



Democratic Socialist Republic of Sri Lanka

First Session of Tenth Parliament

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Third Report

of the

Committee on Public Accounts

(Examination Conducted on 02.04.2025)

The Report compiled by the Committee on Public Accounts regarding the scheme implemented during 01st May 2022 to 15th September 2023 to provide fully-electric Vehicle Permits for Sri Lankans employed abroad based on their foreign remittances

Presented by the Hon. Kabir Hashim, M.P., Chairman of the
Committee on Public Accounts, on 24th October 2025

Ordered by Parliament on 24th October 2025 that the report be printed.

Presenting the observations regarding the report of the Committee on Public Accounts which were tabled in Parliament and steps that were taken;

The Standing Order of Parliament 119 (4) stipulates as follows:-

“A report of the Committee on Public Accounts, once tabled in Parliament shall be referred to the Minister in charge of the subject of Finance and the Ministers in charge of the institutions and the respective Minister shall submit the observations and actions taken in that regard to Parliament within eight weeks, and also submit a statement of actions proposed to be taken with regard to the observations or if the Minister is of the view that particular recommendations may not be fulfilled, the Minister shall explain the reasons in writing and indicate alternative actions, the Minister proposes to take to ensure the proper usage of public finance. If the Committee requires, the committee may invite the relevant Minister to explain the position in person and to answer the questions that arise as to such matters within eight weeks. When Parliament so decides, the report concerned may be referred to the Attorney- General for his observations and necessary action.”

TENTH PARLIAMENT – FIRST SESSION
Composition of the Committee on Public Accounts

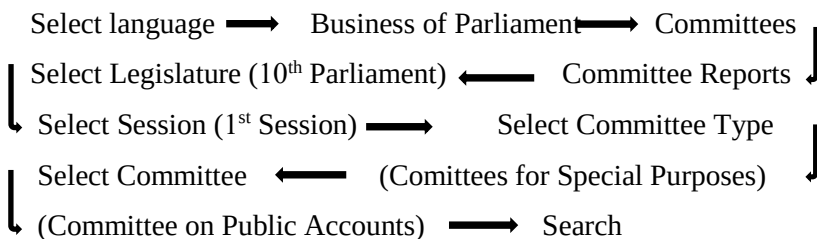
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2. Hon. Anton Jayakody
3. Hon. Major General (Rtd) Aruna Jayasekara
4. Hon. Sugath Thilakaratne
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6. Hon. Nalin Hewage
7. Hon. (Dr.) M. L. A. M. Hizbullah (w. e. f. 21.03.2025)
8. Hon. Rohitha Abeygunawardhana (w. e. f. 21.03.2025)
9. Hon. J. C. Alawathuwala (w. e. f. 21.03.2025)
10. Hon. Chamara Sampath Dasanayake (w. e. f. 21.03.2025)
11. Hon. Hector Appuhamy, (w. e. f. 21.03.2025)
12. Hon. (Dr.) Kavinda Heshan Jayawardhana (w. e. f. 21.03.2025)
13. Hon. Kaveenthiran Kodeeswaran (w. e. f. 21.03.2025)
14. Hon. (Mrs.) Sagarika Athauda, Attorney-at-Law
15. Hon. Manjula Suraweera Arachchi
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17. Hon. (Mrs.) Oshani Umanga
18. Hon. Ajantha Gammeddage (w. e. f. 21.03.2025)
19. Hon. Ruwanthilaka Jayakody
20. Hon. (Mrs.) Thushari Jayasingha, Attorney-at-Law (w. e. f. 21.03.2025)
21. Hon. T. K. Jayasundara (w. e. f. 21.03.2025)
22. Hon. M. A. M. Thahir (w. e. f. 21.03.2025)
23. Hon. Susantha Kumara Nawarathna
24. Hon. Lal Premanath
25. Hon. Chanaka Madugoda (w. e. f. 21.03.2025)
26. Hon. Sunil Rathnasiri (w. e. f. 08.05.2025)
27. Hon. Dinindu Saman Hennayake
28. Hon. Chandana Sooriyaarachchi
29. Hon. Aravinda Senarath
30. Hon. (Dr.) Janaka Senarathna

Present Staff at the Committee Secretariat

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- Mr. Sanath Wijegunawardhana - Principal Officer
- Mrs. R.A.D.N. Geyowanee - Deputy Principal Officer
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Committee Reports

Reports of the Committee on Public Accounts can be downloaded from **www.parliament.lk** by following the path shown below:



Report of the Auditor General Pertaining to the Examination

“The Special Audit Report on the scheme implemented during 01st May 2022 to 15th September 2023 to provide fully-electric vehicle permits for Sri Lankans employed abroad based on their foreign remittances” presented on 5th September 2024 may be downloaded through the following link from the website www.auditorgeneral.gov.lk

http://www.auditorgeneral.gov.lk/web/images/audit-reports/upload/2024/special/Fully_Electric_vehicle/Fully-Electric-vehicle-Full-Document-2024.09.05.pdf

This examination has based on the facts revealed by the Audit Report referred to above. The additional information pertaining to the matters subjected to the discussion at the Committee are contained the Audit Report concerned.

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Chairman's Note

In accordance with the provisions of Standing Order 119 (3), I present to Parliament the Third Report of the Committee on Public Accounts, which includes the examination conducted by the Committee on Public Accounts on 2025.04.02, during the First Session of the Tenth Parliament, on the scheme implemented from 01st May 2022 to 15th September 2023 to provide fully-electric vehicle permits for Sri Lankans employed abroad based on their foreign remittances.

The prime function of the Committee on Public Accounts, which functions as a Financial Oversight Committee in accordance with the powers of public finance control vested in the Parliament of Sri Lanka by Article 148 of the Constitution of the Democratic Socialist Republic of Sri Lanka and the powers provided for by the Standing Orders of Parliament, is examining the accounts showing the appropriation of funds granted by Parliament for public expenditure and any other accounts placed before Parliament which Committee on Public Accounts may deem appropriate.

The contribution of the post process known as “Auditing” made to the Committee in performing these tasks is immense. While providing solutions to the weaknesses identified through an accurate audit, it also guides institutions to avoid the recurrence of past shortcomings in the future in order to effectively prevent inefficiencies.

As the Chairman of the Committee on Public Accounts, I would like to emphasize that it is the responsibility of the political authority to work more diligently than before, regardless of party affiliation, to overcome the economic crisis that has arisen in the country and to create a good economy. I would also like to emphasize that it is the responsibility of all public officials to take appropriate steps to prevent financial irregularities and corruption in state institutions.

Similarly, it is important to note that both the political authority and the Chief Accounting Officers bear the responsibility of ensuring that the Committee’s efforts to enhance financial discipline and strengthen the performance of state institutions are not rendered meaningless. While it is the responsibility of the Chief Accounting Officers to give prompt

attention to the implementation of the Committee's recommendations, to take appropriate disciplinary measures, to implement the relevant recommendations, and to carry out follow-up reviews on all activities, it is the responsibility of the political authority to go beyond that, and take necessary legal action in respect of criminal offences with the intervention of the Attorney General.

Therefore, the Committee on Public Accounts intends to refer this report for the necessary legal processes through an appropriate resolution in Parliament.

The success of the Committee on Public Accounts means the product of the cooperation of all stakeholders who contribute to it. Therefore, I express my gratitude to the Members of the previous Committees, including their Chairmen, for the steps hitherto taken by the Committee on Public Accounts to strengthen the fiscal mechanism, and to the current members of the Committee, who have extended me their fullest support, regardless of being in the governing party or the opposition, in successfully conducting the Committee's work.

Furthermore, I would like to state here that the Committee would like to express its gratitude and appreciation to the Auditor General and his staff, the officers of the Treasury, the Secretary General of Parliament and all the officers of the Public Accounts Committee Office of Parliament for their support in carrying out the work of the Committee efficiently, despite various challenges.

Kabir Hashim
Chairperson
Committee on Public Accounts

Concise Report

This report contains the background to the meeting, the matters discussed, the explanations given by the Chief Accounting Officers, and the recommendations made by the Committee at the meeting held by the Committee on Public Accounts in the First Session of the Tenth Parliament to examine ‘the Scheme implemented from 01 May 2022 to 15 September 2023 relating to provide fully-electric vehicle permits for Sri Lankans employed abroad based on their foreign remittances’.

Date of the Meeting of the Committee - 02.04.2025

Institutions summoned -

- Ministry of Foreign Affairs, Foreign Employment and Tourism

Sri Lanka Bureau of Foreign Employment

- Ministry of Finance, Planning and Economic Development

Department of Public Finance

Sri Lanka Customs

Department of Import and Export Control

Department of Trade and Investment Policy

Department of Inland Revenue

- Ministry of Labour

- Ministry of Transport, Highways, Ports and Civil Aviation

Department of Motor Traffic

Investigation Assistance: National Audit Office

Background

The Auditor General issued the special audit report dated 05.09.2024 on ‘the scheme that was implemented from 01 May 2022 to 15 September 2023 to issue permits to Sri Lankan expatriates based on remittances for the import of fully electric vehicles to Sri Lanka’.

The key facts contained in the special audit report, which further discusses the transparency and internal controls of the procedures used for the scheme that was implemented, the criteria used, issuing of circulars, vehicle registration and tax collection, and the risk of money laundering are briefly stated below:

1. A scheme to issue a permit to import an electric vehicle based on the remittances sent, i.e. an electric vehicle with a Cost, Insurance and Freight (CIF) value of up to a maximum of 50 percent of the remittances sent, was initiated in the year 2022 by the then Ministry of Labour and Foreign Employment.
2. This scheme was initiated with the aim of increasing the remittances sent to Sri Lanka by the Sri Lankan migrant workers by way of issuing a permit to them to import an electric vehicle.
3. It was proposed to provide this benefit to migrant-worker applicants who sent foreign remittances during the period from 01 May 2022 to 15 September 2023.
4. Special benefits provided to migrant workers sending foreign remittances:
 - 4.1 Issuing a permit to import an electric vehicle at a time when importing vehicles was temporarily suspended.
 - 4.2 Giving a tax concession by increasing the luxury tax exemption limit on an imported vehicle from Rs. 6 million to Rs. 12 million.
5. As per the information received from the Ministry of Labour and Foreign Employment, 1077 permits were issued under this scheme from 22 September 2022 to 30 June 2024, of which 77 permits were cancelled.

6. As at 11 March 2024, out of the 1,000 permits which were valid, the relevant permit holders had taken action to import vehicles in respect of only 921 permits, and only 699 of the imported vehicles had been registered with the Department of Motor Traffic by the said date.
7. As at 30 June 2024, foreign remittances amounting to USD 121,505,640 had been received by licensed banks under this scheme, and a sum of USD 24,100,757 had been paid to foreign countries for importing 510 vehicles.

Issues Identified During Examination and Observations

A meeting of the Committee on the Public Accounts was held on 02.04.2025 at Committee Room No. 06 of Parliament to examine the scheme to issue permits to import fully electric vehicles, to the Sri Lankans who are employed abroad on the basis of the foreign remittances, which was implemented from 01.05.2022 to 15.09.2023, together with the contents of the Special Audit Report issued by the Auditor General on September 5, 2024, concerning this scheme.

The said scheme was discussed at length there and the facts revealed therein and the facts observed by the Committee are given below.

01. Issuing the circular regarding this scheme deviating from the Cabinet decision

Although the authority to issue licenses had been given to the Controller of Imports and Exports of the Department of Import and Export Control under the Ministry of Finance as per the Cabinet decision regarding this scheme, the issuance of those licenses has been carried out by the Secretary to the Ministry of Labour and Foreign Employment.

The Secretary to the Ministry of Labour and Foreign Employment has prepared the draft of the circular and sent it for approval to the Ministry of Finance, and the Additional Director General of the Department of Trade and Investment Policy of the Ministry of Finance has submitted observations in a letter to the Secretary to the Ministry of Labour and Foreign Employment that the draft of the circular deviates from certain points mentioned in the Cabinet decision. However, it was revealed before the Committee that the relevant observations have not indicated that the Secretary to the Ministry of Labour did not have the authority to issue permits.

Accordingly, the Committee observed that it is apparent that the officials of the Ministry of Finance have also neglected their

responsibilities and that the Secretary to the Ministry of Labor and Foreign Employment has misused his authority and issued licenses in violation of the Cabinet decision.

02. Amending the prepared circular, several times.

It was revealed before the Committee that the condition that the relevant applicants had to be registered with the Sri Lanka Bureau of Foreign Employment, which was found in the original circular, has been removed later and the category entitled to vehicle licenses under this project, was defined as “any Sri Lankan employed abroad”.

The Committee observed that due to the absence of a specified period of stay abroad and the removal of the requirement for registration with the Sri Lanka Bureau of Foreign Employment, even those who have never been abroad, those who have been abroad only for short durations, and those lacking the necessary qualifications, have had the opportunity to obtain permits, resulting in loss of capacity to exercise effective regulation over this project .

03. Manner of Selecting Companies for Facilitating Import of Vehicles Found Problematic

A total of 34 companies have been registered to facilitate vehicle imports, and import of 640 vehicles out of the 921 vehicles imported and registered in the country has been facilitated by two companies (Overland Automobile and Auto Capital Investment).

The Committee queried about the criteria applied and the procedures adopted in selecting the institutions to facilitate vehicle imports under this scheme.

The Chief Accounting Officer of the Ministry of Foreign Affairs, Foreign Employment and Tourism stated that, although the Foreign Employment Division was subsequently severed from the Ministry of

Labour and shifted to his Ministry in line with the revised scope of functions, the relevant files on the implementation of the said scheme had not been formally handed over. He further stated that the files received by the Ministry contained an advertisement posted on the website regarding the selection of companies, a list of applications received, and a list of selected companies. However, he added that nothing was mentioned on the criteria for selecting companies or the process adopted to select the companies in the files concerned.

The Committee observation was that the process of selecting companies for facilitating vehicle imports under the scheme lacked transparency, and the procedure had been carried out in a manner that favoured only a limited number of chosen companies.

04. Issuance of Permits to individuals who have not been abroad and issuance of 2 permits each to certain individuals.

The audit had also pointed out that permits had been issued to 04 persons who had not gone abroad and 61 persons whose employment had not been mentioned in the application, and that the cases where 2 permits had been issued to one person had been corrected after being pointed out by the audit. In addition, the Auditor General pointed out further that the condition that the person should be registered with the Sri Lanka Bureau of Foreign Employment to be eligible for the permit had been changed later leading to issuing of permits without considering registration, which appears to have paved way for the issuance of permits to ineligible persons .

The then Additional Secretary of the Ministry of Labour and Foreign Employment, Ms. K.D.R. Olga, expressing her views on this matter, stated before the Committee that during her tenure, proper checks were carried out to identify the migrant worker status and that no two permits were issued to the same person. She further stated that she had only served in the said position for a short period and had to withdraw from

this process on August 4, 2023 due to the problematic circumstances that arose.

The Chief Accounting Officer / Accounting Officer of the Ministry of Foreign Affairs, Foreign Employment and Tourism informed the committee that the original documents relating to these incidents have been handed over to the Criminal Investigation Department for further investigation.

The Committee's observation was that the issuance of permits to individuals who had not gone abroad and the issuance of 02 permits to one individual were serious administrative errors.

05. Transfer of imported vehicles to other parties and charging a levy on such transfers

It was stated before the Committee that the original Cabinet decision had no reference to the transfer of imported vehicles to another party, but the Cabinet later granted permission for this. Furthermore, the audit stated before the Committee that the Department of Motor Traffic was faced with a problem in collecting the 10% fee of the value of the permit collected during such transfer, as it was mentioned in the Gazette as a tax, and in some cases this tax had not been collected.

The Committee observed that it was unlawful to levy such a tax, as it is not possible to impose a tax without the approval of Parliament.

06. Registering some of the imported vehicles after the stipulated period, and some of them not having been registered at all.

It was stated before the Committee that a total of 1,077 permits had been issued under this scheme, of which 77 permits were cancelled for various administrative reasons, and 921 vehicles were imported under valid permits. However, the Committee also drew attention to the fact that, as only 699 of these vehicles have been registered with the

Department of Motor Traffic, no investigation has so far been conducted into the status of the remaining vehicles and their ownership.

It was stated before the Committee that, although it had been stated that copies of the permits would be sent to 09 institutions when issuing them, including the Department of Motor Traffic, copies of only a few of the permits issued had been sent to the Department of Motor Traffic. Therefore, officials of the Department of Motor Traffic stated that they did not know the status of the vehicles that had not yet been registered or who owned them, and that their institution had not yet conducted an investigation into the matter.

The Legal Officer of the Department of Motor Traffic stated before the Committee that, since it was initially stipulated that vehicles imported under the conditions of the permit should be registered before September 30, 2024, the registration of vehicles under this scheme had been temporarily suspended after that period, and instructions had been sought from the Secretary to the Ministry of Transport and the Ministry of Finance regarding the action to be taken on applications submitted after such delay. Furthermore, he further informed the Committee that, in the meantime, two writ petitions had been filed in court by two parties—namely, a permit holder and a person who purchased a vehicle from a permit holder—for the registration of imported vehicles, and that, in accordance with the interim order issued by the Court of Appeal after considering those petitions, 55 more imported vehicles were registered under this scheme after obtaining an affidavit stating that they would be subject to any future policy decision taken by the government in this regard.

The Audit Division pointed out that under the aforementioned scheme, the tax-free threshold for luxury vehicles has been raised from Rs. 6 million to Rs. 12 million, and as a result, the government has lost about Rs. 2.4 billion in tax revenue that should have been due to it under the general procedure.

The Committee observed that since the imported vehicles were subject to a condition that they be registered before 30th September, 2024, it is illegal to keep them unregistered after the said date, and it is clear that they were kept unregistered because they were imported for the business purpose of selling to other parties and not for use. Furthermore, the Committee concluded that although vehicles imported and registered with the Department of Motor Traffic within the specified time frame as per the conditions of the permit are subject to the said tax exemptions, vehicles that are not registered within the said specified time frame are not entitled to the said tax exemptions.

Since the Sri Lanka Customs levies luxury tax on all vehicles imported into the country, and since the cars imported into the country under this scheme have already been cleared by customs, the Committee also discussed at length as to how luxury tax should be levied on vehicles not registered within the stipulated time period if they are presented for registration in the future.

The Chief Accounting Officer/Accounting Officer of the Ministry of Transport, Highways, Ports and Civil Aviation informed the Committee that, should such unregistered vehicles be registered in accordance with the decisions to be taken in the future, legal issues may arise concerning the collection of luxury tax by the Department of Motor Traffic.

The Committee observed that an appropriate mechanism should be developed to collect luxury tax on vehicles imported under this scheme if they are presented for registration in the future.

07. The fact that vehicles have been imported exceeding the 50% of foreign remittances

The audit had revealed facts to the effect that although permit holders had been required to import vehicles using only a maximum of 50% of the foreign remittances they have sent to the country within the timeframe specified in the relevant scheme, 16 permits had been issued exceeding 50% of the foreign remittances.

Furthermore, it was revealed before the Committee that the scheme had not paid attention to whether the remaining foreign remittances sent to the country after obtaining permits and importing vehicles had been withdrawn.

Ms. K.D.R. Olga, who served as Additional Secretary to the Ministry of Labour and Foreign Employment, stated that following the issuances of the circular, discussions were held with several banks, including the Central Bank of Sri Lanka, and that since government officials at the ministerial level are unable to review details on money transfers from foreign banks, they had to depend on the assurances given by the banks concerning the said matter.

Furthermore, the Committee also inquired whether proper measures had been taken to prevent activities involving money laundering under this scheme.

The Audit Division informed the Committee that investigations concerning money laundering can only be carried out through the Financial Intelligence Unit of the Central Bank of Sri Lanka, and that the special audit report has recommended that the said investigations be carried out through that unit.

Review

This project was proposed to be implemented with the aim of providing at least a small remedy for the dollar reserve shortage that existed in the country during a period when the country was experiencing a severe economic downturn. However, the Committee's preliminary conclusion is that, setting aside the primary objective of the project, the relevant authorities acted to implement this project in a manner that provided special privileges and benefits only to a selected group during a period when vehicle imports into the country were restricted, and that numerous unlawful actions and irregularities have occurred in that process, leading to considerable financial detriment to the country.

The recommendations made by the Committee on each matter examined are set out below in this report under "Recommendations of the Committee".

The Committee has already made recommendations to the relevant Chief Accounting Officers/ Accounting Officers to conduct appropriate investigations into the wrongdoings committed by the officers at institutional level during the implementation of this project and to take disciplinary action against the officers who have committed such wrongdoings, and the progress of the implementation of the recommendations so made will be enquired in the upcoming Committee meetings.

Furthermore, this Committee proposes that this report be considered and approved by Parliament and be presented to the Attorney General to take necessary steps to forward it to a suitable institute to conduct an investigation into the illegal and criminal activities committed in the implementation of the said project, and to identify the individuals who are involved in them, to take legal action against them, and to impose suitable punishment on them.

The Committee decided, for this purpose, that after submitting this report to Parliament, it should be forwarded to the Attorney General for necessary action through a resolution of Parliament.

Recommendations of the Committee

Recommendation- 01

It was recommended that a committee be appointed to conduct an internal investigation into the issuing of permits for the import of fully electric vehicles to Sri Lankans employed abroad based on foreign remittances and a report be submitted to the Committee within one month (before 02.05.2025).

Officers/ Institutions Responsible for Implementing Recommendations

Secretary to the Ministry of Foreign Affairs, Foreign Employment and Tourism

(The relevant report has been received by the Committee and has been attached as Annexure 1.)

Recommendation- 02

It was recommended that an investigation be conducted with the necessary assistance of the Ministry of Transport, Highways, Ports and Civil Aviation, the Department of Motor Traffic and the Sri Lanka Customs regarding the vehicles that have not yet been registered in the Department of Motor Traffic from among the imported electric vehicles, and a report be submitted to the Committee.

Officers/ Institutions Responsible for Implementing Recommendations

Secretary to the Ministry of Foreign Affairs, Foreign Employment and Tourism

Recommendation - 03

Formulate a suitable mechanism to recover the tax due to the government for vehicles imported under this scheme but not registered with the Department of Motor Traffic within the timeframe as per the conditions of the permit and to take steps to recover the relevant tax.

Officers/ Institutions responsible to implement the recommendations

Secretary to the Ministry of Finance, Planning and Economic Development

Recommendation - 04

It was recommended that the necessary steps be taken to refer this report to the Attorney General for legal action through a resolution of Parliament after it has been presented to Parliament.

Officers/Institutions Responsible to Implement the recommendation

Secretary General of Parliament - Parliament of Sri Lanka

Recommendation - 05

Based on the information contained in the Special Audit Report issued by the National Audit Office on 05 September 2024, on which this examination was conducted, it was recommended that the relevant officers be identified and disciplinary action be taken against them at the institutional level and that the relevant authorities take steps to implement the recommendations made in that report.

Annexures

Annexure 1

Scheme of Granting Permit to Import Fully Electric Vehicles for Sri Lankans Employed Abroad, implemented by the Ministry of Labour and Foreign Employment

At the Committee on Public Accounts meeting held on 02.03.2025, following a review of the Scheme for Granting Permits to Import Fully Electric Vehicles for Sri Lankans Employed Abroad—implemented by the Ministry of Labour and Foreign Employment—a committee was appointed by the Secretary to the Ministry, as informed, comprising the following officers, in accordance with letter No. PG/LEG/COPA/02/Special(10)01 dated 08 April 2025. The committee was tasked with conducting an internal investigation. Based on this, the committee has prepared and hereby submits this report.

- I. J. S. Prasad Piyasena, Additional Secretary (Admin), Foreign Employment Division - Chairman
- II. K. A. S. Hemakanthi, Director General (Planning) - Member
- III. C. P. Lokugapattathi, Chief Accountant - Member
- IV. K. Nikarilkanth, Senior Assistant Secretary (Development) - Member

The files submitted in accordance with letter No MOL/POL/01/2022 – iii, dated 20.09.2024, addressed to Additional Secretary (Administration) J. S. Prasad Piyasena, as well as the files physically received by the Foreign Employment Division on 30.10.2024, were reviewed by this Committee. The letter referring to the files and the related information are provided in Annexure 01.

Of these files, the original copies of all files—except those numbered MOL/FE/EVP/501 to MOL/FE/EVP/1077, which relate to permits, and the files listed under Annexure 02—have been taken into the custody of the Commission to Investigate Allegations of Bribery or Corruption for investigation. Therefore, this committee examined the photocopied files held by the Foreign Employment Division. In addition, files containing Cabinet memoranda and Cabinet decisions were also used in the preparation of this report.

1. Background

- 1.1 When the subject of foreign employment was assigned to the Ministry of Labour and Foreign Employment in 2022, various approaches were proposed to address the foreign reserve deficit that had arisen at that time. One of the proposals was to increase foreign remittances. The remittance of money earned by Sri Lankans employed abroad, outside the Central Bank-approved remittance channels, had also become a serious issue at that time. In response, the Minister of Labour and Foreign Employment submitted a Cabinet Memorandum to the Cabinet on 17.06.2022 titled "Providing incentives to migrant workers to promote remittances through regular channels," proposing various incentive schemes to encourage remittances through the banking system. The memorandum proposed providing a special duty-free allowance on remittances sent through approved banks, as well as offering a permit to import

hybrid electric vehicles. The Cabinet, through its decision No. AMAPA/22/0860/524/008, dated 05.07.2022, decided to appoint a committee to study this proposal and submit a report with recommendations.

- 1.2 The report of the Committee that studied the proposal, as per the Cabinet decision, was submitted to the Cabinet for approval through Cabinet Memorandum No. ML/ES/8/1/2, dated 23.07.2022.
- 1.3 Before making a decision on this Cabinet Memorandum, a Cabinet Note was also submitted to the Cabinet under No. ML/ES/8/1/2, dated 08.08.2022, to consider the period for which remittances were sent for the import of electric motorcycles (from 01.05.2022 to 30.04.2023) and for electric vehicles (from 01.05.2022 to 31.12.2022), as well as to define a migrant worker as any Sri Lankan employed abroad. Taking into account the proposals made in the Cabinet Note, the Cabinet approved these proposals through Cabinet Decision Notification Letter No. AMAPA/22/1028/625/001, dated 16.08.2022.
- 1.4 Based on the said approval, the Ministry of Labour and Foreign Employment issued a notice inviting applications through Circular No. 02/2022, in letter No MFE/DEV/HOB/03/VOL II and dated 31.08.2022, for the issuance of a vehicle import permit to import a vehicle every five years to Sri Lankans migrant workers who have converted at least 50% of the foreign currency remitted by them through the local banking system into Sri Lankan Rupees.
- 1.5 It has been said that the funds required for the issuance of the letter of credit must be transferred from the beneficiary's own bank account to the relevant company through a licensed commercial bank. (Evidence must be provided to ensure that the entire cost of importing the vehicle is borne by the beneficiary from the money remitted.) It is further specified that the cost of the vehicle must be paid by the beneficiary to the relevant party solely in foreign currency, while the applicable government tax should be paid in rupees by converting the foreign currency remitted by the beneficiary into Sri Lankan Rupees through a licensed commercial bank. Additionally, a confirmation letter from the relevant bank is required, detailing the amount of foreign currency remitted to the country by the qualified Sri Lankans employed abroad, the amount converted into rupees, and the total annual remittance amount, including the beneficiary's foreign exchange savings.
- 1.6 The application for importing an electric vehicle under this scheme can be downloaded from the websites of the Ministry of Labour and Foreign Employment (www.labourmin.gov.lk) or the Sri Lanka Bureau of Foreign Employment (www.slbfe.lk). The duly completed application form, along with all relevant documents, can be submitted to the Ministry of Labour and Foreign Employment or sent by registered post. After the completed application form and supporting documents are submitted to the Ministry of Labour and Foreign Employment by the Sri Lankan applicant or a person authorized in writing by the applicant, arrangements

have been made to issue a vehicle import permit valid for six months from the date of issuance.

- 1.7 Additionally, the Cabinet Note No ML/ES/8/1/2/2022 dated 11.10.2022 has been submitted to inform the Cabinet of Ministers about Circular No. 2/2022 issued on 31.08.2022, Circular No. 2/2022(i) issued on 09.09.2022, and Circular No. 22/2022(ii) issued on 16.09.2022. The amendment to Circular No. 2/2022(i) mandates the payment of 10% of the CIF value of the vehicle in US dollars as transfer tax if the vehicles imported under these circulars are transferred to a third party within two years. The amendment also revises the maximum CIF value of a vehicle that can be imported and defines battery provisions, the licensing authority and unused vehicles. Circular No. 2/2022(ii) amends the HS Codes and allows an Authorized Agent/Authorized Distributor to import three models of vehicles, subject to a non-transferability period of five years.
- 1.8 A proposal was submitted to the Cabinet of Ministers through Cabinet Memorandum No. ML/ES/8/1/2-2022 dated 24.11.2022 to revise the CIF limit applicable to the luxury tax on electric vehicles. According to Cabinet Decision Notification No. AMAPA/22/1916/625/001-III(A) dated 24.01.2023, approval for this proposal was granted at the Cabinet meeting held on 16.01.2023.
- 1.9 Cabinet Memorandum No. ML/ES/8/1/2-2023 dated 28.04.2023 requested an extension of the period for submitting remittances to qualify for permits. The Cabinet Secretary's letter No. AMAPA/23/0843/625/018 dated 23.05.2023 confirmed that the Cabinet approved the extension of the said period up to 15.09.2023.
- 1.10 Additionally, a proposal was submitted by this Ministry to the Cabinet on 21.06.2023 to include Sri Lankans who provide freelance services to various institutions abroad and who bring foreign exchange into the country under this scheme. As per the Cabinet Decision No. AMAP/23/1173/625/018-I dated 11.07.2023 it has been informed that it is not appropriate to implement this proposal at present.
- 1.11 Cabinet Memorandum No. ML/ES/8/1/2-2023 dated 22.12.2023 proposed extending the permit application period for those who had submitted remittances qualifying them for permits, allowing applications to be submitted until 30.06.2024 and completing the first phase. It also proposed commencing a second phase from 01.06.2023 considering the remittances made from 01.06.2023 to 31.05.2024, allowing the vehicle to be registered and transferred at any time upon payment of 10% of the CIF value and issuing a new circular for the second phase. Cabinet Decision No. AMAPA/23/2522/625/018-III dated 25.01.2024 stated that the Cabinet does not agree to commence a second phase but agrees to allow the transfer of vehicles and to extend the permit application period.

2. Implementation of the Scheme

2.1 Since none of the staff officers involved in this scheme are employed under this Ministry, information regarding its implementation was obtained solely through an examination of the above-mentioned files.

2.2 A total of 1,077 applications were submitted for vehicle import permits under the provisions of Ministry of Labour and Foreign Employment Circular No. 2/2022 and the Circular dated 31.08.2022, titled "Scheme of Granting Permits to Import Fully Electric Vehicles for Sri Lankans Employed Abroad". Details of the submitted applications are provided in Annexure 03.

2.3 Upon receipt of an application for a permit by an individual, a separate file is opened for each application using the numbering format MOL/FE/EVP/"Serial Number". According to the files, there was no information indicating that the application was documented with a date stamp upon receipt.

2.4 Following the verification of the information submitted, the file number has been used as the permit number when issuing the permit. Information on the issued permits is presented in Annexure 04.

2.5 It was not observed that the documents submitted with the applications as proof of foreign employment had been re-verified, nor was there sufficient evidence in the files regarding the manner in which the banks confirmed the remittance amounts to the country.

2.6 There are 65 instances where permits were not issued due to mistakes in the applications or the applicants not meeting the basic eligibility criteria set out in the circular. Details of such rejected applications are provided in Annexure 05.

2.7 Due to the refusal of issuing permits for certain applications, some permits were issued out of numerical order, without following a serial number sequence, and using random numbers. Furthermore, the absence of a formally maintained record of permit numbers and related information has impeded the accurate retrieval of permit data.

2.8 It was not observed that the information in the electronic data record maintained on the computer, related to issuing this permit, was rechecked for proper entry, nor was there evidence that the date had been updated in accordance with the files.

2.9 The Committee observed that file numbers have been duplicated in some instances as a result of not maintaining a proper record of application files. Since the same file number was used as the permit number, this has also led to duplicate permit numbers. Although these duplications were later identified and distinguished using Roman numerals, the initial error was not prevented, and it raises concerns about the possibility of more than one permit being issued under the same number. Details of permits issued with duplicate numbers are provided in Annexure 06.

2.10 When a permit is issued, it is valid for a period of 06 months. The permit includes the permit holder's name, national identity card number, address, country of employment abroad, institution facilitating the vehicle import, vehicle model being imported, maximum CIF value of the imported vehicle, and the valid period for vehicle import. Copies of the permit are sent to the Ministry of Finance and Economic Stabilization, the

Central Bank, Sri Lanka Customs, the Department of Motor Traffic, the Auditor General, and the bank handling the letters of credit. Copies of the permits identified as issued have been submitted on a CD, as Annexure 07.

2.11 Based on the requests made for the extension of the valid permit period, changes in the model of vehicle being imported, changes in the institution facilitating the import, or changes in the maximum CIF value of the imported vehicle, the previously issued permit of the permit holder was cancelled, and a new permit was issued. Details of the permits where this has occurred are provided in Annexure 08.

2.12 The details of the vehicles imported using these permits have been provided by Sri Lanka Customs and are shown in Annexure 09.

2.13 The details of the vehicles registered with the Department of Motor Traffic from the imported vehicles, as provided by the Commissioner General of Motor Traffic, are included in Annexure 10. The Commissioner General of Motor Traffic has been requested to provide updated information. However, as the information was not received as of 30.04.2025, the previously provided information has been included. Once the updated information is received from the Department of Motor Traffic, it will be forwarded to the Committee on Public Accounts.

3. Matters raised at the meeting of the Committee on Public Accounts

3.1 According to the recommendations by the Committee in paragraph 1.2 above, information regarding the non-delegation of the issuance of permits to the Controller of Imports and Exports — and the decision to have the Secretary of the Ministry of Labour and Foreign Employment carry out this task, — is not contained in any of the files handed over to the Foreign Employment Division. It was stated that, as expressed by the members of the Committee during the Committee meeting, since vehicle imports had been suspended at the time, it was necessary to issue a permit for vehicle importation, and therefore, it had been proposed to delegate the issuance of such permits to the Controller of Imports and Exports. The examination of the files could not confirm or refute these points. After the approval of the Cabinet, in a meeting held on 19.08.2022 under the chairmanship of the Director General of the Department of Trade and Investment Policy, a discussion was held regarding the issuance of the circular. However, since the minutes of the discussion are not contained in the files, it is not possible to obtain an opinion on the decisions made during the meeting. Nevertheless, according to the Import and Export (Control) Regulations No. 16 of 2022, published in Extraordinary Gazette No. 2298/55 dated 23.09.2022, the Controller of Imports and Exports has delegated the authority to issue vehicle import permits to the Secretary of the Ministry of Labour and Foreign Employment.

3.2 Since Circular 02/2022 defines a Sri Lankan employed abroad as any Sri Lankan working in a foreign country, based on the Cabinet approval, the registration with the Bureau of Foreign Employment has not been mandatory during the issuance of permits. The registration of individuals who submitted applications under this scheme with the Bureau of Foreign Employment was checked for investigation purposes and the Bureau

confirmed that only 360 individuals were registered with the Bureau and are engaged in foreign employment. This information is provided in Annexure 11.

3.3 Although the Department of Immigration and Emigration has been requested to provide the immigration data of the individuals who submitted applications under this scheme to check their overseas travel, the Committee is not in a position to make observations in this regard as the information has not yet been forwarded to the Foreign Employment Division.

3.4 Although inquiries have been made regarding the Ministry's issuance of vehicle permits to four (04) individuals who have not been confirmed as having gone abroad, the Committee is unable to make any observations without verifying their immigration and emigration data. Information relating to the four permit holders—MOL/FE/EVP/397, MOL/FE/EVP/450, MOL/FE/EVP/539, and MOL/FE/EVP/956—is provided in Annexure 12. The original documents and statements concerning these permit holders were obtained on 03.03.2025 from the Foreign Employment Division for the investigation currently being carried out by Investigation Division 04 of the Criminal Investigation Department.

3.5 According to provision 2-IV of the permit issued to applicants, all vehicles imported must be registered with the Department of Motor Traffic by 30.09.2024, based on all the permits issued under this scheme. Annexure 13 contains details of vehicles that have been released from Customs but have not yet been registered with the Department of Motor Traffic. Even though this report is prepared based on information received as of 26.11.2024, once new information is received from the Department of Motor Traffic, steps will be taken to submit the updated documents for vehicles still pending registration.

3.6 The Criminal Investigation Department has informed the Foreign Employment Division that it is investigating a complaint filed by the Central Bank of Sri Lanka regarding money laundering, as well as attempts to obtain benefits under this scheme by transferring to Sri Lanka money earned without engaging in foreign employment.

4. Special Observations and Recommendations of the Committee

4.1 As per the Cabinet decision No AMAPA/23/2522/625/018-III dated 25.01.2024, the Cabinet has approved to end the issuance of permits under the Scheme of Granting Permit to Import Fully Electric Vehicles for Sri Lankans Employed Abroad by 30.06.2024. Vehicles imported must be registered with the Department of Motor Traffic by the permit holder on or before 30.09.2024, in accordance with the provisions of the permit. Failure to register such vehicles constitutes a violation of the permit conditions. Considering this situation, the Committee recommends imposing an additional penalty based on the tax regulations applicable at the time of registration for any vehicle.

4.2 "Every Sri Lankan who leaves the country for employment must register with the Bureau before leaving" in accordance with Section 53 (3) of the Sri Lanka Bureau of Foreign Employment Act. The Bureau is also responsible for maintaining records of individuals who depart for employment abroad and those who return upon completion

of their employment. Therefore, the Committee recommends that, in all government institutions, the term foreign worker should refer exclusively to individuals seeking employment abroad, in accordance with the provisions of the Bureau of Foreign Employment Act.

J. S. Prasad Piyasena
Chairman

K. A. S. Hemakanthi,
Member

C.P.
Lokugalapattathi
Member

K. Nikarilkanth,
Member

