

A
Bill

to ensure the development of scientific and technological ecosystem through development of *zones* 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 *ecosystems*, to attract foreign direct investment, develop collaboration ecosystem 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,

It is hereby enacted as follows:—

1. Short title, extent and commencement. — (1) This *Act* shall be called the **Special Technology Zones Authority Act, 2021**.

(2) It extends to the whole of Pakistan.

(3) It shall come into force at once.

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

(a) “**Administrator**” means the Administrator as described under section 26;

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

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

(d) “**Chairperson**” means the Chairperson of the Authority appointed by the Prime Minister, pursuant to the provisions of this Act, who is entrusted with whole or substantially whole of the powers of the management of affairs of the Authority in accordance with the Act;

(e) “**Capital Goods**” means the goods including but not limited to materials, plant, machinery, hardware, equipment and software, devices, instruments, accessories, attachments, building materials, materials and any other equipment required to perform functions of the Authority, zones, zone developers and zone enterprises, whether or not manufactured locally, for use in the zones, set up under the Special Technology Zones Authority Act, 2021;

- (f) ***“co-zone developer”*** means a Partner of the zone developer for the establishment, development, operation or management of zone;
- (g) ***“Division Concerned”*** means the Cabinet Division;
- (h) ***“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 or a part thereof;
- (i) ***“Master Plan”*** means an overarching planning document providing conceptual, spatial, landscape, infrastructure, facilities etc. plan, which is used to structure the land and development of infrastructure and facilities for facilitating the smooth functioning of the zones;
- (j) ***“Member”*** means Member of the Authority;
- (k) ***“One Window Facility”*** means a physical or an information and communication technology (ICT) facility, comprising of relevant entities of Federal, Provincial or Local Governments, for facilitation of the zone developer and zone enterprises to lodge standardized information and documents with a single-entry point to fulfill the requirements under the Act, rules or regulations including the establishment, development, execution, operations, functioning and management of zones;
- (l) ***“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;
- (m) ***“Prescribed”*** means prescribed by rules or regulations made and notified under this Act;
- (n) ***“Regulations”*** means regulations prescribed under this Act;
- (o) ***“Research and Development”*** includes regular activities carried out with the purpose of obtaining new knowledge that shall enable the development of science and technology or creating new equipment, systems, products, services, processes, applications, and tools etc., using the available information and resources, including training and development, software production or improving those that are available;
- (p) ***“Rules”*** means rules prescribed under this Act;

- (q) *“Special Technology zones Appellate Tribunal” means the Special Technology zones Appellate Tribunal constituted under this Act;*
- (r) *“Technology Sector” includes one or more technology sectors prescribed by the Authority under the rules;*
- (s) *“zone developer” means a public, private or a public-private Person responsible for development, operation or management of the whole, or a part of the whole special technology zone, and licensed by the Authority as such, and includes a co-zone developer;*
- (t) *“zone enterprise” means any public, private, or public-private Person developing, operating and managing a technological enterprise within the zone and licensed as such by the Authority;*
- (u) *“zone” means a particular type or class of zone, which may be geographical or virtual, new or existing or expansion of an existing zone, as approved and notified by the Authority under the rules, including, but not limited to special technology zones, information technology parks, high-tech industrial areas, software technology parks, hardware technology parks, technology export zones, free technology zones, science and technology parks, information technology zones, science and technology zones, R&D zones, opportunity zones, innovation zones, technology development zones, knowledge parks, smart cities, knowledge cities, technology incubation zones or any sector zones, which are developed for the development, promotion and proliferation of technology, particularly all the latest cutting edge technologies and may require technological intervention such as biotech, chemical technologies, agritech, fintech, robotics, nanotech, edtech, etc. and other zones with any combination or combinations of the aforesaid fields.*

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

(2) The Authority shall comprise of the Chairperson and up to eight (8) Members to be appointed in accordance with the provisions of this Act.

Provided that the Chairperson with the consent of the Board may increase or decrease the number of Members, from time to time, as may be considered appropriate.

(3) 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 or more similar terms.

(4) The Members shall be appointed and removed in accordance with the regulations.

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

(6) *The Chairperson of the Authority may resign from his office by writing in his hand addressed to the Prime Minister, or may be removed from his office if, on an inquiry by the Prime Minister, he is found unable to perform the functions of his office because of mental or physical disability or he is found guilty by a court of any serious crime of moral turpitude.*

(7) *The Authority may create, sanction and approve posts, from time to time as per regulations, and prescribe by regulations the qualifications, experience and terms and conditions for appointment of the Chairperson, Members, Executive Directors and other officers and staff of the Authority.*

(8) *The Authority shall meet at such time and place and in such manner, as may be prescribed by regulations.*

(i) *Three Members shall constitute a quorum for meetings of the Authority requiring a decision by the Authority.*

Provided that until regulations are made in this behalf, such meetings shall be convened by the Chairperson.

(9) *No act or proceeding of the Authority shall be invalid by reason only of the existence of a vacancy in, or defect in, the constitution of the Authority.*

(10) *The powers and functions of the Authority as provided in the Act shall be exercised in the name of the Authority by the Authority, comprising of Chairperson and the Members, which shall act through the Chairperson who shall be the chief executive of the Authority. In performance of his functions under the Act, the Chairperson may act either directly or through the Members.*

(11) *The principal office of the Authority shall be in Islamabad and it may set up offices at such place or places within or outside Pakistan as may be required.*

(12) *The Authority shall be a body corporate having perpetual succession and a common seal, with power, to purchase, acquire, sell, lease, sub-lease, sub-let, license and hold moveable and immoveable property, and shall by said name sue and be sued.*

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

4. Powers of the Authority. — (1) Subject to the provisions of this Act, 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 sub-section (1), the Authority shall have exclusive power and authority —

(a) for planning, policy formulation, execution, monitoring and evaluation of zones which may be assigned to it, approved by it, notified by it or developed by it from time to time;

- (b) *to approve and notify zones in accordance with the rules or regulations;*
 - (c) *for establishment, development, implementation, operations, management and functioning of zones;*
 - (d) *to make or cause to make arrangements for provision of security, utilities, roads, basic infrastructure, high speed internet and any other services required to ensure smooth development and functioning of zones;*
 - (e) *to allow any additional incentives, subsidies and rebates, for zone developers and zone enterprises, with the approval of the Federal Government, Provincial Governments or local governments as the case may be;*
 - (f) *to charge fees and charges for services rendered and the licenses issued to the zone applicants, zone developers and zone enterprises as may be prescribed.*
 - (g) *to impose fines, sanctions and penalties for contraventions under this Act, rules or regulations.*
 - (h) *to appoint an Administrator to the zones in accordance with this Act and any applicable rules or regulations;*
 - (i) *to collect information with respect to technologies and technological developments within and outside Pakistan and review the impact thereof;*
 - (j) *to enter into contracts, agreements or any other legal instrument for the purposes of this Act;*
 - (k) *to purchase, acquire, sell, lease, sub-lease, sub-let, license and hold moveable and immoveable property and set up companies for the purposes of the zones to meet the objectives of this Act;*
 - (l) *to seek assistance from any Federal / Provincial officer, Ministry, Division, department or agency for the performance of its functions under this Act;*
 - (m) *to set up One Window Facility to facilitate zone developers and zone enterprises;*
 - (n) *to do anything incidental and ancillary to the foregoing as may be deemed necessary.*
- (3) *The services provided by the Authority shall be deemed to be essential services for the purposes of the Pakistan Essential Services (Maintenance) Act, 1952, and shall be notified accordingly.*

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, *the Provincial Government or the Local Governments*;
- (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 *relaxation* of conditions or criteria to the Federal Government, *the Provincial Government or the Local Governments* for approval;
- (c) be associated in the formulation of all policies that may have an impact on investment in *Technology Sectors* in Pakistan, including economic, fiscal and trade policies;
- (d) coordinate with Ministries, departments, agencies and Provincial Governments *or Local Governments* with regard to policies and their implementation having impact on investment in *Technology Sectors*;
- (e) identify and promote *Technology Sector* investment opportunities *within and outside* Pakistan ;
- (f) develop and approve mechanisms and arrangements for management and operation 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;
- (g) identify, create and upgrade technological and scientific clusters and industrial support systems within *zones* including, but not limited to *Research and Development* centres, *skills* development centres, training institutes, data centres, universities, hospitals, and other hard and soft infrastructure related to successful execution of *zones*;
- (h) attract investment into *zones including* foreign direct investments, venture capital funds, public sector investments, public-private investments and private funds;
- (i) 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;
- (j) identification and approval of locations for setting up *zones*;
- (k) procure and acquire land or any infrastructure for the *zones*;
- (l) 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;

- (m) develop studies, feasibility reports, experiments, public-private partnership frameworks, financial vehicles, technical research and surveys related to *zones*;
- (n) develop or cause to be developed *Master Plans* for *zones* and approve or cause to approve them;
- (o) act as *One Window Facility* for investors, *zone developers*, *zone enterprises* and other stakeholders involved in *zones* dealing with other relevant government entities on their behalf ;
- (p) 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;
- (q) collect, compile, analyse, maintain and distribute *zones* related information, and from time to time publish analytical reports, trends and insights;
- (r) *promote a congenial environment and ensure ease of doing business for investments into zones by allowing import of Capital Goods as required by the zone developers and zone enterprises;*
- (s) negotiate and finalize all such acts, deeds, initiatives, agreements for protection and promotion of technology related investments with other countries, *international forums*, *financial institutions* and *multi-lateral agencies*, 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*;
- (t) liaise with private sector trade bodies and associations, *both local and international*, for their active participation in promotion of technology related investment;
- (u) approval, issuance, *notification* and cancellation of *licenses* of *zone enterprises* and *zone developers*,
- (v) *allocate, lease, sub lease, rent, sell* land, space, lots within *zones* developed by the Authority itself;
- (w) 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 of 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 for a term of *four* 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 powers and functions of the Board are as follows:*
- (a) *develop and approve national special technology zone strategy, national emerging technologies strategy, and national information and communication technology strategy;*
 - (b) *develop and approve national special technology zone plan, national emerging technologies plan, and national information and communication technology plan;*
 - (c) *approval of the rules and regulations of the Authority;*
 - (d) *issue such directions and policy guidelines to the Authority from time to time to protect the interests of the Government, investors and public;*
 - (e) *oversight, supervision and monitoring the performance of the Authority;*
 - (f) *approval of the annual budget, annual audited financial statement and accounts for any particular financial year;*
 - (g) *approval of annual report of the Authority;*

- (h) *to annually review the implementation of this Act with a view to improving policies relating to zones;*

7. Budget, finance and audit. — (1) The Authority *shall*, in respect of each financial year, prepare its own budget in accordance with *the prescribed procedure and submit to the Board for approval.*

(2) *The Budget statement shall specifically state 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 Authority shall maintain complete and accurate books of accounts of its receipts and expenditure.*

(4) *The accounts of the Authority shall be audited at the close of each financial year by a qualified firm of Chartered Accountants.*

(5) *The Authority shall produce such accounts, books and documents and furnish such explanations and information as the auditors may require for the purpose of audit by the external auditors or Auditor General of Pakistan.*

(6) *Copies of the Auditor's Report on the accounts shall be provided to the Authority and the Board.*

(7) *The Chairperson of the Authority shall be its Principal Accounting Officer.*

8. Grants. — (1) The Federal Government, *the Provincial Governments and the Local Governments* may, from time to time, place annual grants *to* the Authority for the smooth discharge of its affairs.

(2) *The Authority may receive domestic and international grants for the purposes of achieving the objectives of this Act.*

9. Funds. — (1) There shall be constituted a *non-lapsable* fund to be called the Special Technology Zones 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 *Act*. The *Fund* shall be credited all sums received by the Authority. The Fund shall *be financed by:*

- (a) *fees, commissions, charges and other amounts received by the Authority;*
- (b) *funds including grants provided by the Federal Government for payment of salaries, establishing infrastructure and running day-to-day business of the Authority as a one line budget;*
- (c) *funds provided by the Provincial, Local Governments or any other body including grants;*
- (d) *funds including grants from national and international bodies / organizations;*
- (e) *loans from the Federal Government or Provincial Government;*
- (f) *loans, investments and foreign aid obtained by the Authority;*
- (g) *funds raised through Public-Private Partnerships by the Authority;*

(h) funds from bonds, *sukuks* 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;

(i) proceeds of any investments made by the Authority in utilizing any amount of *Funds* which is not required for immediate use.

(2) *The Fund will be utilized for the above purposes as per the mechanism prescribed in the regulations.*

(3) Without prejudice to any other law for the time being in force, the Authority may invest *in development of projects, specialized funds or financial vehicles or any other area approved by the Authority with fees and contributions from zone developers and zone enterprises, and with funds from public, private or international entities, and Federal, Provincial or Local Governments, to achieve objectives of this Act.*

10. Bank accounts. — (1) The Authority may open and maintain bank accounts in local and foreign currency in any scheduled bank in Pakistan .

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

11. Approvals Committee. — (1) There shall be a committee, called *Approvals Committee*, headed by the Chairperson and *up-to eight members from amongst the Members* and officers of the Authority nominated by the Chairperson for this purpose.

(2) The Chairperson may call any person *or adviser or consultant* as an expert to assist the *Approvals Committee* and such person *or adviser or consultant* shall not be eligible to cast a 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) *Two third* or more of the members shall constitute quorum of the *Approvals Committee*.

(6) Where the Chairperson is not present, *a Member* 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 *through* voting. In case of equal voting, the Chairperson of the committee shall have the discretion to take *the final* 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.

(10) *The Chairperson may constitute sub-committees to assist the Approvals Committee to discharge any of its functions.*

12. Functions and Responsibilities of the Approvals Committee. — The functions and responsibilities of the *Approvals Committee* shall be —

- (a) to *recommend* such procedures, mechanisms and *regulations to the Authority* for implementation of this *Act* 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 *recommend* strategic initiatives to the Authority including, but not limited to, inter-alia, establishing new *zones*, *expansion of existing zones*, entering into agreement with other entities, joint ventures, public-private partnerships etc.;
- (e) to *recommend* additional incentives for *zone developers and zone enterprises*;
- (f) to *recommend* any existing or new *zone* proposed by any investor, whether public or private;
- (j) to consider and approve *zone developers and zone enterprises* applications and agreements.

13. Criteria for approval of zones. — (1) The Authority shall *prescribe the* criteria for approval of *zones* in the rules.

14. Licensing of zone enterprises and zone developers. — (1) The Authority shall *prescribe the* criteria and procedures for licensing of the *zone enterprises and zone developers* in the regulations.

15. Sanctions against zone enterprises and zone developers. — A mechanism may be *prescribed* by the Authority in the regulations for sanctions, *imposition and recovery of penalties and fines* against *zone enterprises and zone developers* for violations of *this Act or any rule or regulation prescribed by the* Authority.

16. Land regime. — (1) *The acquisition of any land or any interest in land for the Authority or for any purpose under this Act shall be deemed to be an acquisition for a public purpose within the meaning of the Land Acquisition Act, 1894 (1 of 1894) or any successor legislation, and the provisions of the said Act shall apply accordingly.*

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

Explanation - The expression “Federal Government, Provincial Government and Local Government” shall mean and include any authority, body, corporation or legal entity established or controlled by such Government and the word “transfer” shall mean and include any and all modes of transfer of properties, assets, land or infrastructure permissible under the laws of Pakistan.

17. Public utilities and other facilities. — (1) *The Federal Government, Provincial Governments, Local Governments, Municipal Authorities, Cantonments, and other Territories of Pakistan, as the case may be, shall ensure the removal of all obstacles to the provision of, all infrastructure and utility facilities, at their cost, including but not limited to electricity, water, gas, roads, telecommunication services and other essential facilities necessary for efficient operations of a zone. The Federal, and Provincial Governments shall ensure adequate road access, at their cost, to the zones and adequate provision of zones from a safety and security standpoint.*

(2) The zone developer shall have the right to set up a renewable, 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 or regulations of the Authority and to sell only the excess electricity generated outside that particular zone as per prevailing laws.

(3) *The Authority may execute agreements with the Provincial Governments, Local Governments, Municipal Authorities, Cantonments, local authority and other Territories of Pakistan for the purposes of implementation of this section.*

Explanation - *The expression "Federal Government, Provincial Government, Local Government, Municipal Authorities, Cantonments, local authority and other Territories of Pakistan" shall mean and include any authority, body, corporation or legal entity established or controlled by such Government.*

18. 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 20 and 21.

(2) With the objective of promoting a particular sector, industry or zone, the Authority may recommend and the Federal Government may grant additional incentives and exemptions to zone enterprises and zone developers including but not limited to subsidies for electricity, gas and high speed internet connectivity inside the special technology zones, 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 developers and zone enterprises within five years from the date the agreement is signed with the zone developers, and within the first year of operations of a zone enterprise.
- (3) Any additional benefits granted by the 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 Act 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 *incentives, benefits and exemptions as set out in this Act.*

19. Protection of incentives. — (1) Incentives, *benefits and protections* under this *Act* 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 or modified or altered prematurely and retrospectively and any change therein shall be to the advantage of the zone developer and zone enterprise and not otherwise.

20. Exemptions and Incentives for the Authority and for the zone developers. — (1) The following shall be the incentives for the Authority and zone developers from the date of signing of the Development Agreement, for a period of ten years namely:—

- (a) *Exemption from all taxes under the Income Tax Ordinance, 2001 including tax on profits and gains, income tax, turnover tax, withholding tax, capital gains tax, income tax on dividend income and withholding tax on dividend;*
- (b) *Exemption from sales tax under the Sales Tax Act, 1990;*
- (c) *Exemption from Customs Duty under the Customs Act 1969 on the import in Pakistan of all Capital Goods including but not limited to materials plant, machinery, hardware, equipment and software, devices, instruments, accessories, attachments, building materials, materials and any other equipment required to perform functions of the Authority, zones and zone developers, whether or not manufactured locally, for use in zones;*
- (d) *Exemption from property tax;*
- (e) *Exemption on dividend income and capital gains of any venture capital fund (whether local or foreign) derived from investments in the zone developers; and*
- (f) *permission for opening and maintaining of foreign currency accounts, availability of foreign exchange, full convertibility to foreign currency and repatriation and free transfer of foreign currency to meet the requirements of investors, lenders, contractors, operators, consultants, insurers, reinsurers, vendors and advisors in relation to any compensation amounts, loan repayments, equity and return on equity, profits, works, goods and services in accordance with the foreign exchange regulations of the State Bank of Pakistan for zones.*

For the avoidance of doubt, co-zone developer shall be entitled to the tax exemptions and incentives permissible to the zone developers under Section 20.

21. Exemptions and Incentives for zone enterprises. — The following shall be the incentives for the zone enterprises from the date of issuance of license for a period of ten years, namely:—

- (a) *Exemption from all taxes under the Income Tax Ordinance, 2001 including tax on profits and gains, income tax, turnover tax, withholding tax, capital gains tax, income tax on dividend income and withholding tax on dividend;*

- (b) *Exemption from sales tax under the Sales Tax Act, 1990;*
- (c) *Exemption from Customs Duty under the Customs Act 1969 on the import in Pakistan of all Capital Goods including but not limited to materials, plant, machinery, hardware, equipment and software, devices, instruments, accessories, attachments, building materials, materials and any other equipment required to perform functions of the zone enterprises, whether or not manufactured locally, for use in zones;*
- (d) *Exemption from property tax;*
- (e) *Tax exemption on dividend income and capital gains of any venture capital fund (whether local or foreign) derived from investments in the zone enterprises; and*
- (f) *permission for opening and maintaining of foreign currency accounts, availability of foreign exchange, full convertibility to foreign currency and repatriation and free transfer of foreign currency to meet the requirements of investors, lenders, contractors, operators, consultants, insurers, reinsurers, vendors and advisors in relation to any compensation amounts, loan repayments, equity and return on equity, profits, works, goods and services in accordance with the foreign exchange regulations of the State Bank of Pakistan for zones.*

22. Alternate dispute resolution mechanism. — (1) The Authority shall prescribe a legally binding and enforceable alternate dispute resolution mechanism consistent with the applicable laws for the settlement of all disputes arising among and between the Authority, zone developers or zone enterprises.

(2) All agreements between zone developers, its operators and sub-consultants, and zone enterprises shall be governed by the afore-stated alternate dispute resolution mechanism prescribed by the Authority.

Provided that nothing herein shall preclude the Authority or any of its subordinate entities or companies from entering into international arbitration agreements with foreign zone developers and zone enterprises.

23. Cognizance of legal disputes. — (1) No court shall take cognizance of a legal dispute under this Act or the rules or regulations made thereunder to which the jurisdiction of the Special Technology zones Appellate Tribunal extends.

(2) The Special Technology zones Appellate Tribunal shall have exclusive jurisdiction to determine all disputes arising in respect of any matters—

- (a) *concerning any officer or employee of the Authority with the exclusion of the Chairperson;*
- (b) *concerning the exercise of powers and functions of the, Authority under sections 4 and 5 of the Act or, Administrator under section 26;*
- (c) *concerning any aspect relating to the one-window facility established by the Authority;*
- (d) *concerning any decision of the Approvals Committee;*
- (e) *in relation to sections 13 and 14 of the Act or any rules or regulations prescribed thereunder*

- (f) *concerning any sanction, penalty or fine imposed by the Authority under section 15 or any rules or regulations prescribed thereunder;*
- (g) *relating to section 19 of the Act; and*
- (h) *concerning any other rule or regulation prescribed by the Authority.*

24. Appeals to Special Technology zones Appellate Tribunals. — (1) *Any zone developer or zone enterprise or a concerned person aggrieved by any order of the Authority may prefer an appeal before the Special Technology zones Appellate Tribunal, within thirty days of the order, in accordance with the prescribed rules.*

(2) *An appeal to the Special Technology zones Appellate Tribunal shall be in such form, contain such particulars and be accompanied by such documents and fees as may be prescribed under this Act.*

(3) *The Special Technology zones Appellate Tribunal shall consist of a Chairman, who shall be a legal expert, and two members, one being a technical expert and the other being a financial expert, who shall be persons of ability, integrity and have special knowledge and professional experience of not less than ten years in the fields of law, economics, technology or finance.*

(4) *The Chairman and Members of the Special Technology zones Appellate Tribunal shall hold office for a period of three years and shall be eligible for reappointment for a similar term or terms and shall cease to hold office on attaining the age of sixty eight years or the expiry of the term whichever is earlier.*

(5) *The terms, conditions and appointment of the Special Technology zones Appellate Tribunal Chairman and other members shall be in the manner as may be prescribed this Act, which may be made and shall take effect, notwithstanding anything contained in any other law or rules for the time being in force.*

(6) *The Chairman and the members shall be entitled to such salary and other terms and conditions of service as the Authority may prescribe.*

(7) *The Special Technology zones Appellate Tribunal shall decide an appeal expeditiously but not later than three months of its presentation to the Tribunal.*

(8) *The Special Technology zones Appellate Tribunal shall, for the purpose of deciding an appeal, be deemed to be a civil court and shall have the same powers as are vested in such court under the Code of Civil Procedure, 1908 (Act V of 1908), including the powers of—*

- (a) *enforcing the attendance of any person and examining him on oath;*
- (b) *compelling the production of documents; and*
- (c) *issuing commissions for the examination of witnesses and documents.*

(9) *It shall be sufficient for the Special Technology zones Appellate Tribunal to establish, or to be satisfied as to any matter on the standard of proof applicable to civil proceedings in summary manner in a court of law.*

(10) *The Special Technology zones Appellate Tribunal's determinations or decisions under this Act shall be deemed to be the decrees of a civil court under the Code of Civil Procedure, 1908 (Act V of 1908).*

Explanation — *It is clarified that the timeframe for rendering a decision of three months is mandatory and not directory.*

25. Appeal to Supreme Court. — (1) *Any person aggrieved by an order of the Special Technology zones Appellate Tribunal may prefer leave to appeal to the Supreme Court of Pakistan within sixty days under the rules prescribed by the Supreme Court.*

26. Appointment and Powers of Administrator. — (1) *The Authority may appoint any one or more persons an Administrator to investigate, either on its own motion or on the basis of any information received, whether any contravention of any provision of or anything prescribed by this Act has been committed. Provided that an Administrator's investigation shall be carried in the manner prescribed.*

(2) *Where an Administrator, after concluding an investigation is satisfied that a contravention of any provision of or anything prescribed by this Act has been committed, may recommend to the Authority to undertake any of the following in the manner prescribed:*

- (a) *impose a fine on or sanction any person responsible for such contravention;*
- (b) *cancel any license issued by the Authority to any person responsible for such contravention;*
- (c) *issue directions to any zone developer, co-zone developer, or zone enterprise to cease from doing any particular act in a zone;*

27. Powers to make rules. — (1) *The Authority may, with the approval of the Federal Government, make rules, on the matters as deemed necessary for implementation and to carry out the 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, Members, Executive Directors, officers and employees of the Authority.*

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

29. Annual report. — (1) *The Authority shall prepare and submit to the Board, 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.*

30. Delegation of powers. — (1) The *Authority* may delegate any of its powers and assign its functions subject to such conditions as it may deem fit to impose, to the Chairperson, *Approvals Committee* or any other committee.

31. Recruitment. — (1) The *Authority* may, from time to time, *create, sanction and approve posts and* determine the need to employ and appoint such *Members*, 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.

Provided that the regulations, orders, instructions for the time being in force governing all appointments and terms of service of employees of the Authority shall be contractual and non-statutory.

32. Employee of the Authority to be public servants. — (1) For the purposes of this *Act*, the Chairperson, *Members*, *Executive Directors* and other *Officers*, 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).

33. Assistance from agencies. — (1) *Notwithstanding anything contained in any other law for the time being in force*, the *Authority* may seek any *assistance or* information from *any person* including but not limited to, any Ministry, Division, department, statutory body, corporation, agency of the Federal, Provincial or Local Governments which, in its opinion, concerns any matter relating to the *smooth functioning of the Authority* and the requisite *assistance or* information, *whatever the case may be*, shall be provided to the *Authority* within the time frame stipulated by it. *In cases where consent is sought, and it is not received within the stipulated time, it shall be deemed as approved after completion of the stipulated time.*

34. Public Sector and State-Owned Enterprises Investments in zones. — (1) *Notwithstanding any prohibition or limitation contained in any law, rules regulations, directives or instructions for the time being in force, all public sector authorities, departments, agencies, funds, statutory and non-statutory bodies, other authorities and state-owned enterprises established or controlled by the Federal, Provincial or Local Government may, with the approval of their competent authorities, invest in the zones after due consultations with the Authority.*

35. Employment of Key Persons. — *Notwithstanding anything contained in any other law, the Authority may issue special rules for the employment by zone developers and zone enterprises of key managerial and technical persons who are not citizens of Pakistan, relating to the terms and conditions of their contracts as well as with respect to the issuance of visas, temporary residence permits and temporary work permits for such key persons and their dependents.*

36. Indemnity. — No suit, prosecution or other legal proceedings shall lie against the *Board*, *Authority*, the Chairperson, *Members*, *Executive Directors*, *officers*, the employees and consultants of the *Authority and its subsidiaries* for anything done in good faith or intended to be done under this *Act* or any rule or regulation made thereunder.

37. Sums payable to the Authority to be recoverable as land revenue. — *All sums payable to the Authority in accordance with the provisions of this Act and the rules or regulations shall be recoverable as arrears of land revenue.*

38. Act to override other laws. — (1) The provisions of this Act 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 Act.

39. Jurisdiction Barred. — (1) *Notwithstanding anything contained in any other law, the powers and functions of the Authority relates to the national security of the Pakistan and therefore shall not be called into question through any criminal or civil proceedings or otherwise by any agency. Save as provided under this Act, no order made or proceeding taken under this Act, rules or regulations made thereunder by the Authority or any officer or Authority authorized by it shall be called in question in any court or administrative tribunal and no injunction shall be granted by such court or tribunal in respect of any decision made or proceedings taken in pursuance of any power conferred by or under this Act, rules or regulations made thereunder.*

40. Removal of difficulties. — (1) If any difficulty arises in giving effect to any of the provisions of the Act, the Federal Government may, within one year of the commencement of this Act, make such order, not inconsistent with the provisions of this Act, as may appear to it to be necessary or expedient for the purpose of removing such difficulty.

41. Repeal and savings. — (1) *The Special Technology Zones Authority Ordinance, 2020 hereinafter referred to as the repealed Ordinance is hereby repealed.*

(2) *Notwithstanding the repeal of the repealed Ordinance or anything contained hereinbefore, all orders made, decisions taken, rules or regulations made or amended, notifications issued, actions taken, appointments made by the Authority, the Prime Minister or the President of the Board, and the Board, pursuant to the repealed Ordinance, shall be deemed always to have been lawfully and validly made, taken, or issued under the provisions of this Act, shall continue to be in force unless amended, varied, withdrawn, rescinded or annulled by a person or authority competent to do so under this Act, and shall not be called in question before any Court of Law.*

(3) *All assets, rights, powers, authorities and privileges and all property, cash and bank balances, reserve funds, investment and all other interests and rights in or arising out of such property and all debts, liabilities and obligations of whatever kind of the former Authority subsisting immediately before its dissolution shall stand transferred to and vest in Authority constituted under this Act.*

(4) *Notwithstanding anything contained in this Act or any other law for the time being in force or in any agreement, deed, document, or other instrument all officers, consultants, advisers, auditors and other employees and staff of the former Authority shall stand transferred to and be officers, consultants, advisers, auditors and employees and staff of Authority.*

Provided that the Chairperson and Members of the Authority on the date hereof shall be deemed to be the Chairperson and Members of the Authority.

(5) *The persons mentioned hereinabove shall be deemed to have been appointed or engaged by Authority in accordance with the same terms and conditions of service as were applicable to them, immediately before such continuance in office or transfer.*

Provided that the civil servants appointed to or working in the former Authority shall upon their transfer to the Authority continue to be governed by the federal civil servants laws and rules made thereunder;

(6) *All debts and obligations incurred, or contracts entered into, rights acquired, and all matters and things engaged to be done by, with or for the former Authority shall be deemed to have been incurred entered into, acquired or engaged to be done by, with or for the Authority.*

(7) *All suits and other legal proceedings instituted by or against the former Authority before its repeal shall be deemed to be suits and proceedings by or against the Authority and shall be proceeded or otherwise dealt with accordingly.*

(8) *All actions taken by the Board, the Authority, Chairperson, Members, the officers and employees of the Authority between the lapse of the Ordinance and enactment are saved and not legally challengeable.*

(9) *Any reference to the former Authority in any statutory instrument or document shall, unless the context otherwise requires, be read and construed as reference to be Authority.*

STATEMENT OF OBJECTS AND REASONS

Subject: SPECIAL TECHNOLOGY ZONES AUTHORITY Bill, 2021

To provide institutional and legislative support for national technology sector with internationally competitive and export oriented structures and ecosystem, in addition to developing collaboration between academia, research and technology industry. This would help in creating jobs in the technology sector, capitalizing on our youth dividend. Creation of the Authority will also build an environment, which would attract foreign direct investment, apart from improved quality of domestic technology products and services and fostering innovation.

(Zaheer-Ud-Din 'Babar Awan)
Adviser to the Prime Minister
on Parliamentary Affairs