



THE EMBASSY OF THE DEMOCRATIC SOCIALIST REPUBLIC OF SRI LANKA

TO BELGIUM, LUXEMBOURG AND THE EUROPEAN UNION

27, RUE JULES LEJEUNE, 1050 BRUSSELS, BELGIUM

TEL: (0032.2)3445394. (0032.2)3445585 FAX: (0032.2)3446737 E-MAIL: secretariat@sriankaembassy.be

Sri Lanka & Luxembourg conclude negotiations on an Agreement for the Avoidance of Double Taxation

The Government of Sri Lanka & the Government of the Grand Duchy of Luxemburg have concluded negotiations on an Agreement for the Avoidance of Double Taxation and for the prevention of fiscal evasion with respect to taxes on income and on capital.

Following 4 days of deliberations held in Luxembourg, the texts were initialed on 20 May 2011 by Commissioner General of the Department of Inland Revenue of Sri Lanka Mr. K.M.S Kandegedara and Mr. Georges Bruch, Head of the International Relations Division, Direct Tax Administration of Grand Duchy of Luxembourg, in the presence of Sri Lanka's Ambassador to Belgium, Luxembourg and the EU Ravinatha Aryasinha. This agreement will come in to effect with the completion of necessary procedural and protocol formalities by both Governments.

The necessity for having such an agreement was highlighted during the regular interaction with the Luxembourg business community by the Embassy, including during visits to Luxembourg by the Benelux Business Council of the Ceylon Chamber of Commerce in June 2010, the visit by representatives of financial and service sector companies who joined the Belgian Economic Delegation visit to Sri Lanka in November 2010 and the visit of Sri Lanka's Central Bank Governor Ajith Nivard Cabraal to Luxembourg in March 2011.

Luxembourg being a major financial hub in Europe has a strong financial and services sector which accounts for over 86 % of the economy. Luxembourg companies have so far invested over US \$ 6 million in six projects in Sri Lanka and the conclusion of this agreement would serve as catalyst in stimulating greater flow of capital, technology and personnel between Sri Lanka and Luxembourg. It will also contribute to the tax stability and facilitate mutual cooperation. It is Sri Lanka's 43rd such agreement negotiated and the second such agreement negotiated with a South Asian country by Luxembourg, the other being India.

Ambassador George Friden, Director General of Political Affairs of the Ministry of Foreign Affairs of Luxembourg who met the Sri Lanka delegation following the initialing of the texts,

said Luxembourg saw considerable scope for enhanced economic cooperation with Sri Lanka following the ending of the conflict and the revitalization of the economy. He noted that conclusion of the agreement in a single round of negotiations augurs well for the further consolidation of relations between Sri Lanka and Luxembourg.

The Sri Lankan delegation led by Mr. K.M.S Kandegedara, Commissioner General of Department of Inland Revenue of Sri Lanka, included Mr. H.B.A Seneviratne, Deputy Commissioner General, Mr. R.D.S Kumararatne, Minister (Economic & Commercial) and D.R.S. Hapuarachchi, Deputy Commissioner. The Luxembourg Delegation was headed by Mr. Georges Bruch, Head of the International Relations Division, Direct Tax Administration of Grand Duchy of Luxemburg, and included Mr. Paul Roller & Mr. Michel Hoffmann Deputy Heads of the International Relations Division and Ms. Linda Speck, member of the Division of the International Relations Division.

Embassy of Sri Lanka
Brussels

21 May 2011