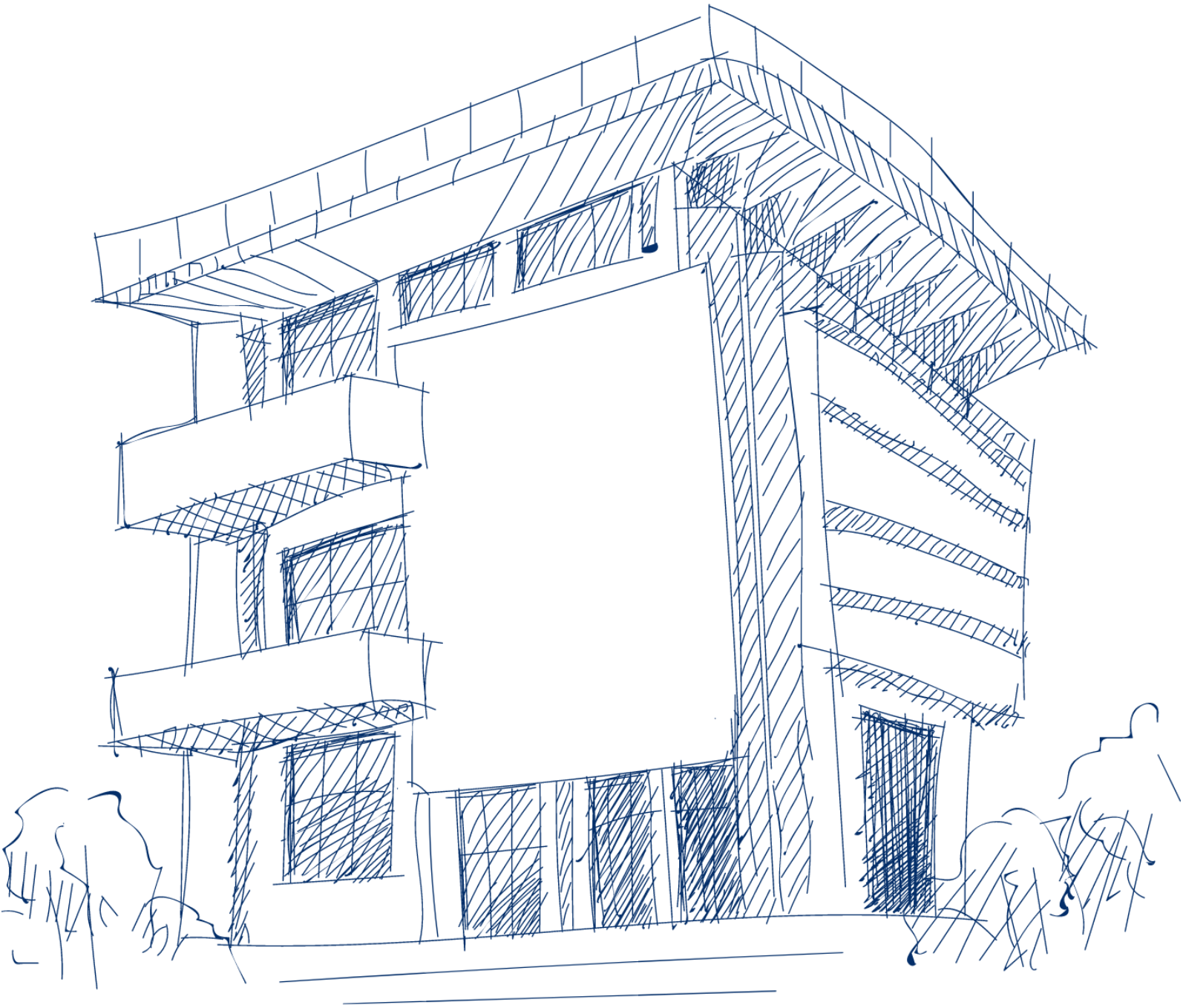


ADVOCATA INSTITUTE WORKING PAPER

IMPORT TARIFFS AND THE COSTS OF CONSTRUCTION

ADVOCATA

SATHYA KARUNARATNE AND ANEETHA WARUSAVITARANA

SUMMARY

- Sri Lanka suffers from a complex web of import tariffs, a mixture of ad valorem rates, specific rates and alternate rates. In addition to the tariff, a number of additional levies and charges referred to as para tariffs are applied.

- These include the Export Development Board Levy (CESS), Excise Duty, Value Added Tax (VAT), Ports and Airports Development Levy (PAL), port handling charges and the Special Commodity Levy (SCL). Cumulatively, these significantly increase the cost of importing and in some cases can increase to a 100% of the c.i.f value.

- There is wide variation in rates. For example, the WTO 2016 Review notes that the tariff varies between 0% and 1,225% (including ad valorem equivalents of non-ad Valorem rates). Moreover, these tariffs are subjected to frequent ad hoc changes which adds to the unpredictability of the import regime.[1]

- Despite Sri Lanka's commitment to affordable housing as a signatory to international conventions, housing remains out of reach for the average Sri Lankan.

- The problem is partly due to high tariffs on essential construction material, for instance, the highest total nominal tariff for flooring items: tiles, cubes and similar articles is 203.70%.

- Although the budget for 2021 standardised Customs Duties (also referred to as General Duties), total tariff rates remain extremely high, and the CESS has been raised. There is room for further reform, ideally with the removal of the para-tariffs.

- This reform is vital for the wellbeing of the average Sri Lankan. Of the 5,277,408 households in the island, 386,968 live in partly constructed houses, 278,192 in temporary houses and 840,555 live in houses with unplastered walls. 166,841 Sri Lankan families are homeless.[2]

[1] Trade Policy Review, Report by the Secretariat, World Trade Organisation,27th September 2016, Accessed 29th of January 2021, https://www.wto.org/english/tratop_e/tpr_e/s347_e.pdf[2] The Department of Census and Statistics, The Government of Sri Lanka, Annual Report ,2012.

[2] Government of Sri Lanka,The Department of Census and Statistics, Housing Needs Assessment and Data Survey, 2016. Accessed on July 9, 2020 https://drive.google.com/file/d/0B-H067SvwMyeT3ZhWGhtMnltVWc/view

THE IMPORTANCE OF HOUSING AFFORDABILITY

Urban living offers many benefits to residents, better job opportunities, and higher incomes but the rapid and unplanned urbanisation experienced in Sri Lanka brings challenges including pollution, congestion, social issues and pressure on housing markets.

One of the consequences of the growing popularity of cities is a strong increase in demand for housing but the supply of land in towns is limited which results in rapid increases in land prices. While high land prices are a part of the problem, the high cost of construction materials adds to this, presenting a huge obstacle to affordable housing. A testament to the problem is that ever increasing numbers are forced to seek work overseas in order to afford a house.[3]

In the absence of affordable housing, many urban dwellers are forced into low quality, overcrowded housing which have poor water supply, sanitation, drainage and solid waste collection. Some may be in temporary settlements and run the risk of eviction, while others may be at risk due to unsafe locations. These issues are referred to as urban poverty but to address this requires a proper understanding of the scale of the problem.

While there is little doubt that Sri Lanka is urbanising rapidly, official statistics under-report the extent of urbanisation. The Department of Census and Statistics classifies 18.2% of the population as urban but changes in the definition of urban areas means this number is very wide of the mark.

The introduction of Provincial Councils in 1987 saw a reclassification with some areas that were previously classified as urban being reclassified as non-urban. This resulted in a sharp drop in the area reported as urban. In 1981, 21.5% of the country was classified as urban but this dropped to 14.6% in 2001, despite steady economic growth. The Agglomeration Index offers an alternative measure of urbanisation. A "large" city here is defined as one comprising 50,000 people or more. In these terms, 44.1% of Sri Lanka's population is urban. If the definition is widened to 100,000 people or more 33.7% of the population qualifies as urban.[4]

[3] The most commonly cited reason migrant workers for seeking work abroad is to save money for a house. A study on domestic migrant workers by Caritas Sri Lanka (2013) showed that for 61% - one of the reasons to migrate was to build a house. Numerous other surveys confirm this finding.
[4] Uchida, Hirotsugu; Nelson, Andrew. "Agglomeration Index: Towards a New Measure of Urban Concentration" Washington, DC: World Bank. Accessed on July 13, 2020 https://openknowledge.worldbank.org/handle/10986/9039

High levels of urbanisation are linked to the proliferation of underserved settlements. Colombo has seen rapid urban expansion, subsequent population growth and an increase in underserved settlements. A survey carried out jointly by Sevanatha Urban Resource Centre and the Colombo Municipal Council (CMC) in 2012 records an increase in the number of informal settlements from 1614 to 1735, over a period of 10 years.[5] The World Bank states that the Colombo Metropolitan Region (CMR) has seen its population climb from 3.9 million in 1981 to 5.8 million in 2012. The CMR accounts for only 6% of the total landmass of the country so 28% of the population is competing for space in 6% of the landmass.[6]

One may question as to why such a large proportion of Sri Lanka's families have been compelled to compromise on acceptable living conditions and shelter. High tariffs imposed on construction material that drive up their prices are a part of the problem. As a result, the average domestic consumer is placed in a position of difficulty, while the domestic producer benefits vastly from the high tariff regime in place. The high prices of imported construction goods and materials contribute towards creating a captive market to the benefit of the domestic producer. The price taking consumer is now faced with a dilemma of choosing between costly imported construction material and price inflated local goods.

The Housing Needs Assessment and Data Survey of 2016 outlines that of **six million** families living in Sri Lanka **only 5.2 million have some form of housing**. Moreover, the report states that Jaffna (12,952), Batticaloa (12,482) and Colombo (80,615) districts have the highest number of total **temporary houses by the district**. Kandy (29,471), Gampaha (33,025), and Colombo (33,147) report the highest number of **total partly constructed houses by the district**.[7]

Sri Lanka's construction costs average LKR 4,500 per square foot at present.[8] Houses ranging from 1000 to 2000 square feet are the most popular.[9] Thus the average house would cost between Rs. 4,500,000.00 to Rs.9,000,000.00. The study states that the lowest demand was for a floor area of 500 sq. ft.[10] This means that one would now have to incur a cost of Rs. 2,250,000.00 for the construction of a "basic house" that would be "affordable".

[5] HMU Chularathna, RMSR Rathnayake, KA Jayaratne, "Profile of Underserved Settlements City of Colombo", Sevanatha Urban Resource Centre, September 2013. Accessed July 16, 2020 http://www.sevanatha.org.lk/news.html

[6] Turning Sri Lanka's Urban Vision into Policy and Action . UN Habitat for a Better Urban Future, 2012.http://documents1.worldbank.org/curated/en/665641468308350890/pdf/731820WP0P12800AL0UPN0Book005102012.pdf

[7] Government of Sri Lanka,The Department of Census and Statistics, Housing Needs Assessment and Data Survey, 2016. Accessed on July 9, 2020 https://drive.google.com/file/d/0B-H067SvwMyeT3ZhWGhtMnltVWc/view

[8] Based on interviews with stakeholders.

[9] Study by the University of Moratuwa in 1995, found that the greatest demand was for a floor area ranging from 1000 to 2000 sq. ft.

[10] WFSE Fernando,"Handbook for the Sri Lankan Housebuilder", University of Moratuwa, 1995. Accessed on August 20, 2020 http://dl.lib.mrt.ac.lk/bitstream/handle/123/957/full-thesis.pdf?sequence=3&isAllowed=y2

Sri Lanka's per capita income for the year 2019 as reported by the Ministry of Finance is Rs.688,719.[11] This amounts to a monthly per capita income of Rs 57,393.25. As per the household income and expenditure survey, the expenditure decile that falls under the category of having an expenditure capacity of Rs. 56,696 - Rs.70,657, spends 21.8% of their income on housing and is only left with 6.8% to be spent on education, 7.1% on healthcare and 5.2% on clothing and footwear.[12] In light of this, it is evident that Sri Lankan households are deeply financially stretched by high housing costs.

Table 1.1 below explains Sri Lanka's average monthly household expenditure on major non-food expenditure groups by national household expenditure decile. The data presented in this graph highlights that the average monthly household expenditure on housing takes up a large proportion of a household's income across most expenditure deciles.

Table 1.1

% DISTRIBUTION OF AVERAGE MONTHLY HOUSEHOLD EXPENDITURE ON NON FOOD EXPENDITURE GROUPS BY NATIONAL HOUSEHOLD EXPENDITURE DECILE

Decile Group	Expenditure Decile	Total (%)	Housing (%)	Fuel and Light (%)	"Personal care & Health expenses (%)	Transport (%)	Communication (%)	Education (%)	Cultural activities and entertainment (%)	Household non-durable goods and household service (%)	Clothing textiles & foot wear (%)	Household durable goods (%)	Other miscellaneous expenses (%)	Other adhoc (rarely) expenses (%)	Liquor, drugs & tobacco (%)
Sri Lanka	Sri Lanka	100	19.2	4.9	7	12.4	3	5.8	2.5	1.8	4.4	6.3	16.6	13.1	2.9
1	Less than or equal 17,589	100	36.5	11.8	11.4	8	3.5	1.9	1.4	3.4	6.9	1.3	3.8	2.8	7.4
2	17,590-23,531	100	30.2	9.9	10.8	10.1	4	4	1.4	2.8	7.2	1.8	6.7	4.1	7
3	23,532-28,918	100	27.9	8.9	9.8	11	4.2	5.3	1.6	2.5	7.2	2.3	8.6	4.3	6.4
4	28,919-34,114	100	26.9	8	9.3	11.9	4.1	6.1	1.6	2.3	7	2.4	9.7	4.9	5.8
5	34,115-40,186	100	25	7.7	8.7	12.8	4	6.2	2	2	6.7	3	11.1	5.7	5.1
6	40,187-47,370	100	23.8	6.8	8	12.8	3.8	6.5	2.1	1.8	6.6	3.1	13.7	6.4	4.6
7	47,371-56,695	100	23.2	6.4	7.9	13	3.8	6.3	2.2	1.6	5.9	3.3	15.5	6.5	4.4
8	56,696-70,657	100	21.8	5.7	7.1	13.2	3.4	6.8	2	1.6	5.2	4.2	16.9	9	3.2
9	70,658-99,112	100	19.2	4.8	6.6	13.2	3.4	6.5	2.5	1.5	4.6	5.3	18.2	11.7	2.6
10	More than 99,112	100	13.5	2.6	5.9	12.2	2.1	5.2	3.1	1.7	2.5	9.9	19.6	20.4	1.2

Source: Household Income and Expenditure Survey 2016

[11] Government of Sri Lanka, Ministry of Finance, Annual Report, 2019. Accessed on December 17, 2020 http://www.treasury.gov.lk/documents/publications/anualReports/2019/Annual%20Report%202019-20200625-rev2-eng.pdf

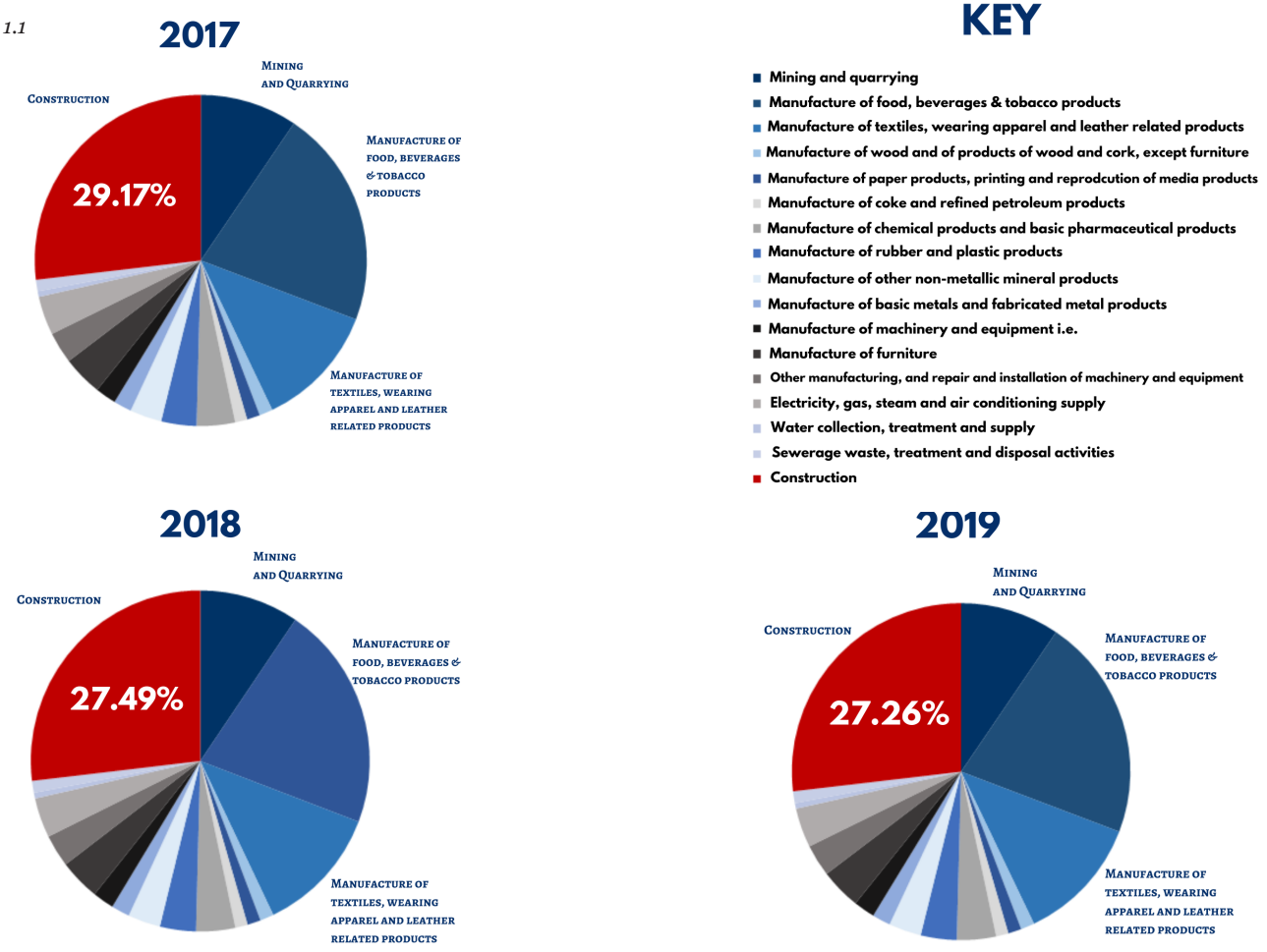
[12] Government of Sri Lanka, Department of Census and Statistics, Household Income and Expenditure Survey, 2012, 30, Table 3.11. Accessed on November 10, 2020. http://www.statistics.gov.lk/IncomeAndExpenditure/StaticalInformation

Successive governments have identified the pressing need to address Sri Lanka's housing problem in their national housing policies. Over the years governments have resorted to providing housing subsidies as a solution and imposing price controls on cement. While this may be a popular policy response, such ad-hoc solutions are not effective, especially when overall policy is incoherent: the tariff structure raises costs which offsets the benefit of any subsidies. The real solution lies in the government taking necessary steps to create a policy environment that is conducive for middle and low-income earners to construct their own house and to enable the housing market to function effectively. Ideally, housing policy would be less reliant on public subsidies and housing programmes that are often subject to change across governments and in some cases struggle to meet the requirements of the public. The alternative, where the construction of housing is affordable and accessible to individuals, would translate into housing needs being adequately met, and a lower burden on government coffers.

SRI LANKA'S CONSTRUCTION INDUSTRY'S CONTRIBUTION TO THE INDUSTRIES SECTOR

The charts below show the contribution by the construction industry to the industries sector in the years 2017, 2018 and 2019.[13]

Graph 1.1



[13] Government of Sri Lanka, Central Bank, Annual Report, 2019, Accessed January 30 2021, https://www.cbsl.gov.lk/sites/default/files/cbslweb_documents/publications/annual_report/2019/en/15_Appendix.pdf

SRI LANKA'S TAX STRUCTURES

In 2019 tax revenue amounted to Rs 1,734,925 Mn, only 11.6% of GDP. Breaking this down further, the bulk of tax revenues are from indirect taxes, which accounted for 42% of total tax revenue in 2019.[14]

Indirect taxes impact both the domestic trade and imports but there has been steady growth in taxes on imports over the years. In 2000 they accounted for less than LKR 100 bn, and by 2019 this value had increased to just under LKR 800 Bn. Sri Lanka has had a history of over-reliance on import taxes for revenue, even before independence. In 1938 import duties accounted for 47% of government revenue, very similar to where we are at present.[15]

The breakdown of taxes on imports collected by the Department of Sri Lanka Customs is as follows:

Table 1.2

BREAKDOWN OF TAXES ON IMPORTS COLLECTED BY THE DEPARTMENT OF SRI LANKA CUSTOMS

Tax Breakdown	Revenue Collected (Rs. Million)
Import Duty (Customs Duty)	98,427
VAT- Imports (Net)	169,914
Nation Building Tax (Import)*	18,227
Ports and Airports Levy (PAL)	112,174
CESS Levy	50,703
ESC*	1,662
Special Commodity Levy & Other	72,033
Excise (Special Provisions) Duty	284,093[16]

*no longer in effect

Source: Household Income and Expenditure Survey 2016

[14] Government of Sri Lanka, Ministry of Finance, Annual Report, 2019. Accessed on December 17, 2020 http://www.treasury.gov.lk/documents/publications/anualReports/2019/Annual%20Report%202019-20200625-rev2-eng.pdf

[15] Moore, Mick. "The Political Economy of Long-Term Revenue Decline in Sri Lanka", February 2017. Accessed on November 20, 2020 http://dx.doi.org/10.2139/ssrn.3120545

[16] Government of Sri Lanka, Ministry of Finance, Annual Report, 2019. Accessed on December 17, 2020 http://www.treasury.gov.lk/documents/publications/anualReports/2019/Annual%20Report%202019-20200625-rev2-eng.pdf

UNDERSTANDING SRI LANKA'S SYSTEM OF PARA-TARIFFS

As is clear from Table 1.2 Taxes on imports are not simply one type of tax that is imposed on all imports. In Sri Lanka, we use 'para-tariffs' at the border: the Ports and Airports Levy (PAL), CESS Levy, the Nation Building Tax (NBT), the ESC, and the Special Commodity Levy are all para-tariffs. The UNCTAD[17] defines para-tariffs as follows;

"Measures implemented to control or affect the prices of imported goods in order to, inter alia, support the domestic price of certain products when the import prices of these goods are lower; establish the domestic price of certain products because of price fluctuation in domestic markets, or price instability in a foreign market; or to increase or preserve tax revenue. This category also includes measures other than tariffs measures that increase the cost of imports in a similar manner, i.e. by a fixed percentage or by a fixed amount."

For example, the taxes levied on imported sinks under the HS Code 7324.10.10 is illustrated below.

Table 1.3

HS CODE	Material	General Duty (%)	VAT (%)	PAL (%)	CESS (%)	Total nominal tariff (as a % of the value of the good) (%)
73241010	Sinks	15	8	10	30	71.44

Source: Sri Lanka Customs, Customs Tariff 2020 on 19.03.2020

As illustrated above, sinks brought under this HS code are not only subject to general duty but also VAT, PAL and CESS. The NBT and ESC were removed in 2019 as a part of broader tax reform.[18] The cumulative result of these para-tariffs is that the final tax on the goods comes to 71.44%. Intuitively, one would assume that the total tax should amount to 63%, the reason for this not being the case is the way these taxes are calculated.

[17] UNCTAD, "International Classification of Non-Tariff Measures", United Nations, 2019. Accessed on December 11, 2020 https://unctad.org/en/PublicationsLibrary/ditctab2019d5_en.pdf

[18] Government of Sri Lanka, Inland Revenue Department, "Notice to The Taxpayers", 2019. Accessed on November 20, 2020 https://www.taxadvisor.lk/data/uploads/implementation_of_new_tax_proposals_on_vat_and_nbt_.pdf;

Referring to Table 1.4 below which shows how the Department of Customs calculates the final tariff, what one can see is that taxes compound, effectively increasing the final tariff value.

Table 1.4

COMPUTATION OF IMPORT LEVIES

Following duties and fiscal levies are collected by Sri Lankas customs, on imported goods , at the time of importation

Custom Duty (Preferential and General)	Export Development Board Cess	Port and Development Levy (PAL)
Excise (Special provisions) Duty ED)	Value Added Tax (VAT)	Special Commodity Levy (SCL)

Abbreviations

v	CIF Value in Rupees	e	Excise (Special Provisions) Duty	r_t	Rate of Value Added Tax
c	Cess under Export Development Act	t	Value Added Tax	r_e	Rate of Excise (Special Provisions) Duty
d	Customs Duty *	p	Ports and Airports Development Levy		

Customs Duty	d= (CIF value) * (Customs Duty Rate)	or	d= (Quantity) * (Unit Rate of Customs Duty)
Excise (Special Provisions) Duty	$e= (v + 15\%v + d + c + p) + r_e$	or	e= (Quantity) * (Unit Rate of Excise Duty)
Value Added Tax	$t= (v + 10\%v + d + c+ p + e) + r_t$	or	c= (Quantity) * (Unit Rate of Cess)
Ports and Airports Development Levy	p= (CIF Value) * (PAL Rate)		
Special Commodity Levy	SCL= (Quantity) * (Unit Rate of SCL)		

Note: If the Customs Duty is waived by the Ministry of Finance or a concessionary Duty rate or a preferential rate is granted, then 'd' stands for the actual amount of Duty paid. In the event the Customs Duty payment is suspended (for e.g. under the Bonding Regime), then 'd' stands for "actual amount of Duty that was payable"

Source: Department of Customs, Customs Tariff (March, 2020)

These para-tariffs have been identified to serve a more protectionist purpose, than one of revenue generation, especially given that the rates for tariffs such as CESS vary from product to product, and are frequently subject to change.

Looking at the basic materials required, the average tariff levied across multiple HS codes can range from 14.2% to as high as 203.7%. A detailed breakdown of the final tariffs for each HS code can be found in Appendix 1. The table below illustrates the problem, looking at a sample of HS codes based on interviews with stakeholders. The table provides the tariff rate of the median HS Code in each material category, as a representation of the sample.

Table 1.5

Usage	Material	HS Code of the Median	Tariff Rate Pre-2021 Budget (%)	Tariff Rate Post-2021 Budget (%)
Wall	Bricks	6902.10.90	52	53.6
Roof	Asbestos	6811.40.20	93.6	95.2
	Tiles	6905.10.00	52	71.4
Floor	Cement	2523.21.00	29.1	33.1
	Ceramic	6904.90.00	52	53.6
	Tiles	6802.91.10	19.6	19.6
	Steel	7216.40.00	35.8	30.4
Bathrooms	Sanitary Ware	7324.29.00	63.9	65.5

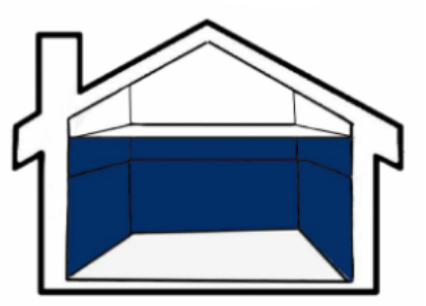
Source: IPS (material), Customs, Advocata research team

Below are the percentage distributions of occupied housing units according to floor, wall and roof covering material[19]

% Distribution of Occupied Housing Units According to Floor Paving Material in Sri Lanka

[19] Government of Sri Lanka, Department of Census and Statistics, Household Income and Expenditure Survey, 2012. Accessed on November 10, 2020. http://www.statistics.gov.lk/IncomeAndExpenditure/StaticalInformation

% Distribution of Occupied Housing Units According to Wall Construction Material in Sri Lanka



Total Housing Units In Sri Lanka

5,191,445

Brick

53.2%

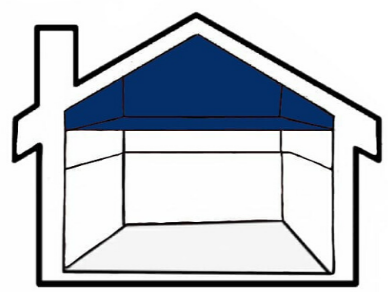
Cement/Stone

33.80%

Other

13%

% Distribution of Occupied Housing Units According to Roof Covering Material in Sri Lanka



Total Housing Units In Sri Lanka

5,191,445

Tile

47.50%

Asbestos

35.10%

Zinc Aluminum Sheet

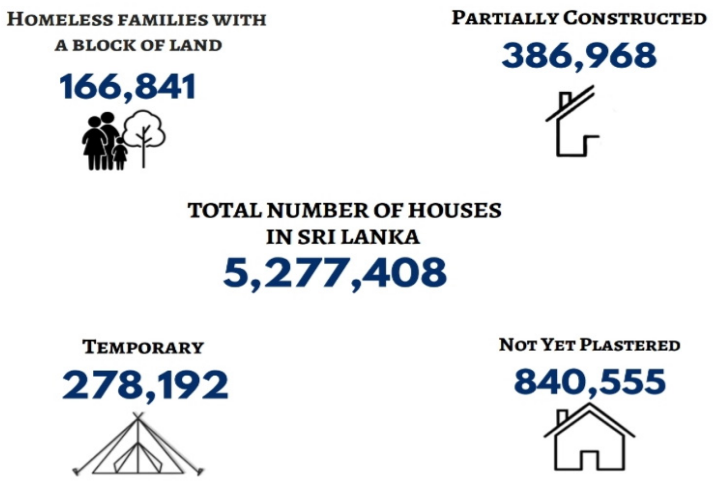
0.90%

Other

16.50%

Source: Census of Population and Housing 2012, Department of Census and Statistics

The impact these high tariffs on construction material have on low and middle-income earners is evident by the large number of **partly constructed**, **temporary**, **not yet plastered** and **homeless families** in Sri Lanka.



Source: Housing Needs Assessment Survey 2016, Department of Census and Statistics

COST INDICES

Since the 1990s, the cost of constructing a house in Sri Lanka has increased rapidly. To understand just how much the costs of the construction industry have increased, the Central Bank cost of construction index is a good place to start. It shows how prices have increased in terms of percentages. It's a good comprehensive introduction to understand how prices have increased through the years.

The table below shows how the prices have increased relative to 1990 values.

Table 1.6

Average % increase Since 1990	All Housing	Cement	Bricks (Hand-cut)	Structural steel	Asbestos roofing sheets
2008	467.5	261.2	514.1	338.8	211.2
2009	488.2	432.8	796.6	419.7	306
2010	499.7	432.2	811.3	420.9	320.9
2011	528.2	432.2	843	432.1	357.4
2012	592.9	474.9	1001.3	492	422
2013	644.4	525.3	1139.9	511.3	442.7
2014	664	525.3	1,183.7	511.3	460.3
2015	690.4	498.6	1,287.2	511.3	460.3
2016	736.1	504.2	1,595	514	466.7
2017	774.5	512.2	1,724.7	516.4	469.9
2018	805.1	528.3	1,781.7	520	474.7

Source: Central Bank of Sri Lanka, Monthly Statistical Bulletins (2019-2009)

OPPORTUNITIES FOR REFORM

Improving access to affordable, adequate housing across Sri Lanka is a challenging task, with the high costs of materials being only one of the contributors to the problem. That being said, tariff reform remains to be a low hanging fruit, that would have a positive impact on the affordability of housing.

Given this, the report recommends that the tariffs CESS and PAL are brought down to 0%.

Table 1.7

	Tax Component					
Material (HS Code)	**General Duty (%)**	**VAT (%)**	**PAL (%)**	**CESS (%)**	**Total Nominal Tariff (as a % of the value of the good) (%)**	**Recommended Reform: Removal of para tariffs CESS and PAL and bringing the tax rate to between 8.8% and 25% (%)**
Bricks (6902.10.90)	15	8	10	15	53.62	25
Asbestos (6811.40.20)	15	8	10	50	95.2	25
Tiles (6905.10.00)	15	8	10	30	71.4	25
Cement (2523.21.00)		8	10	2 per kg	33.1*	8.8
Ceramic (6904.90.00)		8	10	15	53.62	25
Tiles (6802.91.10)	15	8	10		19.6	8.8
Steel (7216.40.00)		8	10		30.4	19.6
Sanitary (7324.29.00)		8	10	25	65.5	25

Source: Department of Customs, Export Development Board

** As per 2019 EDB import quantities and rupee values, refer Appendix 1.*

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APPENDIX 1 - METHODOLOGY

The following methodology has been used in calculating the tariffs in this report.

1.1 Tariff rates obtained from customs tariff report uploaded on 19 March 2020.

1.2 Calculations are on imported material only.

1.3 For items that carry a unit rate of tax (eg: HS Code 7216.10.00, where CESS is stated as Rs 15/= per kg), the per unit rate was calculated using EDB 2019 import quantity and value data. This rate was applied to calculate the total nominal tariff. Refer Figure 1 below for the calculation method of the total nominal tariff.

1.4 In instances where the unit rate of tax and a percentage was provided (eg: HS Code 6802.23.00 where CESS is stated as 20% or Rs. 20/= per kg), the unit rate was calculated as a percentage, and whichever is higher was chosen for calculation of the total nominal tariff rate.

1.5 The data on expenditure deciles is taken from the 2012 Census of Population and Housing.

1.6 The data on housing needs are based on the most recent survey which was conducted in 2016.

COMPUTATION OF IMPORT LEVIES

Following duties and fiscal levies are collected by Sri Lankas customs, on imported goods , at the time of importation

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Value Added Tax	$t= (v + 10\%v + d + c+ p + e) + r_t$	or	c= (Quantity) * (Unit Rate of Cess)
Ports and Airports Development Levy	p= (CIF Value) * (PAL Rate)		
Special Commodity Levy	SCL= (Quantity) * (Unit Rate of SCL)		

Note: If the Customs Duty is waived by the Ministry of Finance or a concessionary Duty rate or a preferential rate is granted, then 'd' stands for the actual amount of Duty paid. In the event the Customs Duty payment is suspended (for e.g. under the Bonding Regime), then 'd' stands for "actual amount of Duty that was payable"

APPENDIX 1 - TARIFF BREAKDOWN

POST-BUDGET TARIFF BREAKDOWN

		HS code	Material	Customs Duty post budget (%)	VAT (%)	PAL (%)	Cess - post budget (%)	Cess unit rate	Calculated cess unit rate as a % of 2019 values	Ex-cise Duty	SCL	Total Nom-inal Tariff (as a % of the value of the good) Post Budget (%)	Import Quantity 2019	Value in LKR 2019
Wall	Bricks	68101110	Building blocks & bricks - concrete cement blocks encasing industrial waste sludge	30	8	10	35		93.58			95.2		
		68109910	Other - Concrete cement blocks encasing industrial waste sludge	30	8	10	0		52			53.62		
		69041000	Ceramic building bricks	30	8	10	0		52			53.62		
		69021010	Containing more than 50%of elements - mag-nesite and magnesite chrome bricks	15	8	10	0		35.8			35.8		
		69010010	Magnesite and magnesite chrome bricks	15	8	0	0		25			25		
		69010090	Other bricks, blocks, tile etc	30	8	10	0		52			53.62		
		69029000	Refractory bricks, blocks, tiles, etc, nes	30	8	10	0		52			53.62		
		69022000	Refractory bricks, blocks..., >50% silica (SiO3) or alumina (Al2O3)	30	8	10	0		52			53.62		
		69021090	Refractory bricks, tiles etc, other	30	8	10	0		52			53.62		
Roof	Asbestos	25249000	Asbestos excl Crocidolite	0	8	10	0		19.6			19.6		
		68129900	Fabricated asbestos fibres; mixutes.., article of mixures of asbestos, nes	15	8	10	0		35.8			35.80		
		68114010	Corrugated sheets	30	8	10.00%	0		52			53.62		
		68114020	Asbestos Cement Flat Sheets	30	8	10	35		93.58			95.20		
		68114030	Tubes, pipes and tube or pipe fittings	30	8	10	0		52			53.62		
	Tiles	69051000	Roofing tiles	30	8	10	30		52			71.40		

POST-BUDGET TARIFF BREAKDOWN

Floor	Cement	2521000	Limestone flux; limestone and other calcareous stone, of a kind used for the manufacture of lime or cement.	0	8	10		2 per kg	11.136			32.8	360254	6,470,253
		25232100	White cement, whether or not artificially coloured	0	8	10		2 per kg	8.23			33.1	17068897	414,906,140
		25232910	Water-proof cement, boiler cement and similar compositions	0	8	10		2 per kg	1.08			21.1	5403	1,002,881
		25232920	Other portland cement imported in packings of 50 kg and below	0	8	10		3 per kg	29.28			54.7	1088972737	11,156,823,924
		25232930	Other portland cement imported in packings of over 50 kg or in bulk	0	8	10		2 per Kg	19.74			43	3617896916	36,647,991,319
		25233000	Aluminous cement	0	8	10						19.6		
		25239000	Other hydraulic cements	0	8	10						19.6		
	Ceramic	69049000	Ceramic flooring blocks, support or filler tiles and the like	15	8	10	15					53.6		
	Tiles	69072110	Wall tiles; Of a water absorption coefficent by weight not exceeding 0.5%:	15	8	10	50	183 per unit	31.648			95.2	2836723	1,640,288,030
		69072190	Other	15	8	10	50	183 per unit	26.731			95.2	11492761	7,867,937,894
		69072210	Wall tiles; Of a water absorption coefficient by weight exceeding 0.5% but not exceeding 10%	15	8	10	50	183 per unit	30.286			95.2	58134	35,126,755
		69072290	Other	15	8	10	50	183 per unit	26.393			95.2	544620	377,623,297
		69072310	Wall tiles; - Of a water absorption coefficient by weight exceeding 10%	15	8	10	50	183 per unit	34.066			95.2	692720	372,123,283
		69072390	Other	15	8	10	50	183 per unit	26.437			95.2	268868	186,113,508

POST-BUDGET TARIFF BREAKDOWN

Floor	Tiles	69073000	Mosaic cubes and the like, other than those of sub-heading 6907.40	15	8	10	50	183 per unit	18.6			95.2	5659	5,582,868
		69074000	Finishing ceramics	15	8	10	50	183 per unit	9.3			95.2	24090	47,335,637
		68021000	Tiles, cubes and similar articles, whether or not rectangular (including squares), the largest surface area of which is capable of being enclosed in a square the side of which is less than 7 cm; artificially coloured granules, chippings and powder	15	8	10	50	50 per Kg	141.3			203.7	29870	1,056,683
		68022100	Marble, travertine and alabaster	15	8	10	50	50 per Kg	20.7			95.2	847492	204,319,212
		68022300	Granite	0	8	10	20	30 per kg	29.2			54.2	370205	38,018,415
		68022900	Other stone	15	8	10	50	40 per kg	26.9			95.2	366605	54,364,802
		68029110	Unpolished marble slabs, merely cut, with epoxy application on one side and glass fibre netting on the other side	0	8	10						19.6		
		68029190	Other	15	8	10	50	40 per kg	25.5			95.2	687810	107,793,609
		68029200	Other calcareous stone	15	8	10	50	40 per kg	68.8			117.6	5329	309,634
		68029300	Granite	15	8	10	50	40 per kg	38.3			95.2	804919	83,885,038
	Steel	73011000	Sheet piling	15	8	10						35.8		
		7301.20.00	Angles, shapes and sections	15	8	10						35.8		
		7308.40.00	Equipment for scaffolding, shuttering,propping or pit-propping	0	8	10						19.6		
		73089000	Other	30	8	10						52		
		72071110	Billets	0%	8.00%	5%						14.20%		
		72071210	Billets	0%	8.00%	10%						19.60%		
		72072010	Billets	0%	8.00%	10%						19.60%		

POST-BUDGET TARIFF BREAKDOWN

Floor	Steel	72161000	U, I or H sections, not further worked than hot-rolled, hot-drawn or extruded, of a height of less than 80 mm	15	8	10		15 per Kg	6.5			43.6	220200	50,493,565
		72162100	L sections	15	8	10	15	23 per Kg	12			53.6	861827	165,159,304
		72162200	T sections	15	8	10		15 per Kg	10			47.7	41476	6,198,943
		72163100	U sections	15	8	10						35.8		
		72163200	I sections	15	8	10						35.8		
		72163300	H sections	0	8	10						19.6		
		72164000	L or T sections, not further worked than hot-rolled, hot-drawn or extruded, of a height of 80 mm or more	10	8	10						30.4		
		72165000	Other angles, shapes and sections, not further worked than hot-rolled, hot-drawn or extruded	10	8	10						30.4		
		72166100	Obtained from flat-rolled products	10	8	10						30.4		
		72166900	Other	10	8	10						30.4		
		72169100	Cold-formed or cold-finished from flat- rolled products	10	8	10						30.4		
		72169900	Other	10	8	10						30.4		
Bath-rooms	Sanitary ware	73241010	Sinks	15	8	10	30					71.4		
		73241090	Other	15	8	10						35.8		
		73242100	Baths of cast iron, whether or not enamelled	15	8	10	25					65.5		
		73242900	Other	15	8	10	25					65.5		
		73249000	Other, including parts	15	8	10	15					53.6		
		39221000	Baths, shower-baths, sinks and wash-basins	15	8	10	50					95.2		
		39222000	Lavatory seats and covers	15	8	10	50					95.2		
		39229010	Waterless unrinals using 'Key Valves'	0	8	10						19.6		
		39229090	Other	15	8	10	50					95.2		

PRE-BUDGET TARIFF BREAKDOWN

		HS code	Material	Customs Duty post budget (%)	VAT (%)	PAL (%)	Cess - post budget (%)	Calculated cess unit rate as a % of 2019 values (%)	Total Nominal Tariff (as a % of the value of the good) Post Budget (%)	Import Quantity 2019 (%)	Value in LKR 2019
Wall	Bricks	68101110	Building blocks & bricks - concrete cement blocks encasing industrial waste sludge	30	8.	10	35		93.5		
		68109910	Other - Concrete cement blocks encasing industrial waste sludge	30	8	10	0		52		
		69041000	Ceramic building bricks	30	8	10	0		52		
		69021010	Containing more than 50%of elements - magnesite and magnesite chrome bricks	15	8	10	0		35.8		
		69010010	Magnesite and magnesite chrome bricks	15	8	0	0		25		
		69010090	Other bricks, blocks, tile etc	30	8	10	0		52		
		69029000	Refractory bricks, blocks, tiles, etc, nes	30	8	10	0		52		
		69022000	Refractory bricks, blocks..., >50% silica (SiO3) or alumina (Al2O3)	30	8	10	0		52		
		69021090	Refractory bricks, tiles etc, other	30	8	10	0		52		
Roof	Asbestos	25249000	Asbestos excl Crocidolite	0	8	10	0		19.6		
		68129900	Fabricated asbestos fibres; mixutes.., article of mixures of asbestos, nes	15	8	10	0		35.8		
		68114010	Corrugated sheets	30	8	10	0		52		
		68114020	Asbestos Cement Flat Sheets	30	8	10	35		93.5		
		68114030	Tubes, pipes and tube or pipe fittings	30	8	10	0		52		
	Tiles	69051000	Roofing tiles	30	8	10	30		52		

PRE-BUDGET TARIFF BREAKDOWN

Floor	Cement	2521000	Limestone flux; limestone and other calcareous stone, of a kind used for the manufacture of lime or cement.	0	8	10	0		19.6		
		25232100	White cement, whether or not artificially coloured	0	8	10	8		29.1		
		25232910	Water-proof cement, boiler cement and similar compositions	0	8	10	8		29.1		
		25232920	Other portland cement imported in packings of 50 kg and below	0	8	10	14		36.2		
		25232930	Other portland cement imported in packings of over 50 kg or in bulk	0	8	10.	8		29.1		
		25233000	Aluminous cement	0	8	10	0		19.6		
		25239000	Other hydraulic cements	0	8	10	0		19.6		
	Ceramic	69049000	Ceramic flooring blocks, support or filler tiles and the like	30	8	10	0		52		
	Tiles	69072110	Wall tiles; Of a water absorption coefficent by weight not exceeding 0.5%:	30% or Rs. 110/= per m2	8%	10	35	19	93.5	2836723	1,640,288,030
		69072190	Other	30% or Rs. 110/= per m2	8	10	35	16	93.5	11492761	7,867,937,894
		69072210	Wall tiles; Of a water absorption coefficient by weight exceeding 0.5% but not exceeding 10%	30% or Rs. 110/= per m2	8	10	35	18.2	93.5	58134	35,126,755
		69072290	Other	30% or Rs. 110/= per m2	8	10	35	15.8	93.5	544620	377,623,297
		69072310	Wall tiles; - Of a water absorption coefficient by weight exceeding 10%	30% or Rs. 110/= per m2	8	10	35	20.4	93.5	692720	372,123,283
		69072390	Other	30% or Rs. 110/= per m2	8	10	35	15.8	93.5	268868	186,113,508

Floor	Tiles	69073000	Mosaic cubes and the like, other than those of subheading 6907.40	30% or Rs. 110/= per m2	8	10	35	11.1500039	93.5	5659	5,582,868
		69074000	Finishing ceramics	30% or Rs. 110/= per m2	8	10	35	5.598107827	93.5	24090	47,335,637
		68021000	Tiles, cubes and similar articles, whether or not rectangular (including squares), the largest surface area of which is capable of being enclosed in a square the side of which is less than 7 cm; artificially coloured granules, chippings and powder	30	8	10	20% or Rs. 30/= per kg	84.80310557	152.7	29870	1,056,683
		68022100	Marble, travertine and alabaster	30	8	10	20% or Rs. 40/= per kg	16.59152836	75.7	847492	204,319,212
		68022300	Granite	0	8	10	20% or Rs. 30/= per kg	29.21255397	54.3	370205	38,018,415
		68022900	Other stone	30	8	10	20% or Rs. 40/= per kg	26.97370258	84.04	366605	54,364,802
		68029110	Unpolished marble slabs, merely cut, with epoxy application on one side and glass fibre netting on the other side	0	8	10	0		19.6		
		68029190	Other	30	8	10	20% or Rs. 40/= per kg	25.52322003	82.89	687810	107,793,609
		68029200	Other calcareous stone	30	8	10	20% or Rs. 40/= per kg	68.84256897	133.7	5329	309,634
		68029300	Granite	30	8	10	20% or Rs. 40/= per kg	38.38200562	97.6	804919	83,885,038
		7301.20.00	Angles, shapes and sections	15	8	10	0		35.8		
		7308.40.00	Equipment for scaffolding, shutter-ing,propping or pit-propping	0	8	10	0		19.6		
		73089000	Other	30	8	10	0		52		
		72071110	Billets	0	8	5	0		14.2		
		72071210	Billets	0	8	10	0		19.6		
		72072010	Billets	0	8	10	0		19.6		

PRE-BUDGET TARIFF BREAKDOWN

Floor	Steel	72161000	U, I or H sections, not further worked than hot-rolled, hot-drawn or extruded, of a height of less than 80 mm	15	8	10.	Rs.15/= per kg	6.5	43.57	220200	50,493,565
		72162100	L sections	30	8	10	Rs.20/= per kg	10	64.4	861827	165,159,304
		72162200	T sections	15	8	10	Rs.15/= per kg	10	47.72	41476	6,198,943
		72163100	U sections	15	8	10	0		35.8		
		72163200	I sections	15	8	10	0		35.8		
		72163300	H sections	0	8	10	0		19.6		
		72164000	L or T sections, not further worked than hot-rolled, hot-drawn or extruded, of a height of 80 mm or more	15	8	10	0		35.8		
		72165000	Other angles, shapes and sections, not further worked than hot-rolled, hot-drawn or extruded	15	8	10	0		35.8		
		72166100	Obtained from flat-rolled products	15	8	10	0		35.8		
		72166900	Other	15	8	10	0		35.8		
		72169100	Cold-formed or cold-finished from flat- rolled products	15	8	10	0		35.8		
		72169900	Other	15	8	10	0		35.8		
Bathrooms	Sanitary ware	73241010	Sinks	30	8	10	10		63.9		
		73241090	Other	15	8	10	0		35.8		
		73242100	Baths of cast iron, whether or not enamelled	30	8	10	10		63.9		
		73242900	Other	30	8	10	10		63.9		
		73249000	Other, including parts	30	8	10	0		52		
		39221000	Baths, shower-baths, sinks and wash-basins	30	8	10	35		93.6		
		39222000	Lavatory seats and covers	30	8	10	35		93.6		
		39229010	Waterless unrinals using 'Key Valves'	0	8	10	0		19.6		
		39229090	Other	30	8	10	35		93.6		