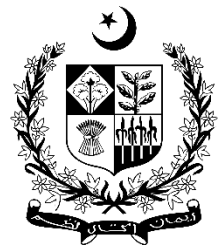




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## FREQUENTLY ASKED QUESTIONS

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### 1. What is the Special Technology Zones Authority?

The Special Technology Zones Authority (STZA) has been set up under the Cabinet Division pursuant to Section 3 of the Special Technology Zones Authority Act, 2021 which was enacted in October 2021, to develop a technology-driven knowledge ecosystem and encourage innovation and futuristic entrepreneurship. The genesis of Special Technology Zones is based on Triple Helix Model of Innovation, connecting and clustering together the Technology Industry, Government & Universities/Training Institutes to foster the culture of innovation, Research and Development and developing the ecosystems which contribute towards increase in tech exports of the country. STZA is established with a mandate to provide world-class digital and physical infrastructure through setting up and notifying Special Technology Zones (STZs) across the country and putting Pakistan on the global technology map. STZA aims to build a technology ecosystem for entrepreneurship, R&D, and tech-driven innovation in the country for the youth by providing institutional and legislative support, and ease of doing business along with special incentives to facilitate and promote technology sector. As its core function, STZA has the power to notify STZs, license zone enterprises, zone developers and co-zone developers for operations within the STZs and enable incentives thereof.

### 2. What are the Objectives of the STZA?

The Authority aims to build a technology ecosystem for entrepreneurship, R&D, and tech-driven innovation in the country by providing institutional and legislative support, ease of doing business along with special fiscal and monetary incentives to facilitate and promote the technology sector in STZs.

#### **Objectives:**

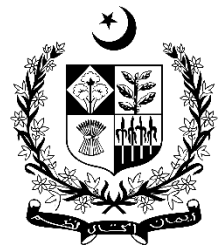
- a) Streamline and harmonize legal and regulatory framework for STZs;
- b) Enabling the establishment of STZs;
- c) Promoting ease of doing business in through development of one window portal; and
- d) Enablement of investments in the STZs through issuance of zone developer and zone enterprise licenses.

### 3. What is a Special Technology Zone?

Special Technology Zones are areas notified by the STZA, where the technology-driven knowledge ecosystem will be supported and special incentives for licensees will be provided. These STZs may be new parcels of land notified for development of STZs, existing infrastructure that can be declared as an STZ, or



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expansion of an STZ in any region. Both public sector and private sector entities can have parcels of land as well as existing infrastructures notified as STZs.

**4. What incentives are available for investments in a Special Technology Zone?**

They include a range of incentives including, but not limited to, tax exemptions, special forex accounts and exemption of custom duties on import of capital goods, and targeted investment facilitation through the one window facility.

For further clarity kindly refer to sections 20 and 21 of the Special Technology Zones Authority Act, 2021 available on the website at [www.stza.gov.pk](http://www.stza.gov.pk). It shall be noted that the incentives provided in the STZA Act, 2021 are subject to incorporation and operationalization via amendment in respective applicable tax laws such as Income Tax Ordinance, Sales Tax Act etc.

**5. What is a Zone Enterprise?**

The term refers to any public, private, or public-private Person developing, operating and managing a technological enterprise within STZ and licensed as such by the Authority. A Zone Enterprise may develop and/or operate its facility or physical infrastructure for its own use; however, it cannot sublease or rent-out the facility to another Zone Enterprise. A Zone Enterprise may also apply for office space in a STZ.

Explanation - “Person” includes any registered association of persons, consortium, a body corporate formed or incorporated by or under any law in force, company, corporation, society, modaraba, Real Estate Investment Trust (REIT), Government, trust, partnership, or any juridical personality and includes the zone developer and zone enterprise.

**6. Who can apply as a Zone Enterprise?**

In order for a Zone Enterprise to be eligible for a license, Zone Enterprises should preferably be engaged in the following categories (**ZE Categories**): R&D, operations, development, financing, and investment in Artificial Intelligence and Machine Learning, Big Data Analytics, Quantum Computing, Cloud Computing, Internet of Things (IoT), Robo Advisory, Distributed Ledger Technology (DLT), Natural Language Processing (NLP), Augmented Reality / Virtual Reality (AR / VR), Robotics, Wearables, Mobile Payment, Fintech and Block chain, Biotech and Genomics, Edtech, Science and or Technology Institution, Technology Skill Development Centers, Telemedicine, Biomedical Technology, Internet of Things (IoT), 3D-Printing, Electric Vehicles, Automobiles, Sustainable and Renewable Energy, Green Energy, Agri-Tech, Converging Technologies, ICTS, IT and ITeS, Nanotech, Medical Devices, Pharmaceutical, Creative Industries. Ed-Tech, Semiconductors, Ecommerce, Satellites, Electronics, Smart Phones and Laptops, Fine Chemicals, New Materials, Precise Instruments, Environmental Technologies, Tertiary Industries, other major S&T industrial domains, industries, and sectors, and other existing and upcoming or emerging digital and technology areas as approved and notified by the Authority from time to time.



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**7. What are the criteria to be selected as a Zone Enterprise?**

Zone Enterprises will be evaluated based on their contributions to Pakistan’s technology sector, with factors such as R&D, local job creation, technology transfer, human capital development, exports growth, import substitution, technology development and other relevant areas. For a more detailed framework, please refer to following documents available on official website:

1. STZA (Qualification and Approval) Rules, 2021 (**Reference to Annexure IV**); and
2. Application Guidelines for Zone Enterprises.

**8. What is a Zone Developer?**

The term refer to any public, private, or public-private Person responsible for development, operation or management of the whole, or a part of STZ and licensed by the Authority as such, and includes a co-zone developer who acts as a partner of the Zone Developer. The Zone Developer shall lease or rent out its facility to licensed Zone Enterprises. The Zone Developer will be responsible for the supervision of activities in its specified area in STZ, and monitoring compliance with the development agreements, licenses, and the Rules and Regulations notified by the Authority. A Zone Developer can also engage in technology business operations, however, shall separately apply for Zone Enterprise license.

Explanation - “Person” includes any registered association of persons, consortium, a body corporate formed or incorporated by or under any law in force, company, corporation, society, modaraba, Real Estate Investment Trust (REIT), Government, trust, partnership, or any juridical personality and includes the zone developer and zone enterprise.

**9. What are the criteria to be selected as a Zone Developer?**

Zone Developers will be evaluated based on their technical and financial proposals. For a more detailed framework, please refer to following documents available on official website:

1. STZA (Qualification and Approval) Rules, 2021 (**Reference to Annexure I, II, III, and V**); and
2. Application Guidelines for Zone Developers.

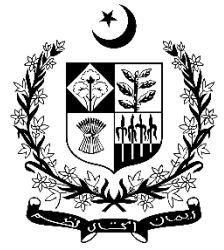
**10. On what type of model can an Applicant apply for a license?**

A final built-up area .

APPLICATION MODELS	DESCRIPTION
<p><b>Zone Enterprises</b></p> <p>A Zone Enterprise is Person licensed to operate and manage its business operations in a STZ. A Zone Enterprise may be engaged in various categories of</p>	<p>An application by any person requiring office space or a purpose built facility for his technology business in a notified STZ. A Zone Enterprise will be assessed and selected in accordance with the strength of the technology business proposal of the applicant in line with STZA’s core strategic objectives.</p> <p>Note: This model is best suited for technology startups and companies that require office space or purpose built facilities in an</p>



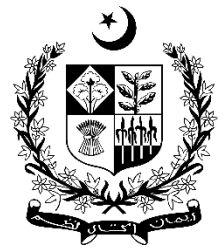
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APPLICATION MODELS	DESCRIPTION
<p>technology related businesses as per the STZA Act, 2021.</p>	<p>STZ and aim to take advantage of the ecosystem in special technology zones.</p>
<p><b>Zone Developers and Co-Zone Developers</b></p> <p>A Zone Developer is a Person licensed to build, develop, manage and operate a STZ.</p> <p>A Co-Zone Developer is a partner of the Zone Developer, licensed to build, develop, manage and operate a STZ.</p>	<p>An application by any person for building, operating and managing a facility on a parcel of land, or existing infrastructure, in a notified STZ, or private land qualifying to be notified as an STZ. A Zone Developer will be assessed and selected in accordance with the strength of its financial and technical experience in developing, operating and managing projects, and their alignment with STZA’s core strategic objectives.</p> <p>A Zone Developer may also invite Co-Zone Developers to build, operate and manage a facility in a notified STZ, in partnership with the Zone Developer. A separate application is required for a Co-Zone Developer License.</p> <p>A Zone Developer is required to allocate the facility to various Zone Enterprises for their business operations, as licensed by STZA.</p> <p>This is a <b>Build, Operate, Manage, and Allocate</b> model.</p> <p>Note: This model is best suited for experienced developers that have the objective of building a facility and providing office space to other technology companies, thus contributing towards creation of an ecosystem in special technology zones.</p> <p>A zone developer can apply for a license based on following models:</p> <ol style="list-style-type: none"> <li>(a) Where the Applicant owns a parcel of land equal to or greater than 5 acres;</li> <li>(b) Where the Applicant owns a land parcel, partial built-up structure, or a complete built-up structure with the final built-up area to be equal to or greater than 250,000 sq. ft.; or</li> <li>(c) Where the Applicant intends to develop, operate and manage an area of land in one of the STZs notified by STZA in Pakistan. Please note that the minimum area requirements for notified STZs will be specified for each STZ on a case-to-case basis.</li> </ol>



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**11. What documents will you need to apply for a Zone Enterprise License?**

Interested Zone Enterprises will be required to submit an application, along with supporting documentation, which are detailed in the Application Guidelines for Zone Enterprises, available on [www.stza.gov.pk](http://www.stza.gov.pk).

**12. What is the overall fee structure for Zone Enterprises?**

Zone Enterprises are required to pay an application processing fee, initial and annual license fee, and any other fee as may be notified by Authority for filing of supplementary applications under applicable regulations. STZA reserves the right to revise the applicable fees and charges at any time, subject to prior notification on STZA's website.

**13. What is the Application Fee for Zone Enterprises?**

The Application Processing Fee for Zone Enterprises depends on the size or stage of the Zone Enterprise as well as the category (or type) of the Zone Enterprise. These fees go towards application processing and is non-refundable. Applicants are requested to kindly visit [www.stza.gov.pk](http://www.stza.gov.pk) or refer to Application Guidelines for Zone Enterprises for further details.

**14. What is the Annual License Fee for Zone Enterprises?**

The Annual License Fee for Zone Enterprises will be published by STZA in due course.

**15. What are the rates, and terms and conditions for land available for Zone Developers at Islamabad Technopolis?**

The land would be allotted to Zone Developers for a period as per a payment plan through a land use agreement. Further details will be published by STZA in due course.

**16. What happens once the license is expired after 10 years? Do companies have to reapply to avail the benefits or will all benefits and exemptions go away? What will happen to the office space?**

After 10 years, the exemptions will cease and taxes would return to normal, however, the business may continue to operate in the STZ, subject to renewal of the license on such terms as prescribed by the Authority. STZA may also introduce a follow-up regime for additional benefits that may be activated upon renewal of the license. Be that as it may, the same company that has received the benefits once, cannot avail them again through renewal or re-application in current legal framework.

**17. How long will it take to receive a decision following a License application?**

The timelines for decision on a particular application shall be prescribed through regulations. STZA will update this answer upon confirmation of the prescribed timelines.

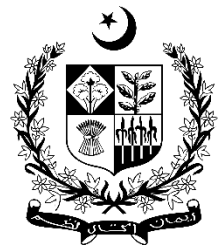
**18. If my Zone Enterprise is successful in obtaining a license, how soon can I move into the zone?**

The availability of land / lot / office space / seats for Zone Enterprises will depend on the development timelines of individual STZs.

**19. If a group of companies (a collection of parent and subsidiary companies) want to apply for a license, would they have to do so separately or can they apply collectively as a group?**



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The companies concerned may form a new company with a back-end joint venture or shareholders agreement to join an STZ, or one of the companies may become the Zone Developer and the others may join as Zone Enterprises under the umbrella of that Zone Developer. The structuring of companies is entirely up to the businesses intending to apply for licenses in a STZ. However, it shall be noted that the incentives will only be applicable to that legal entity or set of legal entities which are licensed by the Authority and are operating within the STZ, activities being carried outside of STZ shall not be subject to any incentives.

**20. Where is the location of Islamabad Technopolis?**

Islamabad Technopolis is the flagship STZ and is located near NIH Hospital, Park road, Islamabad.

**21. Is there electricity and roads available in Islamabad Technopolis?**

IESCO has given approval for the provision of 80MW electricity load for Islamabad Technopolis. An approach road already exists at site. However, internal road network will be constructed once development will be started at site.

**22. What size of plots are available for Zone Developers and/or Zone Enterprises in Islamabad Technopolis?**

According to initial layout plan, plot sizes range from 1.2 acres to 3.8 acres. Applicants may apply for more than one plot. The layout plan will be posted on STZA's website in due course.

**23. The application requires to put in some estimation of plot size for office space. How accurate this estimation has to be?**

The estimate has to be as accurate as possible. We may allow a maximum of 10% variation in the proposed and actual plan.

**24. What will STZA One Window Facility do?**

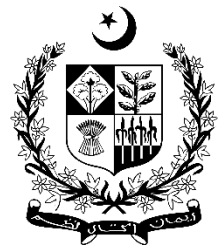
The one window facility will comprise of relevant entities of Federal, Provincial or Local Governments, for facilitation of the zone developers and zone enterprises to lodge standardized information and documents with a single-entry point to fulfill the requirements under the STZA Act, Rules or Regulations including the establishment, development, execution, operations, functioning and management of STZs. The facility is currently under development and once completed, it will provide a single physical and digital interface for submission of all applications and various facilitation requests to STZA including submission of applicable fees. The facility will be integrated with other government departments to automate and streamline the provision of Government services to the end users. Applicants and licensees will be able to track and monitor the status and outcome of their requests online through their respective accounts on the STZA's one window portal without the requirement for physically visiting Government offices, where possible.

**25. Would there be absolute/complete exemption on all taxes once licensed by the STZA?**

No. The tax benefits that would be provided to Zone Developers and Zone Enterprise are explicitly mentioned in sections 20 and 21 of the Special Technology Zones Act, 2021 and shall become operational only after appropriate legislative amendments relating to the incentives are made under applicable tax laws such as Income Tax Ordinance, Sales Tax Act etc.



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At present, the following tax incentives are available for successful applicants under STZA:

- a. Profit and gains are exempted from tax for a period of 10 years under the Income Tax Ordinance, 2001.
- b. Minimum turn over tax is exempted for a period of 10 years under the Income Tax Ordinance, 2001.
- c. Dividend and long-term capital gains of venture capital funds from their investment in Zone Enterprises only are exempted from tax for a period of 10 years under the Income Tax Ordinance, 2001.
- d. Customs Duties, income tax and sales tax are exempted on import of capital goods for a period of 10 years under the Customs Act, 1969, Income Tax Ordinance, 2001 and Sales Tax Act 1990.
- e. Zone Enterprises and Zone Developers are eligible for opening of Special Forex Accounts under the State Bank of Pakistan regulations which provided certain benefits to its holders including no requirement of conversion of US Dollars to PKR.

The Act is available in the 'Policies' section on <https://stza.gov.pk/>. The Act gives specific tax exemptions only; therefore, this is not a blanket exemption on all type of taxes.

**26. Would incentives given by STZA be applicable in the provinces too?**

Yes. The tax incentives granted under STZA license would be applicable in all STZs established by the Authority across Pakistan. In addition, Provinces are at liberty to provide additional tax incentives through changes in their respective tax laws. These will be updated on our website from time to time as they are announced by the provinces.

**27. Will companies be exempt from provincial sales tax on services if they are operating in provinces?**

At present, the companies falling under the STZA regime are not exempted from provincial taxes including provincial sales taxes.

**28. What are the future plans for notification of zones in the provinces?**

The Authority is in the process of announcing the national roll-out plan. Updates in this regard will be shared on the website from time to time, as and when new STZs are notified.

**29. Would utilities in Special Technology Zones be provided at subsidized rates?**

The rates for office spaces and the utilities will be as per standard rates.

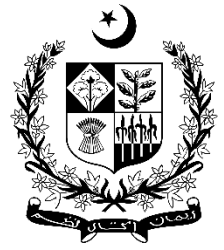
**30. Can entities produce their own energy to power their factories with Solar power?**

Yes, entities can produce their own energy under Section 17(2) of the STZA Act, subject to fulfilment of all applicable legal requirements, and suitability of the proposal with the feasibility for any particular STZ.

**31. Will the companies get furnished office space or will we have to furnish it ourselves?**



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Office spaces on both models may be available depending on the business model of the Zone Developer. For furnished offices, you may utilize the co-working spaces available within STZs. For any other types of offices, fit-out and furnishing will be the responsibility of the zone enterprise.

**32. How many floors are permitted to build for the offices?**

According to initial layout plan of Islamabad Technopolis, the FAR is 1:4 with 50% ground coverage, production zone 1:2 with 60% ground coverage, residential 1:4 with 50% ground coverage and commercial 1:5 with 70% ground coverage.

**33. When do the tax benefits commence?**

The tax exemptions and other benefits under the Act, Rules and other documents will only commence from the date of grant of license in case of Zone Enterprises, and from the date of signing of Development Agreement in case of Zone Developers. A Zone Enterprise or Zone Developer will not be allowed to claim exemptions retrospectively.

**34. How do I submit an Application for a Zone Developer or a Zone Enterprise?**

Applications shall be submitted through the One Window Electronic Portal on STZA's website at [www.stza.gov.pk](http://www.stza.gov.pk), along with all supporting documentation. Additionally, three (3) physical copies of the identical online application along with all supporting documentation must be submitted to STZA within five (5) days of submission of the online application; failure to submit physical copies of the application may result in the application being discarded or put on hold, at the discretion of STZA.

For Islamabad and all Provinces of Pakistan, Applications in physical form should be sent to the following address, unless otherwise specified on STZA's website:

*One Window Department*  
*Special Technology Zones Authority*  
*16th Floor, New State Life Tower*  
*Blue Area, Islamabad*

**35. Can I withdraw my Application?**

If an applicant is desirous of withdrawing an application, the applicant shall inform STZA in writing with reasons for such withdrawal in writing as per the prescribed methodology under applicable regulations. It shall be noted that the application fee submitted shall not be refunded to the applicants in such a case. Kindly keep visiting our website to stay up to dated on published of regulations.

**36. What is the procedure for processing of Applications?**

All applications filed to STZA go through an initial screening process at the One Window Department. Subject to completion of checklist documents, the applications are evaluated by evaluation committees.

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