GUIDELINES FOR IMPORT PROCEDURES

A Comprehensive Guide for Importers in Sri Lanka

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Source References: Custom Import Procedure ,Import Procedures of Sri Lanka

1. INTRODUCTION

This guidelines document provides comprehensive information on the import procedures applicable in Sri Lanka. It is designed to assist importers, customs brokers, shipping agents, and other stakeholders involved in international trade to understand and comply with Sri Lankan customs regulations and procedures.

The guidelines cover various aspects of importing goods into Sri Lanka, including regulatory requirements, documentation, cargo types, payment terms, customs clearance procedures, and applicable taxes and levies.

2. DEFINITION AND BASIC CONCEPTS

2.1 Definition of Import

Import refers to goods, services, and merchandise brought from a foreign country into Sri Lanka through various modes of transportation including:

• By air• By sea• Over land• All goods must be unloaded at authorized places designated by the Director General of Customs

2.2 Types of Cargo

A vessel may carry three types of cargo:

Cargo Type	Definition	Duty Status
Transit Cargo	Cargo meant for ports outside of Sri Lanka	Duty-free
Transshipment Cargo	Cargo destined for another port through Sri Lanka when vessel will not call at ultimate discharge port	Duty-free
Import Cargo	Cargo meant for Sri Lanka	Subject to duty

3. INITIATING AN IMPORT TRANSACTION

3.1 Steps to Initiate an Import

Step 1: Select Goods and Supplier

• Review available literature, catalogues, and product specifications• Identify potential suppliers and negotiate terms

Step 2: Obtain Pro-Forma Invoice

• Request from the supplier• Contains: description, value, and other commercial details• Used as basis for finalizing the Bill of Entry with Customs

Step 3: Arrange Payment Terms

Payment methods vary depending on the buyer-seller relationship:

Payment Method	Description
Documentary Credit (L/C)	Bank guarantee; widely used in international trade
Documents Against Payment (D/P)	Payment required before document release
Documents Against Acceptance (D/A)	Acceptance required before document release

4. ESSENTIAL IMPORT DOCUMENTATION

4.1 Pro-Forma Invoice

A critical document in finalizing the Bill of Entry. Essential information required:

• Shipper's and Consignee's name and address• Notify party name and address (if applicable)• Invoice number and date• Mode of transaction and delivery terms (e.g., CIF)• Detailed description of goods (make, model, country of origin, quantity, gross and net weight)• Total value in words and figures• Marks and numbers or container numbers• Shipper's signature and official stamp

4.2 Bill of Lading (B/L)

Document issued by the ship's master acknowledging receipt of goods on board. It serves as:

• Evidence of a contract between shipper and carrier• Evidence of carriage of goods• Document of title for the goods specified• Essential for customs clearance

4.3 Manifest

A general list of cargo for a ship or aircraft. Contains:

• Vessel/Aircraft name and voyage number• Port of loading and loading date• Port of discharging• Detailed description of goods• Shipper's name and address• Consignee's name and address• Bill of Lading number• Must be delivered to DG Customs by ship's master (Section 29, Customs Ordinance)

4.4 Delivery Order (DO)

Issued by the local shipping agent requesting delivery of goods. Includes:

• Vessel name and voyage number• Date of arrival• B/L number• Importer's name• Description of goods• Marks, numbers, or container numbers

4.5 Packing List

Prepared by the shipper to facilitate cargo examination. Includes detailed information on:

• Packing details• Contents of each package• Essential for Customs verification

5. CUSTOMS CLEARANCE PROCEDURES

5.1 Sufferance

A permit issued by the Director General of Customs allowing goods to be landed from a ship. Key points:

• Goods must only be landed at the authorized place specified in the Sufferance document• Goods must be stored in an authorized warehouse until the proper owner claims them with relevant documents

5.2 Import Bill of Entry (CUSDEC)

Required under Section 47 of the Customs Ordinance. Requirements:

• Must be submitted by the importer or agent• Applicable whether goods are for duty payment or warehousing• Must be finalized and all duties/levies paid before goods removal• Submitted on forms specified by DG Customs

CUSDEC Copies Required:

• Warrant Copy• Delivery Copy• Exchange Copy• Importer's Copy• Locker's Copy (for bonded cargo)

5.3 Cargo Examination

Conducted to verify correctness and accuracy. Purpose:

• Verify declared goods match CUSDEC• Check description and quantity (identify shortages or overages)• Draw samples for technical advice when necessary• Verify HS code classification accuracy• Answer queries raised during CUSDEC processing

5.4 Duty Exemptions

Certain imported goods are exempt from duty, including:

• Passenger baggage• Diplomatic cargo• Other categories as specified in the Customs Ordinance

6. REGULATORY FRAMEWORK AND CONTROL

6.1 Import and Export Control Regulation No. 01 of 2011

Effective from: 2nd January 2012

Personal Use Imports (Value ≤ USD 5,000):

For import of goods for personal use not in commercial quantities:• Documentary proof of payment (bank memos) must be furnished to DG Customs• Submit clearance documents• DG Customs may release goods upon satisfaction of requirements

Non-Foreign Exchange (NFE) Imports (Value ≤ USD 5,000):

Goods imported without foreign exchange payment:• Value not exceeding USD 5,000• Eligible for release upon presentation of clearance documents

High-Value NFE Imports (> USD 5,000):

• DG Customs may release goods upon submission of: - Clearance documents - Declaration that goods are for re-export• If goods will not be re-exported, DG Customs may release upon satisfaction of reasons for import

7. THE HARMONIZED SYSTEM (HS) CLASSIFICATION

7.1 Overview

The Harmonized Commodity Description and Coding System (HS):

• Multi-purpose international nomenclature and classification system• Primary application: customs tariff and trade statistics• Used for rules of origin, freight tariffs, and trade monitoring• Came into force: 1st January 1988• Amendments: 1992, 1996, 2002, 2007, 2012

7.2 HS Code

• Unique code number assigned to internationally traded goods• Essential for customs tariff determination• Accuracy is critical for proper duty assessment• Must be verified during cargo examination

8. CUSTOMS DUTIES AND OTHER FISCAL LEVIES

8.1 Tax Base and Tariff Rates

Ad-Valorem Rate:

• Most common tariff rate basis• Based on the value of goods• Derived from Latin 'ad valentiam' (to the value)• Expressed as a percentage of the goods' value

Specific Rate:

• Fixed levy based on quantity• Applicable when goods are measured by weight or number

8.2 Customs Duties

• Collected under the Customs Ordinance• Rates amended by Parliament via Gazette notification• Updated periodically to reflect policy changes• Importers must comply with published rates

8.3 Other Fiscal Levies

In addition to customs duties, imported goods may be subject to:

• Cess levy• Excise duty (special provisions)• Value Added Tax (VAT)• Port Development Levy• Airport Development Levy• Royalties• Tea Board Cess• Rubber Research levy• Coconut Product Cess• Other levies under various Acts and Enactments

9. PREFERENTIAL DUTY RATES AND TRADE AGREEMENTS

9.1 Preferential Rates of Duty

When Sri Lanka has bilateral or multilateral trade agreements with other countries, preferential duty rates apply to:

• Specified commodities only• Imports from signatory countries• Rates vary by agreement, country of origin, and commodity• Applied in addition to general rates published in tariff lines

9.2 Certificate of Origin

• Required to claim preferential rates• Issued by relevant authorities (usually Chamber of Commerce) in country of origin• Must accompany customs documentation

9.3 Sri Lanka's Trade Agreements

Sri Lanka is currently member of the following regional trade agreements:

Agreement
Asia-Pacific Trade Agreement (APTA)
Global System of Trade Preference (GSTP)
Indo-Sri Lanka Trade Agreement
Pakistan-Sri Lanka Trade Agreement
South Asian Association of Regional Cooperation (SAARC)
South Asian Free Trade Area (SAFTA)
SAFTA Least Developed Countries (LDC) Category

Note: The Department of Commerce acts as the national focal point for Sri Lanka's regional trade relations.

10. DOCUMENTATION REQUIREMENTS FOR CUSTOMS CLEARANCE

10.1 Essential Documents

The following documents should be submitted to avoid unnecessary delays:

• Two stamped commercial invoices and pro-forma invoice• Bill of Lading or Air Way Bill• Delivery Order• Documentary Credits (if under L/C arrangement)• Certificate of Origin (for preferential rates)• Product catalogues or literature• Cancellation of registration certificate (for used motor vehicles)• Import/Export Controller's license (if required)• Insurance payment receipt• Quarantine certificates (if applicable)• S.L.S.I (Standards) approvals• Commodity classification rulings• Other certifications and licenses as applicable• Packing list

10.2 Special Procedures

Provisional/Temporary Entry:

DG Customs may allow removal of goods prior to Bill of Entry finalization for:

• Classification disputes• Government cargo (deferred payment)• Project cargo (temporary imports of machinery)• Exhibition cargo• Staggered/split shipments• Cargo with missing documents

Bill of Sight:

Application submitted when importer lacks complete information (description, value, etc.) to finalize Bill of Entry. Allows goods to be examined first.

Bill of Store:

For re-importation of Sri Lankan goods within 2 years of export. Allows goods to be treated as domestic goods if ownership is proven to customs' satisfaction.

Application for Removal of Sweeping:

Processed for bagged cargo (sugar, cement, etc.) where bags are torn and contents scattered.

Wrong/Nil Mark Application:

Application to remove cargo when there are errors in identification marks and numbers.

Over-Carried Cargo:

When cargo destined for Sri Lanka is not discharged by the vessel, it may be carried over and subsequently re-shipped to Sri Lanka.

11. BEST PRACTICES FOR IMPORTERS

• Maintain accurate records of all import transactions• Ensure all documents are complete and accurate before submission• Verify HS codes and commodity classifications in advance• Understand applicable duties and levies for your product• Check eligibility for preferential rates and secure valid Certificates of Origin• Use licensed customs brokers familiar with current procedures• Plan for adequate time to clear goods• Ensure insurance coverage on all shipments• Comply with all sanitary and phytosanitary requirements• Keep updated on regulation changes and trade agreement notifications

12. CONTACTS AND RESOURCES

Director General of Customs

Sri Lanka Customs, 40 Pheta Road, Colombo 14, Sri Lanka

Industrial Services Bureau (ISB)

Kurunegala & Puttalam Districts, North Western Province, Sri Lanka

Department of Commerce

National focal point for regional trade relations

Key References:

• Customs Ordinance• Import and Export Control Regulation No. 01 of 2011• Harmonized System (HS) Classification Rules• Current Customs Tariff (as published in Gazette)• Sri Lanka's Regional Trade Agreements

CONCLUSION

This guidelines document provides a comprehensive overview of import procedures in Sri Lanka. The import process involves multiple stakeholders, documents, and regulatory compliance steps. Success in importing requires careful attention to detail, understanding of customs regulations, proper documentation, and compliance with all applicable laws and regulations.

Importers are advised to:

1. Consult with licensed customs brokers for complex transactions2. Stay updated on regulation and tariff changes3. Maintain complete and accurate documentation4. Plan shipments with adequate clearance time5. Verify all certifications and origin requirements in advance6. Contact the Director General of Customs for clarification on specific procedures

For assistance with investment facilitation and industrial development support in the North Western Province (Kurunegala and Puttalam districts), contact the Industrial Services Bureau.