of import transactions, and facilitate the reconciliation of remittances with customs declarations and actual imports into Sri Lanka.

One of the key features of the 2026 Regulations is the requirement for importers to be registered with the SLCD as eligible importers before effecting advance payments for imports. Regulation 8(4), however, does not expressly address the position of importers who are already registered with the SLCD. Accordingly, the requirement does not appear to amount to a separate re-registration process for existing registered importers. Such importers may instead be required to obtain confirmation, or be subject to verification, from or through the SLCD of their status as eligible importers for the purpose of effecting advance payments. Persons who are not already registered as importers may first need to complete the applicable importer registration process before being treated as eligible for effecting advance payments.

The 2026 Regulations effectively place commercial banks in a gatekeeping role, as advance remittances cannot be processed unless the relevant importer has been registered with the SLCD as an eligible importer. This restriction makes the new registration requirement practically enforceable by requiring verification at the point at which funds are remitted overseas.

The registration requirement appears to apply to all advance payments for imports effected through commercial banks, including those made by telegraphic transfer, irrespective of transaction value. Accordingly, the USD 50,000 threshold referred to in Regulation 6 of the 2012 Regulations does not appear to qualify, limit or create an exemption from the SLCD registration requirement before effecting such advance payments.

ISSUANCE OF OPERATIONAL INSTRUCTIONS

The 2026 Regulations further provide that the Controller General of Imports and Exports shall issue 'Operational Instructions' to the Director General of Customs, commercial banks or any other relevant authorities for the purpose of achieving the objectives of the amendments.

[1] See: : https://www.ft.lk/top-story/Govt-tightens-rules-after-85-m-bogus-import-payments-disclosure/26-793592

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