

FREQUENTLY ASKED QUESTIONS

1. 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.

2. 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.

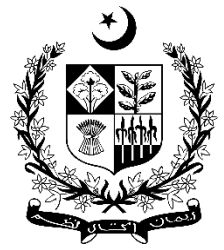
3. **.If a group of companies (a collection of parent and subsidiary companies) want to apply for a license, would they have to do so separately or can they apply collectively as a group?**

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.

4. What will STZA One Window Facility do?



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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.

5. 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.

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.

6. 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



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changes in their respective tax laws. These will be updated on our website from time to time as they are announced by the provinces.

7. 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.

8. 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.

9. 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.

10. 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, 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

11. 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.



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12. 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.
