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PART I

Acts, Ordinances, President's Orders and Regulations

GOVERNMENT OF PAKISTAN

MINISTRY OF LAW AND JUSTICE

Islamabad, the 2nd December, 2020

No. F. 2(1)/2020-Pub.—The following Ordinance Promulgated on 2nd December, 2020 by the President is hereby published for general information:—

ORDINANCE No. XIII OF 2020

AN

ORDINANCE.

to ensure the development of scientific and technological ecosystem through development of zone to accelerate technology development in the country

WHEREAS it is expedient to provide institutional and legislative support for the technology sector with internationally competitive and export oriented structures and ecosystem, to attract foreign direct investment, develop collaboration ecosystem

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connecting academia, research and technology industry, to initiate innovation in production systems and products, to increase the standards and quality of technology goods and services, to increase productivity and decrease the costs of production through high-tech interventions, intensive innovation and futuristic entrepreneurship, to enable job creation, to commercialise technological knowledge and to provide for matters connected therewith or incidental thereto,

AND WHEREAS, the Senate and the National Assembly are not in session and the President is satisfied that circumstances exist which render it necessary to take immediate action;

NOW, THEREFORE, in exercise of the powers conferred by clause (1) of Article 89 of the Constitution of Islamic Republic of Pakistan, the President of the Islamic Republic of Pakistan is pleased to make and promulgate the following Ordinance:—

1. **Short title, extent and commencement.**—(1) This Ordinance shall be called the Special Technology Zones Authority Ordinance, 2020.

(2) It extends to the whole of Pakistan.

(3) It shall come into force at once.

2. **Definitions.**—In this Ordinance, unless the context otherwise requires,—

(a) “Authority” means the Special Technology Zones Authority established under section 3;

(b) “Board” means the Board of Governors constituted under section 6;

(c) “Chairperson” means the Chairperson of the Authority appointed by the Prime Minister, pursuant to the provisions of this Ordinance and includes the person when acting as the Chairperson;

(d) “capital equipment” means plant, equipment, devices, instruments, accessories, machinery, hardware, materials, software (licensing, certifications etc.), tools and component parts required to perform functions of zone developers and zone enterprises;

(e) “Division Concerned” means the Division to which business of this Ordinance stands allocated;

- (f) "development plan" means a comprehensive document outlining the details and design of development of land, property or real estate and other matters pertaining to the construction.
- (g) "development agreement" means a duly approved agreement between Authority and a zone developer, agreed to and endorsed by the Approvals Committee, that authorizes zone developer to develop and establish a zone.
- (h) "management" means the management team of the Authority appointed under section 7;
- (i) "master plan" means an overarching planning document providing conceptual spatial, landscape and infrastructure layout, which is used to structure land and development.
- (j) "Prescribed" means prescribed by rules or regulations made under this Ordinance;
- (k) "Regulations" means regulations made under this Ordinance;
- (l) "research and development" mean regular activities carried out with the purpose of obtaining new knowledge that shall enable the development of science and technology or creating new equipment, products and tools using the available information and resources, creating new systems, processes and services including software production or improving those that are available;
- (m) "Rules" means rules made under this Ordinance;
- (n) 'Schedule' means schedule made under this Ordinance;
- (o) 'technology sector' means sectors identified, notified and approved by the Authority for the purpose of this Ordinance;
- (p) "zone developers" means a public, private or a public-private legal entity, group of companies or consortium notified by the Authority as such;
- (q) "zone enterprise" means any public, private, or public-private legal entity investing, operating, functioning within the zone and notified as such by the Authority;

- (r) "zone" shall include any defined geographical area notified by the Authority with any such name including, but not limited to special technology zones, information technology parks, high-tech industrial area, software technology park, hardware technology park, technology export zones, free technology zones, science and technology park, information technology zones, science and technology zone, R&D Zone, opportunity zone, innovation zone, technology development zone, knowledge parks, smart city, knowledge city, technology incubation zone or any sector zone which may require technological intervention such as biotech, chemical technologies, agri-tech, fin tech, robotics, nanotech etc. and other zones with any combination or combinations of the aforesaid fields.

3. **Establishment of the Authority.**—(1) On the commencement of this Ordinance, there shall stand established an Authority to be called as the Special Technology Zones Authority in accordance with the provisions of this Ordinance.

(2) The Authority shall be a body corporate having perpetual succession and a common seal, with power, to purchase, acquire, sell and hold property, and shall by the said name sue and be sued.

(3) The headquarters of the Authority shall be at Islamabad and the Authority may establish regional or sub-offices elsewhere either within or outside Pakistan as required.

(4) The Authority shall have power to constitute as many committees, councils and associations nationally and internationally to achieve its goals, as it may deem fit.

4. **Powers of the Authority.**—(1) Subject to the provisions of this Ordinance, the Authority may take such measures and exercise such powers as may be required for performance of its functions.

(2) Without prejudice to the generality of the powers conferred by subsection (1), the Authority shall—

- (a) primarily be responsible for planning, policy formulation, execution, operations, monitoring and evaluation of zones which may be assigned to it, approved by it or developed by it from time to time;
- (b) approve and notify zones with the approval of Board;
- (c) have the power to grant license to zone developers and zone enterprises for carrying out activities related to zones;

- (d) be responsible for development, implementation and functioning of zones;
- (e) make arrangements for provision of security, utility, roads, basic infrastructure, high speed internet and any other services required to ensure smooth development and functioning of zones;
- (f) allow any additional incentive over and above those provided in the Ordinance, subsidies and rebates, for zone developers and zone enterprises, with approval of the Federal Government; and
- (g) seek assistance from any officer, Ministry, Division, department or agency for the performance of its functions under this Ordinance;

5. **Functions of the Authority.**—(1) To perform its functions, the Authority may—

- (a) from time to time, review national investment policies, laws and regulations that impact zones and propose any amendments, modifications and relaxations therein to the Federal Government;
- (b) initiate and consider zone investment proposals and categories for investment which may require specific treatments and interventions and recommend, where appropriate, additional incentives or relaxations of conditions or criteria to the Federal Government for approval;
- (c) be associated in the formulation of all policies that may have an impact on investment in technology sector in Pakistan, including *inter-alia*, economic, fiscal and trade policies;
- (d) coordinate with Ministries, departments, agencies and Provincial Governments with regard to policies and their implementation having impact on investment in technology sector;
- (e) develop or cause to be developed national special technology zone strategy, national emerging technologies strategy, and national information and communication technology strategy;
- (f) identify and promote technology sector investment opportunities and their promotion in Pakistan and abroad;
- (g) develop and approve mechanisms and arrangements for management and operations of zones including one-window facility for provision of

- all services and utilities, physical infrastructure, logistics infrastructure, human capital development and digital infrastructure for the zone;
- (h) identify, create and upgrade technological and scientific clusters and industrial support systems within zones including, but not limited to, *inter-alia*, research and development centres, skill development centres, training institutes, data centres, universities, hospitals, and other hard and soft infrastructure related to successful execution of zones;
 - (i) attract investment into zones that include *inter-alia* foreign direct investments, venture capital funds, public sector investments, public-private investments and private funds;
 - (j) marketing and promotion of zones by developing a marketing, image-building and public relations strategy to generate interest in the potential and opportunities of the Pakistani market and publicize its activities;
 - (k) make recommendations to Federal and Provincial government to provide and procure lands for the zones;
 - (l) identification and approval of locations for setting up zones;
 - (m) procure and acquire land or any infrastructure for the zones;
 - (n) appoint commissions, expert bodies and consultants to study various aspects of attracting investments in technology related businesses and improving the investment climate, procedures and other related matters;
 - (o) develop studies, feasibility reports, experiments, public-private partnership frameworks, financial vehicles, technical research and surveys related to zones;
 - (p) develop or cause to be developed master plans for zones and approve them;
 - (q) act as one window for investors dealing with other relevant government entities on behalf of these investors;
 - (r) issue letters of recommendation or invitation letters, which shall be deemed sufficient for the purpose of issuance of business and work permits or visas by relevant Authority;

- (s) collect, compile, analyse, maintain and distribute zones related information, from time to time publish analytical reports, trends and insights;
 - (t) promote a congenial environment for investment into zones;
 - (u) negotiate and finalize all such acts, deeds, initiatives, agreements for protection and promotion of technology related investments with other countries and represent Pakistan on regional and international level, that may be necessary or expedient for the purpose of successful planning, development, execution, implementation, management and maintenance of zones;
 - (v) liaise with private sector trade bodies and associations for their active participation in promotion of technology related investment;
 - (w) approval, issuance and cancellation of licences of zone enterprises and zone developers,
 - (x) allocation of land, space, lots within zones developed by the Authority itself;
 - (y) from time to time, determine and review the fees and charges for services provided by the Authority; and
 - (z) perform any other function assigned to it by the Federal Government.
- (2) The Federal Government may, from time to time, assign more functions and issue guidelines to the Authority.

6. **Board.**—(1) There shall be a Board of Governors of the Authority comprising the following members, namely:—

- (a) the Prime Minister of the Islamic Republic of Pakistan shall be its President;
- (b) Federal Minister in Charge of the Division concerned;
- (c) Chairperson of the Authority; and
- (d) not less than seven and not more than twenty-five ex-officio and Independent members, provided that not less than five Independent members shall be appointed from private sector from amongst persons of renowned integrity, expertise, experience and knowledge.

(2) The ex-officio and the Independent members shall be appointed by the Federal Government and for a term of three years.

(3) An ex-officio member shall hold office as member till such time he holds the office by virtue of which he is a member and upon his transfer, retirement, resignation or removal from office, the person appointed in such person's place shall be the member.

(4) Secretary of the Board shall be appointed with the approval of the President.

(5) The Board shall meet at least twice in a year. The Secretary of the Board may take approval of any decision through circulation among members of the Board. The Chairperson of the Authority may call a special meeting with the approval of the president of the Board.

(6) The meetings of the Board shall be presided over by the president of the Board and in his absence, the President of the Board shall appoint any member to chair the meeting.

(7) The quorum for a meeting of the Board shall be one-third of the total membership of the Board, and decisions of the Board shall be made with majority of total present members of the Board.

(8) The Board shall approve rules, strategic plans and policies of the Authority.

7. Management.—(1) The management of the Authority shall consist of Chairperson and executive directors and any other officer of the Authority as approved by the Chairperson.

(2) The Chairperson shall be appointed by the Prime Minister of Pakistan for a period of three years and shall be eligible for re-appointment for one more similar term.

(3) The Chairperson shall be preferably from the private sector and shall be eligible for such remunerations as determined by the Prime Minister.

(4) The qualifications, experience and terms and conditions for appointment of the Chairperson, executive directors, management team and members of the Authority shall be prescribed by rules.

(5) The Chairperson may resign from his office by writing under his hand addressed to the Prime Minister. The Prime Minister may after providing the

opportunity of being heard remove the Chairperson from office if, on an inquiry conducted by a person or persons designated with the approval of the Prime Minister, he is found inefficient or unable to perform the functions of his office due to mental or physical disability, or to have committed misconduct.

8. **Budget, finance and audit.**—(1) The Authority, in respect of each financial year shall prepare its own budget in accordance with prescribed procedures and shall maintain complete and accurate books of account of its annual expenses and receipts.

(2) In respect of each financial year, the Authority shall submit for approval of the Federal Government, by such date and in such form as may be specified, a statement showing the estimated receipts and expenditure and the sums which are likely to be required from the Federal Government during the next financial year.

(3) The budget prepared by the Authority shall be reviewed by the budget committee consisting of three members and officers to be nominated by the Authority from amongst the directors, members and any senior office bearers within the Authority. The budget committee shall ensure that Authority complies with all requirements of this Ordinance, the rules and the regulations pertaining to such budget.

(4) The Authority may charge a fee for its services rendered to zone developers and zone enterprises as may be prescribed.

(5) The accounts of the Authority shall be audited annually by the Auditor General of Pakistan. Copies of the Auditor General's report on the accounts shall be provided to the Authority and the Federal Government.

(6) The Chairperson of the Authority shall be its principal accounting officer.

9. **Grants.**—(1) The Federal Government may, from time to time, place annual grants at the disposal of the Authority for the smooth discharge of its affairs.

(2) The Authority may apply for international grants for the purpose of achieving objectives of this Ordinance.

10. **Funds.**—(1) There shall be constituted a fund to be called the National Special Technology Zone Authority Fund, which shall vest in the Authority and shall be utilized by the Authority to meet all expenses and charges properly incurred in connection with carrying out the purposes of this Ordinance. The fund shall be credited all sums received by the Authority. The Fund shall consist of—

- (a) funds provided by the Federal Government for payment of salaries, establishing infrastructure and running day-to-day business of the Authority;
- (b) grants made or funds allocated by the Federal Government;
- (c) foreign aid, loans or investments obtained or raised by the Authority;
- (d) all other sums including but not limited to fees, commission, charges and revenue as accrued or receivable by the Authority;
- (e) proceeds of any investments made by the Authority in utilising any amount of fund which is not required for immediate use;
- (f) funds raised through Public-Private Partnerships by the Authority; and
- (g) funds from bonds, sukuk and other forms of finances and investments on the basis of participation term certificates, musharika certificates, term finance certificates or any other financial or debt instruments or securities issued by the Authority.

(2) Without prejudice to any other law for the time being in force, the Authority may invest, as per needs and requisites, in other specialised funds and financial vehicles with public, private or international entities to achieve objectives defined under this Ordinance.

11. **Bank accounts.**—(1) The Authority may subject to the provision of any other law for the time being in force open and maintain one or multiple bank accounts in local and foreign currency in any scheduled bank in the Pakistan as may be prescribed by rules.

(2) Bank accounts of the Authority shall be opened with the prior approval of principal accounting officer.

12. **Approvals committee.**—(1) There shall be a committee, hereinafter called approvals committee, headed by the Chairperson and four other officers of the Authority nominated by the Chairperson for this purpose.

(2) The Chairperson may call any person as an expert to assist the approvals committee and such person shall not be eligible to cast vote.

(3) The meeting of the approvals committee shall be convened on the orders of the Chairperson.

(4) The approvals committee shall meet as frequently as required but not less than once every quarter.

(5) Fifty percent or more of the members shall constitute quorum of the approvals committee.

(6) Where the Chairperson is not present, an officer of the Authority nominated by the Chairperson shall chair the approvals committee.

(7) The decisions of the approvals committee shall be taken by majority of the total membership present and voting. In case of the equal voting, the Chairperson of the committee shall have the discretion to take decision.

(8) The Chairperson shall appoint an officer from the Authority to be the secretary of the said committee.

(9) The Chairperson shall be competent to remove or substitute any member of the committee if desired.

13. Functions and responsibilities of the approvals committee.—
The functions and responsibilities of the approvals committee shall be—

- (a) to approve such procedures, mechanisms and regulations for implementation of this Ordinance as are applicable to all zones or a particular zone;
- (b) to review and recommend amendments in national information and communication technology strategy, national emerging technologies strategy and other technology and science related initiatives;
- (c) to approve or amend development plan and master plan for each zone;
- (d) to approve all strategic initiatives of the Authority including, but not limited to, *inter-alia*, establishing new zones, entering into agreement with other entities, joint ventures, public private partnerships etc.
- (e) to notify with approval of relevant authorities' additional incentives for zone developers and zone enterprises;

- (f) to review and direct actions on annual and bi-annual reports submitted by the Authority;
- (g) to annually review the implementation of this Ordinance with a view to improving policies relating to zones;
- (h) to take any other steps it deems appropriate in order to advance the objectives of this Ordinance;
- (i) to approve any existing or new zone proposed by any investor, whether public or private;
- (j) recommend applicable incentives for zone developers and zones enterprises;
- (k) approve or cancel licences issued by the Authority for any zone enterprises and zones developers; and
- (l) consider and approve zone developers and zone enterprises applications and agreements.

14. **Criteria for approval of zones.**—(1) The Authority shall develop criteria for approval of zones under its rules and regulations.

15. **Licensing of zone enterprises and zone developers.**—(1) The Authority shall develop the criteria and procedures for licensing of the zone enterprises and zone developers.

16. **Sanctions against zone enterprises and zone developers.**—A mechanism may be developed by the Authority for sanctions against zone enterprises and zone developers for violations as per rules and regulations of the Authority.

17. **Land regime.**—(1) The Authority may acquire land itself or request to the Federal or Provincial Governments to acquire land on its behalf, subject to prevailing laws.

(2) The Federal Government may transfer any land, property, asset, infrastructure, facility to the Authority, subject to prevailing laws.

18. Public utilities and other facilities.—(1) The Authority shall provide infrastructure facilities such as electricity, water, gas, roads, telecommunication services and other essential facilities necessary for efficient operations in a zone:

Provided that the cost of providing such facilities shall be borne by the zone developers and zone enterprises.

(2) The zone developer shall have the right to set up a renewable, geo-thermal, hydel or other captive electric power generation plant or install power generator of sufficient size to cater the expected demand for electricity within a particular zone as per rules and regulations of the Authority and to sell only the excess electricity generated outside that particular zone as per prevailing laws.

19. Incentives for zones.—(1) On execution of relevant agreement with the Authority, the zone developers as well as zone enterprises in a zone shall be entitled to incentives outlined in sections 21 and 22.

(2) With the objective of promoting a particular sector, industry or Zone, the Authority may grant additional benefits to zone enterprises and zone developers, provided that—

- (a) such additional benefits may only be granted if the Authority finds these to be justified on the basis of an economic impact assessment.
 - (b) such additional benefits, if granted conditionally, may be liable to be forfeited with retroactive effect if it is finally determined that a zone developer or zone enterprise has failed to comply with the conditions prescribed for the additional benefits in question; and
 - (c) the Authority shall make economic impact assessment of the zone within five years from the date of the agreement is signed and within the first year of operations of an enterprise.
- (3) Any additional benefits granted by Authority—
- (a) shall be deemed to be included in the relevant development agreements; and
 - (b) shall become effective on such conditions as the Authority may stipulate.

(4) Nothing in this Ordinance shall be construed to limit the Authority of any Federal, Provincial and Local Government Authority to grant such additional benefits to zone developers and zone enterprises as are within the scope of their respective statutory powers.

(5) The State Bank of Pakistan may issue special foreign exchange regulations for special technology zones.

20. Protection of incentives.—(1) Incentives under this Ordinance shall be additional to all incentives, benefits and protections, which may be applicable to zone developers and zone enterprises under generally applicable legislation and international agreements of Pakistan.

(2) These incentives shall not be withdrawn prematurely and retrospectively and any change therein shall be to the advantage of the zone developer and zone enterprise.

21. Incentives for zone developers.—The following shall be incentives for zone developers namely:—

- (a) exemption from all taxes on income accruable in relation to the development and operations of the zones for a period of ten years, starting from the date of signing of the development agreement;
- (b) exemption from all custom duties and taxes for a period of ten years from the date of signing of the development agreement on capital goods including but not limited to materials, plant, machinery, hardware, equipment and software imported into Pakistan for consumption within zones by the Authority and zone developers; and
- (c) exemption from general sales tax (GST) on goods and services on import of plant, machinery, equipment and raw-materials for consumption of these items within zones by the Authority and zone developers.

22. Incentives for zone enterprises.—The following shall be incentives for zone enterprises, namely:—

- (a) exemption from all income taxes (withholding tax, presumptive tax) for a period of ten years from the date of issuance of license by the Authority;

- (b) exemption from all custom duties and taxes for a period of ten years from the date of issuance of license by the Authority on capital goods including but not limited to materials, plant, machinery, hardware, equipment and software imported into Pakistan for consumption within zones by the Authority and zone enterprises;
- (c) exemption from property tax for ten years from the date of issuance of license by the Authority;
- (d) exemption from G.S.T on goods and services on import of plant, machinery, equipment and raw-materials for consumption of these items within zones by the Authority as well as zone enterprises; and
- (e) tax exemption on dividend-income and long-term capital gains from investments in a venture capital (VC) undertaking for a period of ten years from the date of issuance of license by the Authority.

23. **Alternate dispute resolution mechanism.**—(1) The Authority shall establish alternate dispute resolution mechanism for settlement of any disputes between zone enterprises and zone developers, for the purpose of this Ordinance.

24. **Powers to make rules.** —(1) The Authority may, with approval of the Federal Government, make rules as deemed necessary for implementation and to carry out purposes of this Act.

(2) Until the rules referred to in sub-section (1) are made, the President of the Board shall be competent to determine, the terms and conditions for appointment of the Chairperson, executive directors, officers and employees of the Authority.

25. **Powers to make regulations.**—(1) The Authority may, with the approval of the Board, make regulations as deemed necessary for implementation and to carry out purposes of this Ordinance.

26. **Annual report.**—(1) The Authority shall prepare and submit to the Federal Government, within four months of the expiry of each financial year, a report on the conduct of its functions and affairs for that year.

- (2) Each such annual report shall include—
 - (a) an audited statement of income and expenditure;
 - (b) an audited balance sheet;

- (c) a short financial statement of preceding financial year;
- (d) activities of the Authority during previous financial year;
- (e) an outline of the investment programs for the year ahead; and
- (f) any other matter which the Federal Government may direct or the Authority may consider appropriate to make its report more self-speaking about its initiatives and achievements.

27. **Delegation of powers.**—(1) The Board may delegate any of its powers and assign its functions subject to such conditions as it may deem fit to impose, to the Chairperson or a committee.

28. **Recruitment.**—(1) The Authority may, from time to time, determine the need to employ and appoint such officers, members of its staff, advisers, consultants, and other employees, as it considers necessary for efficient performance of its functions on such terms and conditions as may be prescribed by regulations, provided that all appointments shall be made in accordance with the prescribed educational, technical or professional qualifications and experience.

29. **Employee of the Authority to be public servants.**—(1) For the purposes of this Ordinance, the officers and members of the staff, advisers, consultants and experts of the Authority shall be deemed to be public servants within the meaning of section 21 of the Pakistan Penal Code, 1860 (Act XLV of 1860).

30. **Assistance from agencies.**—(1) The Authority may seek any information from all sources including any Ministry, Division, department, statutory body, corporation, agency of the Federal Government which, in its opinion, concerns any matter relating to the Authority and the requisite information shall be provided to the Authority within time frame stipulated by it.

31. **Indemnity.**—No suit, prosecution or other legal proceedings shall lie against the Authority, the Chairperson, members of the Authority, the employees and consultants of the Authority for anything done in good faith or intended to be done under this Ordinance or any rule or regulation made thereunder.

32. **Ordinance to override other laws.**—The provisions of this Ordinance shall have effect notwithstanding anything to the contrary contained in any other law for the time being in force and any such law shall, to the extent of any inconsistency, cease to have any effect on the commencement of this Ordinance.

33. **Removal of difficulties.**—If any difficulty arises in giving effect to any of the provisions of the Ordinance, the Federal Government may, within one year of the commencement of this Ordinance, make such order, not inconsistent with the provisions of this Ordinance, as may appear to it to be necessary or expedient for the purpose of removing such difficulty.

DR. ARIF ALVI,
President.

RAJA NAEEM AKBAR,
Secretary.