



**Government of Pakistan**  
Cabinet Division  
Special Technology Zones Authority  
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## FREQUENTLY ASKED QUESTIONS

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### 1. 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.

### 2. 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.

### 3. 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,

### 4. What is the overall fee structure for Zone Enterprises?

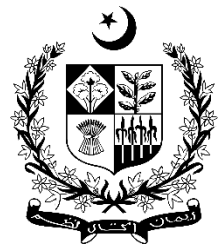
Zone Enterprises are required to pay an application processing fee, initial and annual license fee, and any other fee as may be notified by Authority for filing of supplementary applications under applicable regulations. STZA reserves the right to revise the applicable fees and charges at any time, subject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

### 5. 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



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is non-refundable. Applicants are requested to refer to Application Guidelines for Zone Enterprises for further details.

**6. 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.

**7. 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.

**8. 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.

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

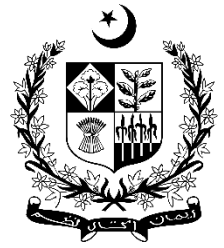
No. The tax benefits that would be provided to Zone Developers and Zone Enterprise are explicitly mentioned in sections 20 and 21 of the Special Technology Zones Act, 2021 and shall become operational only after appropriate legislative amendments relating to the incentives are made under applicable tax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



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- 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.

**10. 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.

**11. 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.

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

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.

**13. 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.

**14. 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.



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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*

**14. 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.

**15. 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.