

**OVERVIEW ON THE SHOP AND OFFICE ACT, SRI LANKA**

The [Shop and Office Act](#) governs the employment terms and conditions of employees working in a shop or office, including the following:

- Hours of work and overtime
- Leave - Annual leave, maternity leave, casual leave
- Maternity benefits
- Payment of remuneration etc.
- Holidays - weekly, Poya holidays, statutory

**Hours of work and overtime**

The normal working day for all shop and office employees cannot exceed eight (08) hours on any day (exclusive of a one-hour rest and meal break) and 45 hours in any week. Overtime must be paid for any hours worked in addition to the said number of hours. In practice, overtime is not payable for executive employees.

**Leave- Annual leave, maternity leave, casual leave**

Annual Leave	Casual Leave	Maternity Benefits
An employee is entitled to fourteen (14) days' annual leave with full pay for every completed year of service. Not less than seven days must be taken on a consecutive basis. In respect of the first year of employment, an employee is entitled to leave on a prorated basis in the succeeding year based on the date of commencement of employment.	Employees are entitled to seven (07) days' paid casual leave in any year, except during the first calendar year of employment. During the first calendar year of employment, employee is entitled to one (01) day's paid casual leave for every two months worked.	Eighty-four (84) days' paid maternity leave is granted to female employees where the confinement results in the delivery of a live child, and forty-two (42) days' paid maternity leave where the confinement does not result in the delivery of a live child.

**Holidays - weekly, Poya holidays, statutory**

Employees are entitled to weekly holidays and a day of paid leave on a Full Moon Poya Day. If an employee is to be employed on a Poya day, that employee must be paid not less than 1&1/2 times the normal daily wage.

Further, employees are entitled to paid leave on all statutory holidays, which are presently as follows:

- Tamil Thai-Pongal Day.
- National Day.
- Milad-Un-Nabi (Holy Prophet's Birthday).
- Day Prior to Sinhala and Tamil New Year Day.
- Sinhala and Tamil New Year Day.
- May Day.

- Day Following Vesak Full Moon Poya Day.
- Christmas Day.

**Other Statutes to be mindful of**

1. Superannuation Benefits

- **EPF Act** - Governs the monthly payment of superannuation contribution by employer and employee
- **ETF Act** - Governs the monthly payment of superannuation benefits by employer

2. Terminal Benefit

- **Payment of Gratuity Act** - payment of gratuity by employer (with more than 15 employees) to an employee who has completed 5 years of continuous service

3. Minimum wages and Statutory Allowances

- **National Minimum Wage Act** – Additionally regulations under the Wages Board Ordinance also regulate the minimum wage of employees under each trade.
- **Budgetary Allowance Act** - Employees earning LKR 40,000 or less are also eligible for a budgetary allowance of Rs.2,500/- under the Budgetary Relief Allowance Act<sup>1</sup>.

4. Termination

- **TEWA** - Governs the termination of employment by an employer (with more than 15 employees)
- **Industrial Disputes Act**- governs the employment dispute process

Further, there are also certain other legislations which are applicable depending on the nature of the business/trade.

*This note has been prepared by the Employment Division of Tiruchelvam Associates, Colombo.*

**NOTE:**

1. *Any reference to any laws and regulations/directives/circulars/government press releases etc are as at the date of the issue of this document.*
2. *Only references which may have a bearing on the topic/s at hand have been referred to herein.*
3. *The contents of this document should not be considered as legal advice. If you require legal advice on any specific matter or for purposes of decision making, do feel free to contact us.*

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