

Sri Lanka Companies Law

Summary note

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Prepared 31 October 2026 | For directors, shareholders and company secretaries

A practical summary of the Companies Act, No. 07 of 2007; the Companies (Amendment) Acts, No. 23 of 2024 and No. 12 of 2025; and the Companies (Beneficial Ownership) Regulations, No. 01 of 2026, with the subsequent October 2026 changes.

1. Companies Act, No. 07 of 2007 - core framework [1]

Area	Main requirement / practical meaning
Legal identity and constitution	A registered company has separate legal personality. The Act recognises limited, unlimited and guarantee companies. Articles govern internal arrangements, subject to the Act (ss. 2-4, 13-18).
Private companies	Articles must prohibit public offers of securities and restrict shareholders to 50, excluding the specified employee/former-employee categories (s. 27).
Shares and distributions	Maintain stated capital and share records; follow rules for issues, transfers, repurchases and financial assistance. Distributions require the statutory approvals and solvency test (ss. 49-78). The test addresses ability to pay debts and asset coverage, including stated capital (s. 57).
Management and accountability	The board manages the company. Directors must act in good faith in the company's interests, observe the Act/articles and exercise appropriate care. Conflicts, major transactions, insolvency and serious loss of capital require specific attention (ss. 184-220). Every company must have a secretary (s. 221).
Records and reporting	Maintain the registered office, statutory records, share register, minutes and adequate accounting records. Prepare compliant financial statements and group accounts where applicable; comply with audit and annual-report obligations (ss. 113-170).
Shareholder protection and restructuring	The Act provides voting and minority protections, court remedies, amalgamations, compromises, administration, receivership and winding-up procedures. An inactive company is not automatically released from its obligations.

Scope: This is a selected-provisions briefing, not a consolidated Act. Other amendments, sector rules, listing requirements and the company's articles may also apply. Transaction-specific advice should use the full legislation.

Annual compliance & amendments

2. Annual compliance under the principal Act [1]

Requirement	Timing / responsibility
AGM - section 133	Generally once each calendar year, within 6 months after the balance sheet date and within 15 months of the previous AGM. First AGM: within 18 months of incorporation. Statutory alternatives/exceptions must be separately assessed.
Annual return - sections 131-132	Complete within 30 working days after the AGM and forward forthwith, signed by a director and the secretary. Section 131 does not apply in the incorporation year. Private companies also submit the required declaration/certificate.
Financial statements - section 150	Board to ensure completion within 6 months after the balance sheet date, or Registrar-approved extension; certification and board signatures are required. Articles may impose a shorter timetable.
Audit and annual report	Apply the auditor provisions in ss. 154-165 and annual-report provisions in ss. 166-170. Do not assume that being a small/private company alone removes audit or reporting duties.

3. Companies (Amendment) Act, No. 23 of 2024 [2]

Certified: 1 April 2024. Aligns floating-charge rules with the Secured Transactions Act, No. 17 of 2024. It changes ss. 427 and 428, repeals s. 428(4), inserts s. 431(7) applying the secured-transactions priority rules to relevant movable-property charges, and inserts s. 433A treating a floating charge as a security right for that Act.

Practical effect: Review financing documents, security registration and competing-creditor priority. Do not assume that these changes repeal all Companies Act charge-registration obligations. **Commencement**

qualification: Section 1 commenced on certification; the substantive changes require a ministerial commencement order. That appointed date was not independently established for this note.

4. Companies (Amendment) Act, No. 12 of 2025 [3-4]

Certified: 4 August 2025; substantive commencement: 30 March 2026. Key changes beyond beneficial ownership:

Shareholding: A non-guarantee company may have one shareholder, including a natural person or body corporate (s. 4). Bearer shares/warrants are prohibited; existing holders face identification, conversion and loss-of-rights provisions (ss. 51-51A). Share allotment is generally due within **20 working days after consideration is received**, subject to the specified reserve-capitalisation exception (s. 52).

Governance: Status-related name-change notice period becomes 20 working days (s. 11(5)). Director-removal/replacement procedures require special notice and an opportunity to respond, including a 14-working-day written-representation period (s. 206). Section 211 changes the duration of the relevant over-age director appointment to the next AGM, subject to s. 133(1)(b).

Beneficial ownership: who & when

2025 amendment: new sections 130A-130J [3]. These rules extend to registered overseas companies and the specified offshore companies; reporting is not limited to ordinary Sri Lankan private companies.

5. Identify the natural person behind ownership or control

A beneficial owner is a **natural person ultimately owning or controlling 10% or more** through shares, voting rights or another ownership interest, directly or indirectly. It also includes a person exercising effective control by other means. Control may arise through ownership chains, director appointment/removal powers or strategic decision-making (s. 130J).

Illustration: A person owning 60% of a holding company that owns 20% of the reporting company has a simple indirect economic interest of 12%. Review that person for reporting, while separately examining voting arrangements and other control rights. A registered corporate shareholder is not the end of the enquiry.

6. Duties and statutory time limits

Trigger / responsibility	Requirement
Shareholder supplies information	Within 10 working days of subscribing for or transferring shares (s. 130A(2)).
Company incorporation / share transaction	Disclose at incorporation; for a share issue or transfer, notify within 20 working days (s. 130A(1)).
Holding, acquisition or ownership change	Notify within 14 working days after receiving the relevant details (s. 130A(7)). Assess this duty alongside the share-transaction rule.
Annual confirmation	Deliver beneficial ownership details with the annual return (s. 130A(8)). Event-driven updates must not wait for that return.
Authorised person	Appoint a natural person residing in Sri Lanka to safeguard the register and make details available to designated authorities. Disclose appointment and subsequent changes (s. 130C).
Existing companies - transition	The Act specifies 3 months for authorised-person disclosure and 6 months for existing-company BO submission. Section 130H(2)-(3) also contains separate 30-day verification/reporting duties. See page 4 for the later DRC filing extension.
Registrar compliance directive	Respond within 7 working days of receiving a directive under s. 130E.

7. Information, retention and access

Collect full and previous names, birth details, nationality, residence and contact/address information, identification/tax details, and the nature and extent of ownership. Maintain the company BO register and retain records for **at least 10 years from creation**; relevant persons involved in dissolution must retain them for **at least 5 years after dissolution** (s. 130A).

Specified authorities may obtain the details. Public access under s. 130D is limited to specified fields; it does not automatically expose every personal identifier. Under s. 130F, a BO claim cannot be recognised for a lawful purpose unless disclosed and registered as required.

2026 regulations & current forms

8. Original regulations and October replacement [5-8]

No. 01 of 2026: Gazette 2480/48 of 21 March 2026, operative from 30 March, prescribed BO forms, filing procedures and fees. Regulation 7 originally directed changes in personal information through the eROC Beneficial Ownership Change Module within 14 working days.

No. 1(I) of 2026: Gazette 2509/67 of 9 October, effective 9 October, rescinds the March regulations with effect from 8 October while preserving activities completed during their validity. It introduces **BO 8** for changes to BO information and an initial escalating late-payment arrangement.

No. 1(II) of 2026: Gazette 2511/47 of 21 October, operative 22 October, rescinds regulation 9 (the transitional state-owned-company identification rule) and replaces regulation 10 with a **Rs. 1,000 penalty per week or part-week** for overdue prescribed BO forms. The earlier weekly doubling formula is therefore not the current rule. It also revises copy/search fees.

Form	Purpose under operative regulations	When
BO 1	Initial beneficial ownership details	Incorporation / registration
BO 2	BO details following issue of shares	Within 20 working days
BO 3	BO details following transfer of shares	Within 20 working days
BO 4	BO details accompanying annual return	With annual return
BO 5	Authorised-person appointment / change	On appointment / change; apply s. 130C
BO 6	Change of location of BO register	On location change
BO 7	Existing-company / transitional verification and reporting	Applicable transitional filing
BO 8	Change to BO personal/information particulars	Within 14 working days of change

Filing status at 31 October 2026: DRC announced an extension of the existing-company submission deadline to **21 October 2026**. That date has passed. Outstanding submissions should be attended to immediately; the extension does not remove ongoing event-based reporting. [9]

Fees and drafting inconsistency: October Schedule II lists Rs. 2,300 for its seven listed filing items, but several descriptions do not align with the operative form numbering and it does not clearly price BO 8 separately. Use the mapping above from regulations 2-7 and verify the applicable portal charge. From 22 October, a certified copy of a BO 1-7 form and a search of such a form are each Rs. 2,300, subject to applicable taxes. [6-7]

Enforcement & action checklist

9. Penalties and other 2025 changes [3, 7]

BO offences: Section 130G provides, on conviction, a fine up to **Rs. 1 million**, imprisonment up to **10 years**, or both, for the specified defaults and false/concealed information. Directors/officers may be deemed liable, subject to the statutory lack-of-knowledge or due-diligence defence. Section 130G(3) addresses specified shareholder, secretary and authorised-person defaults. Imprisonment applies to liable natural persons, not the corporate entity itself.

Separate provisions: Section 130H(4) states a maximum Rs. 50,000 fine or six-month imprisonment, or both, for its transitional defaults. The administrative weekly late-filing charge is distinct from conviction-based sanctions. General penalties under s. 513A apply where no express punishment exists; the applicable subsection and defence must be checked.

Other amendments: Appeals from Registrar decisions generally run from receipt of notice and allow 15 working days, or further court-allowed time (s. 472). Sections 424 and 484A provide specific discretionary extensions for requested information; they are not blanket extensions of every filing deadline. Section 487(5) adds a court route for qualifying struck-off companies to re-register within 10 years from commencement, with safeguards for State-disposed property. Section 508 broadens mediation referrals. Liquidation provisions, the definition of distribution and textual errors are also amended.

10. Practical checklist for management

1. Reconcile shareholders, allotments, transfers and voting/control agreements.
2. Trace ownership chains to natural persons and document the 10% and control assessments.
3. Confirm the Sri Lanka-resident authorised person and the register location.
4. Complete overdue filings; retain submitted forms, receipts and supporting declarations.
5. Track the 10-, 14- and 20-working-day triggers separately and include BO 4 in annual compliance.
6. Review board procedures, solvency evidence and financing/security registrations.

Source register - clickable primary texts and official notices

[1] Companies Act, No. 07 of 2007 - government-printed text (ICNL mirror)

[2] Companies (Amendment) Act, No. 23 of 2024 - Parliament

[3] Companies (Amendment) Act, No. 12 of 2025 - Parliament

[4] Commencement Order - Gazette 2480/47, 21 March 2026

[5] Original BO Regulations - Gazette 2480/48

[6] DRC: October replacement regulations, Gazette 2509/67

[7] DRC: revised regulations, Gazette 2511/47 (linked signed text reviewed)

[8] DRC beneficial ownership system guides

[9] DRC notices: extension to 21 October 2026

Prepared as a general information note under the Synergy Advisors name. Read statutory provisions and current DRC directions before acting; the 2024 commencement qualification and fee-schedule inconsistency are expressly noted above.