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Company formation in Sri Lanka

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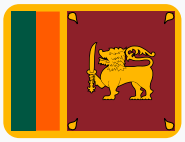

Flag



Coat of arms

Common form	Private limited company (Pvt) Ltd
Registry	Department of the Registrar of Companies (eROC online registration)
Minimum capital	No statutory minimum
Directors	1 director
Local director	Not required
Corporate tax	30% (45% on profits from betting and gaming, liquor and tobacco)
VAT / sales tax	18% (20.5% on financial services from 1 July 2026)
Typical timeline	Often 1–3 days online
Tax treaties	Domestic rates and treaty list [3]
Currency	Sri Lankan rupee (LKR)

In short: To set up a company in Sri Lanka, most founders form a private limited company, registered with the Department of the Registrar of Companies (eROC online registration). Minimum capital: no statutory minimum. Corporate tax: 30% (45% on profits from betting and gaming, liquor and tobacco). Registration: often 1–3 days online (as of November 2026).

Short guide. Tax figures come from the sources listed under References; company-law details summarise official guidance and can change. Confirm requirements with the Department of the Registrar of Companies (eROC online registration) before filing.

Companies in **Sri Lanka** are registered online through the **Department of the Registrar of Companies**. Corporate income tax is 30%, and projects approved by the Board of Investment can obtain incentives.

Business structures

Most founders in Sri Lanka form a private limited company, registered with the Department of the Registrar of Companies (eROC online registration). Other forms are listed below.

- **Private limited company** – the usual company form for private businesses

Requirements

Minimum share capital in Sri Lanka (2026): no statutory minimum. Directors required: 1 director. Local resident director: not required.

- A company name that is available, checked with the registry.
- Share capital: no statutory minimum.
- Directors: 1 director.
- Local residency: not required.
- A registered office address in Sri Lanka.
- Articles of association; standard templates are often available.

Registration process

Typical time to register a company in Sri Lanka (2026): often 1–3 days online. The usual steps are:

1. Choose the company form and check that the name is available.
2. Prepare and sign the articles of association.

3. File the registration with the Department of the Registrar of Companies (eROC online registration).
4. Receive the company's registration number, and pay in the share capital where required.
5. Register for corporate tax and VAT or sales tax with the Inland Revenue Department.

Taxation

The corporate tax rate in Sri Lanka in 2026 is 30% (45% on profits from betting and gaming, liquor and tobacco). Standard VAT or sales tax: 18% (20.5% on financial services from 1 July 2026).

Tax	Rate and notes
Corporate income tax	30% (45% on profits from betting and gaming, liquor and tobacco)
VAT / indirect tax	18% (20.5% on financial services from 1 July 2026)
Withholding tax on dividends to non-resident companies	Depends on the payer and recipient; see the Double tax treaties section

Ongoing compliance

Annual compliance in Sri Lanka: Companies file annual financial statements and tax returns with the Inland Revenue Department, and keep their details up to date with the Department of the Registrar of Companies.

Double tax treaties

Sri Lanka has around 40 double tax treaties.

Domestic withholding tax on payments to non-resident companies

Domestic withholding rates on dividends, interest and royalties could not be confirmed from a current source for this short guide; confirm them with the Inland Revenue Department.

The reduced rate for each partner country is set by the treaty concerned; confirm it with the tax authority.

Domestic rates from the sources listed under References. Treaty benefits require proof of tax residence and are subject to anti-abuse rules.

Frequently asked questions

How long does it take to register a company in Sri Lanka?

Typical registration time in Sri Lanka: often 1–3 days online (as of November 2026), once all documents are ready. Opening a bank account and tax registrations can take longer.

What is the minimum share capital for a company in Sri Lanka?

Minimum share capital in Sri Lanka: no statutory minimum (as of November 2026).

What is the corporate tax rate in Sri Lanka in 2026?

The corporate tax rate in Sri Lanka in 2026 is 30% (45% on profits from betting and gaming, liquor and tobacco). See the Taxation section for reduced rates and other taxes.

Can a foreigner own 100% of a company in Sri Lanka?

Yes, for most activities, though some sectors restrict foreign ownership or require approval. Local director rule in Sri Lanka: not required.

Official registries and resources

The official websites of the Department of the Registrar of Companies (eROC online registration) and the Inland Revenue Department have not yet been verified by our editors, so they are not linked here. Use the names above to find them, and beware of unofficial look-alike sites.

Figures as of November 2026. Rates, thresholds and procedures change; confirm with the official registry, the tax authority or a local adviser before filing.

See also

- Comparison of company formation by country
- Company formation in Singapore
- Company formation in Hong Kong
- Company formation in Japan
- Company formation in India
- All countries

References

Entries marked **Official** are the registry, government and tax authority sources for this country; footnote numbers in the infobox point to them.

1. Doing Business In 2026: Sri Lanka . Chambers and Partners. Accessed November 2026.
2. Investment Guide 2026 . Board of Investment of Sri Lanka. Accessed November 2026.
3. Value Added Tax (Amendment) Act No. 14 of 2026 . KPMG Sri Lanka. Accessed November 2026.

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