



NEW LAWS AND EXECUTIVE DECISIONS UPDATE - JULY 2026 -

15th August 2026



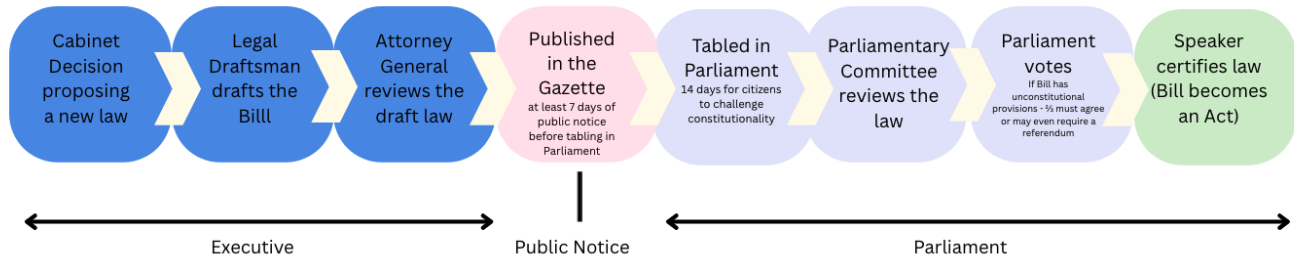
**LAW
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NEW LAWS AND EXECUTIVE DECISIONS – JULY 2026

Summary | 15th August 2026

SRI LANKA'S LAW-MAKING PROCESS



I. ACTS CERTIFIED

- **Mediation (Civil and Commercial Disputes) Act, No. 13 of 2026** (certified 30 June 2026) — Establishes a statutory framework for mediation as a voluntary dispute resolution mechanism for civil and commercial disputes. Recognises signed mediated settlement agreements as legally binding. Allows courts to refer pending cases to mediation at their discretion.
- **Value Added Tax (Amendment) Act, No. 14 of 2026** (certified 3 July 2026) — Amends the Value Added Tax Act, No. 14 of 2002. Retains the VAT registration threshold at Rs. 60 million per annum. Requires foreign digital service providers to register for VAT if supply to Sri Lankan customers exceeds Rs. 60 million in twelve months or Rs. 15 million in a quarter. Introduces stricter invoicing requirements, revised input tax credit rules, updated tax period definitions, and revised penalties for non-compliance.
- **National Environmental (Amendment) Act, No. 15 of 2026** (certified 21 July 2026) — Amends the National Environmental Act, No. 47 of 1980. Expands the Central Environmental Authority's powers to cover Strategic Environmental Assessments, solid waste management, Extends Producer Responsibility, hazardous waste management, chemical management, and pollutant-based wastewater discharge fees, with licensing and revocation powers. Raises penalties to fines of up to Rs. 15 million and imprisonment of up to three years for Environmental Impact Assessment offences, makes certain offences cognizable, empowers courts to order environmental restoration, and introduces personal liability for company directors and officers.

II. BILLS TABLED IN PARLIAMENT

- **Calvary Church of Sri Lanka (Incorporation) (Amendment) Bill, No. 49 of 2026** (tabled 9 July 2026) — Re-designates the church as 'Calvary Church of Sri Lanka Limited,' restructuring it as a company rather than a society. Requires written approval from the Department of External Resources for any funds or gifts received from outside Sri Lanka. Mandates financial record-keeping, annual independent audit, and submission of an annual report with audited accounts to the government.

III. BILLS GAZETTED

- **Animal Welfare Bill, No. 48 of 2026** (gazetted 20 July 2026) — Provides for animal welfare and the prevention of cruelty to animals, and repeals the Prevention of Cruelty to Animals Ordinance (Chapter 475). Establishes offences for animal cruelty including beating, overworking, poisoning, abandonment, unlawful killing, use of traps, and prohibited events such as hunting and fighting. Regulates animal transport, experimentation, and pet shop licensing. Creates an Animal Welfare Advisory Committee and designates government veterinary surgeons as Animal Welfare Officers with inspection and enforcement powers. Penalties range up to Rs. 500,000 or four years' imprisonment for the most serious offences.
- **Anti-Corruption (Amendment) Bill, No. 51 of 2026** (gazetted 27 July 2026) — Amends the Anti-Corruption Act, No. 9 of 2023. Extends the Commission's staffing to provincial public service and police officers. Allows withdrawal of charges or indictments in both the High Court and Magistrate's Court, and permits non-prosecution of accomplices who make full disclosure. Broadens mandatory asset declaration obligations to cover staff of statutory bodies, executives of large trade unions, and proprietors and directors of media companies. Strengthens declarant privacy and conflict-of-interest investigation. Makes offences cognizable and non-bailable, restricting bail to exceptional High Court cases for high-value offences. Introduces a mandatory penalty of three times the value of corruptly acquired property, and protects the employment terms of certain Commission staff recruited since 2023.

IV. SELECTED CABINET DECISIONS

FINANCE, PLANNING & ECONOMIC DEVELOPMENT

- National Policy on Preventing Money Laundering, Countering the Financing of Terrorism, and Combating the Financing of Proliferation of Weapons of Mass Destruction 2026–2030 approved for implementation, based on the Financial Intelligence Unit's third National Risk Assessment (2024/25) conducted per Financial Action Task Force standards. (13 July 2026)
- Debt and grant agreements approved for the Grid-Based Rooftop Solar Power and Virtual Net Metering Project: USD 35 million (ADB concessional resources), EUR 15.4 million (EU grant), and USD 5.5 million (Japanese Fund for Joint Credit Mechanism), supporting small and medium renewable energy producers. (13 July 2026)
- Committee-stage amendments to the Financial Transaction Reporting (Amendment) Bill and Prevention of Money Laundering (Amendment) Bill approved for submission to Parliament, addressing Supreme Court decisions on constitutional challenges to both bills; cleared by the Attorney General. (6 July 2026)
- Import and Export (Control) Regulations No. 05 and No. 06 of 2026 approved for submission to Parliament for concurrence: No.05 mandates export control licences for discarded and scrap metal; No. 06 amends prepayment import timelines. (6 July 2026)

DIGITAL ECONOMY

- Legal provisions approved for future legislation to regulate virtual asset service providers, designating the Securities and Exchange Commission as regulator, in coordination with the Central Bank, the Financial Intelligence Unit, and the Inland Revenue Department, to address financial crime risks arising from unregulated offshore crypto access. (27 July 2026)
- 1 January 2027 appointed as the date on which Sections 2, 3, Part I (Processing of Personal Data), and Part III (Controllers and Processors) of the Personal Data Protection Act, No. 9 of 2022 come into operation. (22 July 2026, gazette notification)

TRANSPORT, HIGHWAYS & URBAN DEVELOPMENT

- Fully Treasury-owned Public Limited Company approved to manage multimodal transport hubs, including the operational Makumbura and Kadawatha hubs and hubs under construction at Anuradhapura (South) and Kandy. (27 July 2026)
- 600 intercity buses approved for procurement as Deluxe air-conditioned models for intercity and long-distance SLTB services, within the Rs. 14,400 million already allocated under the 2026 Government Investment Programme. (20 July 2026)
- Multi-institution committee approved to recommend rehabilitation of 60 roads currently under Provincial Council or local government ownership that require urgent attention, including representatives from the Finance, Transport, and Public Administration ministries, the Finance Commission, and the Road Development Authority. (20 July 2026)
- Pilot programme approved clustering bus services under joint management on routes 170, 177, and 190, to address excessive competition, poor timetable adherence, unsafe operation, and traffic congestion. (6 July 2026)
- Rs. 764.09 million approved for repairs to Angulana Sayurupura and Borella Sahaspura/Sinhapura Stage I and II urban housing complexes (2026–2027), funded by the Treasury. (27 July 2026)

PORTS & CIVIL AVIATION

- Departure terminal expansion contract at Bandaranaike International Airport awarded to M/s Maga Engineering (Pvt) Ltd for USD 7.26 million plus Rs. 3.77 billion (excluding VAT), covering a new building with 36 check-in counters and 6 corridors. (13 July 2026)
- Two 70-ton Bollard Pull tug vessels approved for lease from M/S Sri Lanka Shipping Company Ltd. for USD 17.16 million (excluding taxes) for five years for the Sri Lanka Ports Authority, awarded to the lowest satisfactory bidder from three international competitive bids. (20 July 2026)

INDUSTRIES & ENTREPRENEURSHIP DEVELOPMENT

- 35-year leases of land in 13 regional industrial estates approved for 23 investors across new industries, with projected investment of approximately Rs. 2,805.26 million and approximately 870 direct jobs, recommended by the Regional Industrial Service Committee and Project Evaluation Committee. (27 July 2026)
- Gem and Jewellery Research and Training Institute approved to be merged into the National Gem and Jewellery Authority as its Research and Training Division, eliminating overlapping functions, under the National Gem and Jewellery Authority Act No. 50 of 1993. (27 July 2026)
- 'Sri Lanka Expo 2027' international exhibition management contract awarded to the LECS–ASTL partnership for Rs. 178.71 million (including VAT), with the exhibition scheduled for 14–17 January 2027. (6 July 2026)
- Centralised Zero Waste Biomass Cinnamon Processing Centre approved as a joint project of the Ministry of Science and Technology, the Industrial Technology Institute, and the University of Ruhuna (Mapalana Agri Faculty), said to address high processing costs, sanitary standards, and biomass waste issues for small-scale cinnamon growers in Matara and Galle. (13 July 2026)

EDUCATION, HIGHER EDUCATION & VOCATIONAL EDUCATION

- Exchange-rate adjustment allowance of up to Rs. 2.5 million per year approved as an addition to the existing Rs. 20 million annual foreign scholarship grant for top Advanced Level (2024) students, following rupee depreciation that made the original allocation insufficient; 30 students selected, 9 already abroad. (27 July 2026)
- National Institute of Business Management Act No. 23 of 1976 approved for amendment to restore degree-awarding authority to NIBM, which was transferred to the National School of Business Management at its establishment in 2013. (27 July 2026)

HEALTH & MASS MEDIA

- Hypertension and Diabetes Management Project extended to 31 December 2027 using a remaining grant balance of USD 50,320, covering Kalutara, Kandy, Nuwara Eliya, Matale, Galle, Colombo, and Gampaha districts. (20 July 2026)
- Compensation of Rs. 1 million each approved for four additional patients who suffered vision loss following eye surgeries at hospitals other than Nuwara Eliya Base Hospital, following an investigating committee's recommendations, consistent with earlier compensation to 17 patients affected at that hospital. (6 July 2026)

AGRICULTURE, LIVESTOCK, LAND & IRRIGATION

- Updated National Livestock Policy approved for implementation, covering private sector-led development, market-oriented production, sustainability, small-farmer support, and science and technology-based development. (13 July 2026)
- 4th BIMSTEC Agriculture Ministers' and Senior Officials' Meeting approved for hosting in Sri Lanka on 17–18 March 2027, bringing together Bangladesh, India, Myanmar, Bhutan, Nepal, Sri Lanka, and Thailand. (13 July 2026)
- Registration of Title Act No. 21 of 1998 approved for amendment to address implementation issues identified under the 'Bim Saviya' national title registration programme, including integration with the Survey Department's land information system. (20 July 2026)

ENVIRONMENT

- Green Climate Fund East and South Asia regional dialogue approved for hosting in Colombo, 14–17 September 2026, with approximately 120 representatives from 11 countries expected; Sri Lanka requested to host by the GCF's Asia-Pacific group. (27 July 2026)
- New National Action Plan to address human-elephant conflict approved for drafting, updating the 2020 plan, in response to escalating conflict affecting 19 of 25 districts involving approximately 7,450 wild elephants per the 2024 census. (15 May 2026)

ENERGY

- €924,063 (approximately Rs. 314 million) grant from GIZ (Germany) approved under a tripartite agreement to build policy and institutional capacity for climate-resilient energy-efficient buildings, monitored with the Sustainable Energy Authority. (13 July 2026)

FISHERIES, AQUATIC & OCEAN RESOURCES

- Ratification of ILO Work in Fishing Convention (C188) approved to introduce internationally recognised working conditions, health, and medical security standards for over 315,000 Sri Lankan fishing community members, to be phased in over time. (20 July 2026)
- Mandatory vessel monitoring systems approved for approximately 1,500 older multi-day and one-day fishing vessels registered before 1 January 2021, government-funded, to address illegal, unreported, and unregulated fishing, smuggling, and Indian Ocean Tuna Commission compliance obligations. (6 July 2026)

JUSTICE & NATIONAL INTEGRATION

- Legal Draftsman directed to prepare draft amendments to the Constitution and the Judicature Act No. 2 of 1978 to increase Court of Appeal and High Court judges for regional caseloads and raise judges' statutory retirement age, per Article 146 of the Constitution. (27 July 2026)
- Poisons, Opium and Dangerous Drugs Ordinance amendment bill approved for gazette publication and submission to Parliament, amending provisions to allow disposal of seized narcotics before trial and addressing drug offences at sea. (27 July 2026)
- Old Bogambara and Mahamodara established as prisons under the Prisons Ordinance (Chapter 54) with jurisdiction covering the whole of Sri Lanka. (7–8 July 2026, gazette notifications)

HOUSING, CONSTRUCTION & WATER SUPPLY

- MOU approved for signing between the National Water Supply and Drainage Board and RMIT University (Australia) to strengthen technical knowledge, research capacity, and staff development at the NWSDB, in support of water and wastewater sector modernisation. (20 July 2026)

- Kandy Urban Waste Water Management Project expanded to include the University of Peradeniya and extended to 31 December 2027, at an estimated cost of Rs. 2,000 million (Rs. 800 million JICA loan, Rs. 1,200 million local funds). (6 July 2026)

RURAL DEVELOPMENT, SOCIAL SECURITY & COMMUNITY EMPOWERMENT

- Administrative merger approved for the Department of Social Services, National Secretariat for the Elders, and National Secretariat for Persons with Disabilities, under a unified administrative structure reflecting the shared field-level officers already carrying out functions for all three institutions. (27 July 2026)
- Social Security Board Act No. 17 of 1996 approved for amendment to expand the target groups eligible for pension schemes administered by the Board, beyond the existing fishing and farming exclusions. (20 July 2026)

PUBLIC SECURITY & PARLIAMENTARY AFFAIRS

- National Dangerous Drugs Control Board Act No. 11 of 1984 approved for policy revision and redrafting to expand the Board's role and powers in response to the growing drug problem. (20 July 2026)
- Drug Dependent Persons (Treatment and Rehabilitation) Act No. 54 of 2007 approved for policy revision and redrafting to strengthen formal treatment and rehabilitation mechanisms, including for first-time drug users. (20 July 2026)

FOREIGN AFFAIRS, FOREIGN EMPLOYMENT & TOURISM

- Legal Draftsman directed to draft a new Act repealing the Foreign Employment Bureau Act No. 21 of 1985, to modernise the legal and institutional framework for migrant worker welfare and align with international standards. (20 July 2026)
- Presidential palaces at Bentota, Kataragama, Mahiyanganaya, Embilipitiya, and Anuradhapura approved for long-term leasing to investors for tourism projects via a call for proposals, to generate economic value from currently unused facilities. (27 July 2026)
- Intellectual property protection for the Kandy Esala Perahera approved for a joint committee to develop, covering traditional art, knowledge, publication rights, trademarks, and brand names, linked to a WIPO project on festival tourism IP capacity. (20 July 2026)

SCIENCE & TECHNOLOGY

- Chartered Computer Institute of Sri Lanka approved for establishment through a new bill to be prepared by the Legal Draftsman, building on the existing 1976 institute, with the aim of granting ICT professionals formal chartered status equivalent to other professional bodies. (20 July 2026)