



**Ministry of Housing, Construction and &  
Water Supply**

# **Guidelines for Foreign Contractor Registration**

**CONSTRUCTION INDUSTRY DEVELOPMENT  
AUTHORITY (CIDA)  
CIDA/ID/GLR/06**

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CIDA Publication No. CIDA/ID/GLR/06

Published by  
Construction Industry Development Authority (CIDA)  
'Savsiripaya'  
123, Wijerama Mawatha  
Colombo 07.

1<sup>st</sup> Edition – 2018

2<sup>nd</sup> Edition - 2022

3<sup>rd</sup> Edition – 2026

**ISBN 978-624-5788-10-1**

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# **Participation of foreign contractors in construction projects in Sri Lanka**

## **1.0 Introduction**

In recent years, Sri Lanka's construction Industry has been on the rise with a whole host of newly announced large scale projects which is seen as ongoing momentum to the industry growth. Given the expansion scale of the market, it is unsurprising that overseas market players, particularly foreign contractors have targeted at the opportunities offered by Sri Lanka construction industry. This Guideline aims to provide an overview on the compliance of foreign contractors with the registration requirements of the Construction Industry Development authority.

## **2.0 Regulatory Body**

The Construction Industry development authority (CIDA) is a body corporate established under the Construction industry development Act no 33 of 2014 and is an agency under the Ministry of Urban development, Construction & Housing. The main functions encompass advisory, regulatory and to oversee the development and promote quality assurance in the construction industry. The mission of the CIDA is achieved largely through the registration of contractors and other stakeholders who engage in construction projects in Sri Lanka and the levy which it imposes on the substantive construction projects.

## **3.0 Instructions for foreign contractors intending to obtain temporary registration in engagement of identified construction projects (The application for registration should be read in conjunction with this instructions)**

### **3.1 Temporary registration certificate for foreign contractor**

Any foreign contractor who wishes to carry out any "Identified Construction Work" as a Contractor/ Sub Contractor /JV partner shall obtain a Temporary Registration Certificate (TRC) for Foreign contractor: upon the succeeding its bid, as per Clause 39 and subsequent regulations published in Extraordinary gazette no.2085/19 of 23.08.2018, of Construction Industry Development Act No 33 of 2014.

### **3.2 Temporary registration for foreign contractor**

A Temporary registration certificate for foreign contractor is the permission to carry out Identified Construction Works stated in such Registration certificate. The validity period for Registration certificate of a Foreign contractor as a main or sub-contractor / Joint venture partner/ consortium partners, etc. is the period of project as indicated in the letter of Intent/Letter of Award submitted (from the start work date until the expiry of the defect liability period).

Where for some reason the project completion date is extended, the contractor shall apply to CIDA within fourteen (14) days of the expiry date of the registration certificate to extend the validity period of the Registration certificate.

In case of a JV, Consortium or a Sub contract, involved with a local contractor, only the foreign contractor's component is required to obtain the Temporary registration.

### **3.3 Provision of Construction Industry Development Act No 33 of 2014**

Under section 39 of the Act, no foreign contractor shall undertake any Identified Construction Works unless he is registered and holds a valid certificate of registration issued by the CIDA. Identified construction works are defined in section 67 of the Act.

### **3.4 Instructions to Client/Client organizations on registration of foreign contractors for projects (private & public projects)**

3.4.1 Prior to the engagement of a foreign contractor the client shall communicate the

- Intension of awarding the contract to the successful Bidder and other Bidders.
- 3.4.2 If an appeal process is ensued and once the appeal process is over, clients should inform CIDA on confirmation of the successful bidder.
  - 3.4.3 Then the foreign contractor should submit an application to CIDA attaching the letter of intending to award the contract
  - 3.4.4 Then CIDA will start processing the application for registration of the foreign contractor
  - 3.4.5 Upon evaluation of the application, if the qualification requirements are fulfilled by the incumbent applicant, CIDA will issue the “certificate of Temporary registration” for the period of the project on payment of the registration fee
  - 3.4.6 As per the regulations, Client organizations should issue the letter of acceptance only foreign contractors who have obtained the temporary registration and produced their certificate of registration with CIDA to the client organization
  - 3.4.7 Once the project is successfully completed a copy of the completion certificate shall be copied to CIDA, for recording purposes.
  - 3.4.8 Similarly work extensions and disputes/terminations shall also be duly informed to the Authority CIDA.
  - 3.4.9 All the document shall be signed as certified as a true copy by attorney at law of Sri Lanka and translations of the documents submitted along with the application is required except the documents in English.
  - 3.4.10 If an extension is required, The foreign contractors has to inform CIDA with the relevant documents

### **3.5 Registration as foreign Contractor**

Registration as foreign contractor will be required where a foreign construction company participates in a construction project in Sri Lanka on its own capacity or with any joint venture with local construction company or as a Sub Contractor.

Foreign contractor registration will generally involve two stages.

#### **Stage 1: Registration Certificate Application**

After the foreign contractor is offered with the Letter of Intent, application for Temporary Registration certificate (TRC) is required to be submitted.

- Condition: After the foreign contractor receives a Letter of Intent.
- Requirement: Submit an application for a Temporary Registration Certificate.

#### **Stage 2: Temporary Registration Certificate (TRC) Application**

Secondly, after applying for a Temporary Registration certificate (TRC) with the relevant documents, a temporary registration certificate will be issued after evaluation.

- The TRC will be valid only for the specific project mentioned in the Letter of Intent./ Employer’s Letter.

#### **Type of Entity**

- 1. Foreign Contractor with a Sub Office in Sri Lanka (Ventured through BOI / ICB)
- 2. Foreign Contractor with an Agent (Foreign or Nationals of Sri Lanka)

3. Foreign Contractor registered with the Registrar of Companies of Sri Lanka as per Act No 07 of 2007 with majority shareholding.

The registration procedure and conditions for foreign contractor can be summarized in the table as follows.

Registration requirement	Criteria	Required documents (True copied certified, Translations where required)
		<p><b>To execute and undertake construction projects in Sri Lanka</b></p> <p><b>Submission of the following document / information to the CIDA</b></p>
Company profile		<ol style="list-style-type: none"> <li>1) Certified company profile with a copy of business registration-Local and foreign</li> <li>2) Company profile organization chart</li> <li>3) Local approvals taken for import of materials etc</li> <li>4) Details of Imported plant and machinery</li> </ol> <p>Add Any other</p>
Type of Business entity	Private Limited Company	<ul style="list-style-type: none"> <li>➤ BR obtained in their respective country* and Sri Lanka (If available)</li> <li>➤ Details of share capital*</li> <li>➤ foreign ownership Articles of association</li> <li>➤ Person/ Persons representing the company with the relevant legal documents, Power of Attorney*</li> <li>➤ The respective country of registration*</li> </ul>
	Private Liability Company	<ul style="list-style-type: none"> <li>➤ Business Registration in respective country* and Sri Lanka (if available)</li> <li>➤ Details of share capital*</li> <li>➤ foreign ownership Articles of association*</li> </ul>
	Sole property or partner ship	<ul style="list-style-type: none"> <li>➤ BR in respective country* and Sri Lanka (if available)</li> <li>➤ Details of share capital*</li> <li>➤ foreign ownership Articles of association*</li> <li>➤ Local ownership Articles of Association</li> </ul>

Foreign Contractor with an Agent		<ol style="list-style-type: none"> <li>1. Letter of Award / Letter of Intent*</li> <li>2. Permit to work in SL as an Agent*</li> <li>3. Contract Agreement*</li> </ol>
	Port city project	<ul style="list-style-type: none"> <li>➤ Respective BR in foreign * and in Sri Lanka</li> <li>➤ Details of share capital*</li> <li>➤ foreign ownership Articles of association</li> <li>➤ Approvals related to construction in Port City *</li> <li>➤ Location of the Project*</li> </ul>
	BOI Project	<ul style="list-style-type: none"> <li>➤ Letter of Approval with BOI*</li> <li>➤ Contract Agreement BOI*</li> <li>➤ Respective BR in foreign country and in Sri Lanka*</li> <li>➤ Details of share capital*</li> <li>➤ foreign ownership Articles of association*</li> </ul>
Other Statutory provisions		<ul style="list-style-type: none"> <li>➤ Environmental impact Approval</li> <li>➤ UDA/ approvals of local authorities</li> </ul>
Main Objective & Scope of the Business		<ul style="list-style-type: none"> <li>➤ Articles of Association (AoA) – certified copy*</li> <li>➤ Share Capital details</li> <li>➤ Foreign ownership Declaration as stated in the Articles of Association</li> <li>➤ Scope of Business from ROC</li> </ul>
Details of Directors	:	<p>Passport copies / national ID copies of directors Each Director's</p> <p>1) Name: Official Address: Position:</p> <p>2) Name: Official Address: Position:</p>
Registered Office Address		<ul style="list-style-type: none"> <li>• Must have physical address in the foreign country of registered for construction</li> <li>• Used for official correspondence, notices, and inspections</li> </ul> <p>Physical address Sri Lanka :</p> <p>Physical address Foreign Country :</p>
Documents related to award		<ul style="list-style-type: none"> <li>➤ A letter from the client intending to award the Contract.*</li> </ul> <p>(Letter of Intent for the particular project and such a project will be specified in the registration certificate)</p>

		<ul style="list-style-type: none"> <li>➤ Tender Notice/Invitation to Bid</li> <li>➤ Bid Bond*</li> </ul>
Project Details- (Under construction)	Awarded Project applicable for Registration –Overseas or Local	<p>Local Contracts (In Sri Lanka)</p> <ul style="list-style-type: none"> <li>➤ Letter of Acceptance/Purchase Order (PO) for the awarded project *</li> <li>➤ Agreement</li> <li>➤ Construction Programme or Schedule (showing current progress)</li> <li>➤ Data to confirm of Commencement &amp; Scheduled date of completion*</li> <li>➤ Contract Data</li> </ul> <p>Foreign Contracts</p> <ul style="list-style-type: none"> <li>➤ Letter of Acceptance/Purchase Order (PO) for the awarded project *</li> <li>➤ Agreement</li> <li>➤ Construction Programme or Schedule</li> <li>➤ Project Completion certificate</li> </ul>
Past Performance	a) New Contractor  (Not performed any construction before in other countries)	<ul style="list-style-type: none"> <li>➤ Respective BR local and Foreign</li> <li>➤ Shareholding details</li> <li>➤ Scope of Business from ROC</li> </ul>
	b) Existing Contractor	<p>Successfully completed projects of similar nature and scale in Sri Lanka.</p> <p>Prove satisfactory completion of projects. Evidence for no black listing or terminate (self-declaration) Must disclose disputes or arbitration in the last 5–10 years.</p> <p>List of completed projects of similar nature and scale</p> <p>Following documents for each project completed should be submit</p> <ul style="list-style-type: none"> <li>➤ Agreement</li> <li>➤ Letter of Acceptance /PO</li> <li>➤ Completion Certificates/ Performance certificates</li> <li>➤ Self-declaration: No blacklisting / no termination</li> <li>➤ Details of dispute arbitration (5-10yrs)</li> </ul>
		<p>Local Contracts (In Sri Lanka)</p> <p>Following documents for each project completed should be submit</p> <ul style="list-style-type: none"> <li>➤ Agreement</li> <li>➤ Letter of Acceptance /PO</li> <li>➤ Completion Certificates/ Performance certificates</li> <li>➤ Self-declaration: No blacklisting / no termination</li> <li>➤ Details of dispute arbitration (5-10yrs)</li> </ul>

	Foreign Projects	List of completed projects of similar nature and scale Following documents for each project completed should be submit <ul style="list-style-type: none"> <li>➤ Agreement *</li> <li>➤ Letter of Acceptance /PO *</li> <li>➤ Completion Certificates/ Performance certificates*</li> <li>➤ Self-declaration: No blacklisting / no termination</li> <li>➤ Details of dispute arbitration (5-10yrs)</li> </ul>
Technical & Human resources	Qualified technical personnel on staff	I. CV of proposed staff (local & foreign separately)* II. Professional registration (local & foreign separately) III. EPF- C Forms
Regulatory & tax Compliance	<ul style="list-style-type: none"> <li>• Must apply at the Inland Revenue Department</li> <li>• Registration with the Department of Labour</li> </ul>	<ul style="list-style-type: none"> <li>• Obtain a Tax identification Number (TIN) and register for VAT if turnover threshold is met.*</li> <li>• Register with statutory bodies like EPF/ETF (Sri Lanka) for employees</li> </ul>
Financial resource	Demonstrate sufficient financial capacity to undertake construction projects in Sri Lanka. Typically assessed based on: <ul style="list-style-type: none"> <li>• Audited financial statements showing assets, liabilities, and net worth</li> <li>• Liquidity to manage ongoing project costs</li> <li>• Financial stability over the last 2 years</li> </ul>	Company's audited financial statements for the last two years (Local & Foreign companies*)  Loans applied for proposed project from local banks/ foreign banks
Safety Compliance	Compliance with international safety standards	

### 3.6 Conditions of Holder of Certificate

- 1) The validity period for a registration certificate is as indicated in the certificate itself in accordance with the letter of award submitted earlier and if for any reason the date of completion of the project is extended, the contractor has to apply to the CIDA or an extension of the validity of the certificate and
- 2) The registration certificate allows the holder to execute only the project specified in the certificate
- 3) The certificate will be issued to only authorize person of the foreign / Local Company.
- 4) The certificate cannot be transferred to any other party.

### 3.7 Timeless & Expiry / Renewal

The certificate is valid for the period specified (commencement to completion + defect liability) If

there is a delay or extension, the registrant should apply to extend validity before expiry (often 14 days before expiry)

Processing times can vary depending on completeness of documents, complexity and whether any corrections any other information are required.

### 3.8 Joint Venture between foreign Contractor and Local Contractor

It is also common for foreign contractors to enter into joint venture arrangements with local construction companies in Sri Lanka to undertake construction activities. The procedure for registering the joint venture with the CIDA and whether the joint venture parties are required to incorporate an entity in Sri Lanka (a joint venture company) to jointly undertake the construction project work in Sri Lanka depend on,

- a) Whether the foreign contractor's interests exceed the applicable foreign participation threshold
- b) Whether the local construction company (the local partner) of the joint venture is currently registered with the CIDA.
- c) Compliance with other regulatory, tax, and licensing requirements: ensure you have or arrange any required work permits, visas, local agent registrations, import permits for machinery etc.
- d) Make sure any equipment a part to be imported is declared properly and any customs or licensing formalities are handled.
- e) Be aware of additional requirements if the contract is with a government body (e.g. stricter oversight or additional security/bonds)

#### Definition of foreign contractor

According to the CIDA Contractor registration guideline, foreign contractors include construction companies that are incorporated in Sri Lanka as a joint venture company with local shareholders and the joint venture company has a foreign equity holding of more than 30%. Alternatively, a foreign contractor can also be a construction company that has been incorporated overseas. The 30% threshold is a general threshold and varies depending on joint venture arrangements with foreign contractors from particular countries as stated below:

Joint venture arrangement between construction companies in Sri Lanka and the respective countries	Foreign equity holding threshold (to be classified as foreign contractor) ROC

- If a Company formed by the Joint venture parties, after joint venture agreement requirements stated in Stage 02 of the Registration should be fulfilled.

#### What to do – Steps & Requirements

Step	What to Prepare/Do
Prepare project specific documents	Copy of Letter of intent Contract particulars (start date, completion date, defects liability period, etc.) Project cost/contract value
Complete CIDA application form for Temporary Registration certificate	Use the prescribed form: ensure all fields are filled correctly. Attach all supporting documents
Submit to CIDA	Submit the application along with all supporting documents to CIDA.

Follow-up & Corrections	Be ready for queries or requests from CIDA for clarifications or additional documentation
Pay registration Fee after evaluation and confirmation of eligibility	Fee is 0.01% of the contract value (plus applicable taxes) Payment may need to be in USD or local currency as instructed. Also note validity period is from start date to expiry of the defects liability period
Receive certificate & check validity	Once approved, CIDA will issue the Temporary Registration Certificate. Note the validity period (usually linked to the project timeline +defect liability) Also note any requirement for extension if the project get delayed

### 3.9 Offences and Penalties under of the CIDA Act

Offences under Section 56 of the CIDA Act relate to violating the Act or its regulations, unlawful disclosure of information, and offences committed by companies or firms where responsible officers or partners may also be held liable.

1. Any person who contravenes, or fails to comply with, any provision of this Act or any regulation made thereunder;
2. or being a member, officer or servant of the Authority discloses any information obtained by him in the exercise of his powers or the performance of his duties under this Act to any person for any purpose other than the purposes for which he is authorized to disclose information by this Act, shall be guilty of an offence under this Act.
3. Any person who commits an offence under this Act, shall upon conviction after summary trial before a Magistrate, be liable to a fine not exceeding rupees one hundred thousand or to imprisonment for a period not exceeding two years or to both such fine and imprisonment.
4. Where an offence under this Act is committed by a body of persons, then
  - a. if that body of persons is a body corporate, every director and officer of that body corporate; or
  - b. if that body of persons is a firm, every partner of that firm,

**shall be guilty of an offence under this Act: Provided however, that a director or officer of such body corporate or a partner of such firm shall not be deemed to be guilty of such offence if it is proved to the satisfaction of the court that he exercised all due diligence to prevent the commission of such offence.**

### 4.0 Conclusion

The construction industry is one of the most crucial industries for a country development and growth .recognizing the importance of the industry for the country’s long term sustainable growth. The Sri Lankan Government is always active in formulating rules and policies to monitor and regulate the construction industry. Foreign contractors are strongly advised to comply with the requirements of CIDA and other laws and regulations.



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