

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

No.	Procedures	Time to Complete	Associated Costs
1	<p>Reserve a unique company name <i>Agency</i> : Registrar of Companies Reserving the company name is done online through eRoc system (eroc.drc.gov.lk). Reservation fee payment is also done online through the same platform. The fee for name approval and reservation is LKR 2,000 + 15% VAT. Once the online payment is done the name confirmation is provided through an online dashboard and e-mail and sms. The company name reservation is valid for 3 months.</p>	1 day	LKR 2,000 + 15% VAT
2	<p>The company secretary and director sign a consent <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 www.drc.gov.lk.</p> <p>This process has now been automated and can now be accomplished partially online. Every company secretary must register online to have access to online services offered by the Registrar of Companies through its new online platform. After introducing the eROC system, Form 01, Form 18(Director Consent) and Form 19(Secretary Consent) are generated through the system. However, the original signed copies must be submitted to the Department of the Registrar of Companies (ROC) since the ROC does not accept electronic signatures.</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>Register at the Department of the Registrar of Companies <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"> • Form 1 – Registration of a company • Form 18 – Consent and certificate of director • Form 19 – Consent and certificate of secretary • One copy of Articles of Association <p>All documents are submitted by scanning the original and uploading it through the e-ROC website and the payments are made online.</p> <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"> - LKR 4,000 for Form 1; - LKR 2,000 for Form 18; - LKR 2,000 for Form 19; and - LKR 2,000 for the Articles of Association. <p>All fees are subject to 15% VAT. The registration number is provided by email and SMS. The Certificate of Incorporation issued must be collected from the ROC once incorporation is complete.</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>Publish a notice of incorporation <i>Agency</i> : Daily Newspapers and the Department of Government Printing Press 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 30 working 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>Newspaper and gazette notices must be drafted and sent to the relevant agencies (i.e. Daily Newspapers and the Department of Government Printing Press) in order for the notice to be published. 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. Once published, it is necessary to obtain copies of the newspapers to keep record of such publication. The gazette, however, can be accessed online on www.documents.gov.lk</p>	3 days	LKR 7,000

⇒ 5	Register with the tax authorities and obtain a Tax Identification Number (TIN) from Taxpayer Services Unit of Inland Revenue Department	1 day (simultaneous with previous procedure)	no charge
<p><i>Agency</i> : Department of Inland Revenue</p> <p>The requisite incorporation documents (i. e.: Incorporation Certificate, and certified copies of Form 1, Form 18s and Articles of Association, and proof of identity) have to be submitted manually or online in order to obtain the TIN.</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>			
⇒ 6	Register for VAT with the Inland Revenue Department's VAT Registration Branch	1 day (simultaneous with previous procedure)	no charge
<p><i>Agency</i> : Department of Inland Revenue</p> <p>If company's taxable supply of goods or services or supply of goods and services is likely to exceed LKR 12,000,000 per year (or LKR 3,000,000 per quarter), then it is required to register for VAT. To obtain permanent VAT registration, the applicant must submit:</p> <ul style="list-style-type: none"> - TIN certificate, - Form 1, - Article of Association, - List of Directors, - copies of NICs of Directors and particulars of sales, - 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. <p>VAT registration application can be submitted online through the RAMIS system. However, this method was only recently introduced and is not yet widely used. If documents were submitted online, it is required to also submit hard copies thereof. Once registration is complete, it is necessary to obtain the VAT Certificate from the Department of Inland Revenue .</p>			
⇒ 7	Register with the Department of Labor and obtain the Employee Provident Fund (EPF) number	1 day (simultaneous with previous procedure)	no charge
<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. Registration with the EPF must be done within 14 days of hiring the first employee. 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>			

⇒ Takes place simultaneously with previous procedure.