

# SPECIAL TECHNOLOGY ZONES AUTHORITY

We build knowledge ecosystems for an entrepreneurial, innovative, and tech-driven Pakistan.



## **TECH ZONES AROUND THE WORLD**













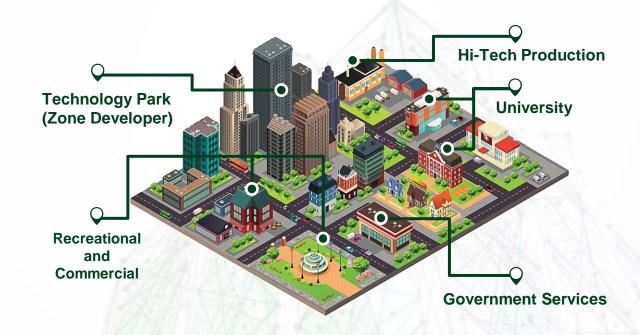
## TRIPLE HELIX MODEL OF INNOVATION



#### The Model



#### **The Manifestation**



Technology innovation and commercialization thrives when industry, academia, and government synergize their efforts

An ecosystem where the development, promotion, and proliferation of technologies is catalyzed by special incentives offered by government.

#### **TOP TECH COMPANIES - STARTED IN ZONES**



#### **Annual Revenues** (2021)



















\$79 Billion















Lenovo \$60 Billion



**Tencent** \$86 Billion













# Special Technology Zones Authority



Mandated by the Act of Parliament (6<sup>th</sup> October 2021)



**Autonomous Body Established under Cabinet Division** 



Prime Minister as the President of STZA's Board of Governors (BoG)



**Board of Governors Composition; Government & International Private Sector Leaders** 



Facilitator & Regulator for public, private and publicprivate technology zones in all parts of Pakistan

#### **Our Mandate**

- Approve, Notify, and License Zones & Zone Entities
- Develop independent Rules and Regulations for Special Technology Zones
- Provide fiscal and monetary incentives for the period of 10 years to Zone Entities
- Enable development of Pakistan's Tech Ecosystem

# STZA VISION & MISSION

## **VISION**

"Enabling inclusive socio-economic development through knowledge & technology driven growth."

## **MISSION**

"Develop the national innovation and entrepreneurship ecosystem through setting up world-class technology destinations (STZs) across Pakistan."

#### STZA STRATEGIC OBJECTIVES





**Technology Transfer** 



Investments (FDI and Local)



Human Capital Development



**Research & Development** 



**Job Creation** 



Tech Exports & Import Substitution

## **STZA LICENCE TYPES**





**Zone Enterprises** are entities licensed to operate inside STZs and are mandated to foster innovation, entrepreneurship, R&D, and create tech jobs.

<u>Examples:</u> Tech Companies (48 Areas), R&D Units, Advanced Production Units, BPOs, Startups & SMEs, Universities, VC Firms, etc.



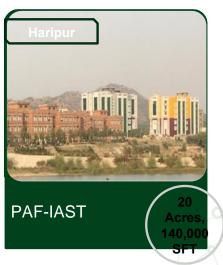
**Zone Developers** are licensed companies responsible for developing, operating, and managing infrastructure inside a STZ.

<u>Examples:</u> Science & Technology Parks, Software Technology Parks, Coworking spaces, etc.

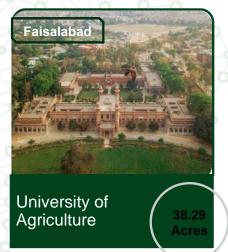
# STZA NOTIFIED ZONES











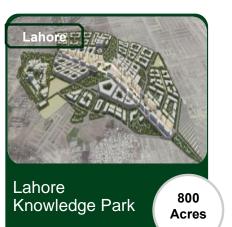




SFT





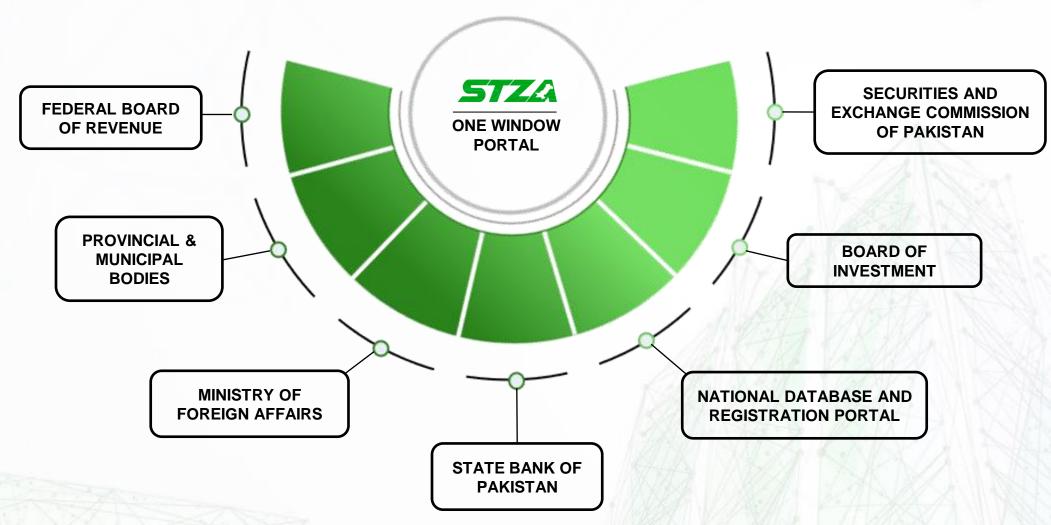


Readily Available Infrastructure (Operational)

Infrastructure Under Construction

#### STZA DIGITAL ONE-WINDOW





With the One-Window Portal, STZA provides an automated single-entry centralized hub for paperless end-to-end onboarding process

#### STZA INCENTIVES FOR PUBLIC & PRIVATE SECTORS



## Exemptions\*

- ✓ Profits & Gains
- ✓ Turnover Tax/MAT
- ✓ Dividends & long-term capital gains of Venture Capital funds
- ✓ Customs Duty, Sales Tax, & WHT on capital goods at time of import
- ✓ More (Coming Soon!)

#### ☐ 10 years from date of license issuance

- ☐ Sales Tax (goods, services) and Property Tax
- ☐ Other approvals can be sought from Federal Govt.

## **ForEx Bank Account\***

- ✓ Special ForEx Regs by SBP
  - Creation of Special ForEx A/C
  - Any sum from abroad can be credited to the A/C
  - Amount in A/C can be used for legitimate payments abroad
  - Local payments can be made in PKR but ForEx cannot be withdrawn

- ☐ 10 years from date of license issuance
- ☐ In case sufficient funds are not available in ForEx, the same can be from inter-bank market.

# STZA INCENTIVES (CURRENTLY OPERATIONAL)

Levy	Reference of Laws	Nature of Exemption / Tax Concession
Income Tax	Clause 126EA of Part 1 of 2 <sup>nd</sup> Schedule to the income Tax Ordinance,2001	Exemption from Income Taxes on Profit and Gains
Income Tax	Clause 11A (xliii) of Part IV of 2 <sup>nd</sup> Schedule to the income Tax Ordinance, 2001	Exemption from Minimum Tax on turnover @ 1.25%
Income Tax	Clause 60DA of Part IV of 2 <sup>nd</sup> Schedule to the income Tax Ordinance, 2001	Exemption from <b>advance collection of tax</b> under section 148 of the Income Tax Ordinance ,2001on import of capital equipment
Income Tax	Clause 103D of Part I of 2 2 <sup>nd</sup> Schedule to the income Tax Ordinance, 2001	Dividend income and long-term capital gains of any venture capital fund from investments in ZEs as defined in STZA Act 2021
Custom Duty	Clause 4(ii) at PCT Code 9917 of Chapter 1 to 99 of the 1st Schedule to the Customs Act,1969	<b>Exemption from</b> Customs Duties on import of capital goods including plant, machinery, hardware, equipment, and software as defined in STZA Act 2021
Sales Tax	Clause 161 of Table-1 of the 6 <sup>th</sup> Schedule to the Sales Tax Act,1990	Exemption from <b>Sales Tax on import of plant, machinery</b> , equipment, and raw material for consumption of these items within STZs
ForEx Account	Special Foreign Exchange Account as per Special Foreign Exchange Regulations for Special Technology Zones (STZs) issued by State Bank of Pakistan on Dec 11, 2020 (Paragraph 9A of Chapter 6 of Foreign Exchange Manual of SBP).	

# STZA APPLICATION REQUIREMENTS FOR ZES

- → Application Letter
- → Company Profile (Company Reg Docs, List of Dirs / Partners, NTN etc)
- → Audited Financial Statements for last 03x Fiscal Years
- → Financial Proposal
- → Technical Proposal
- → Business Plan
- → Authorization letter (PoC Nomination)
- → Proof of Paid Application Fee
- → Master Plan / Maps / Drawings (For ZE PBF)

# STZA APPLICATION / LICENSE PROCESS

