



THE FOREIGN INVESTMENT (PROMOTION AND PROTECTION) ACT, 2022



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THE FOREIGN INVESTMENT (PROMOTION AND PROTECTION) ACT, 2022

ACT NO. XXXV OF 2022

[13th December, 2022]

AN

ACT

to provide for promotion and protection of certain qualified foreign investments and for matters incidental thereto

WHEREAS it is expedient and in the national interest to attract, encourage, and protect, large scale foreign investment into Pakistan and to ensure sustainable economic activity and growth;

AND WHEREAS it is necessary to improve the investment climate in Pakistan by way of providing incentives in direct and indirect taxes and ease of transfer and repatriation of foreign investments to the large scale foreign investments and by protecting such incentives from withdrawal;

AND WHEREAS it is essential for the Federal Government, the Provincial Government, and the local governments and other relevant authorities to work together and cooperate to ensure provision of incentives and protection to the qualified investments;

AND WHEREAS the Provincial Assemblies of Balochistan and Sindh have each passed a resolution under Article 144 of the Constitution of the Islamic Republic of Pakistan to the effect that Majlis-e-Shoora (Parliament) may by law regulate certain matters enumerated in this Act and whereas the Provincial Assemblies of Khyber Pakhtunkhwa and the Punjab may do so in the future;

AND WHEREAS in relation to qualified investments, the Provincial Assemblies of Balochistan and Sindh have each passed a resolution under Article 147 of the Constitution of the Islamic Republic of Pakistan authorising the Federal Government to declare as protected benefits any notification issued by a Provincial Government under a provincial law and whereas the Provincial Assemblies of Khyber Pakhtunkhwa and the Punjab may do so in the future;

It is hereby enacted as follows:—

1. Short title, extent, application and commencement.—(1) This Act shall be called the Foreign Investment (Promotion and Protection) Act, 2022.

(2) It extends to the whole of Pakistan ¹[but for the purpose of Balochistan Province, it shall only apply to the qualified investment of Reko Diq project as mentioned in schedules and annexures of this Act].

(3) It shall come into force at once.

(4) It shall be applicable to all qualified investments along-with such incentives as enacted or notified by the Federal Government from time to time.

¹Added by the Foreign Investment (Promotion and Protection) (Amdt.) Act No. XXXVI of 2022 s.2.

2. Definitions.—(1) In this Act (including the Schedules), unless there is anything repugnant in the subject or context.—

- (a) **“concerned Government”** means the Federal Government, any Federal Government entity or any Provincial Government, as the case may be;
- (b) **“enterprise”** means any organisation, whether incorporated or not, including any company, corporation (including any non-profit corporation), limited liability company, limited duration company, branch of a foreign company, association, organization, foundation, fund, general partnership, limited partnership, limited liability partnership (in each case, registered or un-registered), joint venture, joint stock association, an association of persons, firm, society, trust, or any other legal person, enterprise, association, organization or entity as may be recognized under the laws of any jurisdiction;
- (c) **“export processing zone”** means an area that is declared to be a zone for the purposes of the Export Processing Zones Authority Ordinance, 1980;
- (d) **“Federal Government”** means the Government of the Islamic Republic of Pakistan;
- (e) **“Federal Government entity”** means any public sector company as defined under section 2(54) of the Companies Act 2017 (Act XIX of 2017), any agencies or instrumentalities of the Federal Government, including but not limited to any ministry, division, department, commission or office of the Federal Government as well as any authority or enterprise set up or established under and pursuant to federal legislation, autonomous or semi-autonomous body, local body, and any other entity fully or majority owned or controlled by the Federal Government, and/or quasi- governmental or non-government organizations given authority by governmental entities or organizations at any level of government, and includes the State Bank of Pakistan and any local or municipal authority or statutory body within the ICT;
- (f) **“financial institution”** means a financial intermediary, bank or other enterprise that is authorized to do business and regulated or supervised as a financial institution or bank under the laws of Pakistan;
- (g) **“Government servant”** means a civil servant as defined in the Civil Servants Act, 1973 (LXXI of 1973) or under a Provincial Civil Servants Act, and includes any person in the service of any statutory body or Federal Government entity or Provincial Government entity;
- (h) **“ICT”** means the Islamabad Capital Territory;
- (i) **“investment”** includes any asset that an investor owns or controls, directly or indirectly, that has the characteristics of an investment, including such characteristics as the commitment of capital or other resources, the expectation of gain or profit, the assumption of risk, and, without limiting the generality of the foregoing, an investment may take the following forms:—
 - (i) an enterprise;

- (ii) shares, stock, and other forms of equity participation in an enterprise;
 - (iii) bonds, debentures, any Islamic financing arrangements, hedge instruments, other debt instruments and loans;
 - (iv) an interest in an enterprise that entitles the owner to share in the assets of that enterprise on dissolution;
 - (v) futures, options and other derivatives;
 - (vi) an interest arising from the commitment of capital or other resources, including under turnkey, construction, management, production, concession, revenue-sharing, and other similar contracts;
 - (vii) intellectual property rights;
 - (viii) exemptions, leases, licenses, authorizations, permits, permissions, and similar rights conferred by a concerned Government (including mining leases, exploration licenses, surface rights and water rights);
 - (ix) insurance policies;
 - (x) rights under contracts; and
 - (xi) other tangible or intangible, movable or immovable property, and related property rights such as leases, licenses, liens, mortgages, permissions, permits and pledges, and the term “invest” shall have a corresponding meaning;
- (j) **“investment agreement”** means an agreement entered into between an investor and any one or more concerned Governments in respect of a qualified investment providing investment incentives that are protected benefits as contemplated in this Act;
- (k) **“investment incentive”** includes—
- (i) an exemption, wholly or partially, from any Federal or provincial or local charges, cesses, duties, fees, levies, taxes or tolls payable under any law;
 - (ii) payment of any Federal or provincial or local charges, cesses, duties, fees, levies, taxes, or tolls at such rates, which are less than the rates specified in the applicable law;
 - (iii) payment of any Federal or provincial or local charges, cesses, duties, fees, levies, taxes, or tolls on goods, services or contracts only at such rates as are applicable at the time an Investment Agreement is signed;
 - (iv) an exemption from the operation or application of any provision of any law, regulation, rule, ordinance or other similar instrument;

- (v) a license or lease or permit or permission granted or conferred by a concerned Government;
 - (vi) licenses or permissions for the import and export of fuel, lubricants, chemicals, catalysts, minerals, raw materials, components, spare parts, machinery, and equipment;
 - (vii) grant or renewal of work permits;
 - (viii) licenses, approvals, no objections, consents, permissions, or permits for the remittance to or repatriation of foreign exchange from or into Pakistan; and/or
 - (ix) a right granted and regulated under any law applicable within the territory of Pakistan, including licenses to explore for, cultivate, extract, process, transport, sell or exploit natural resources;
- (l) **“investor”** means (i) a foreign natural person or enterprise who invests or has invested in Pakistan, including (1) foreign enterprises and any of their respective direct and indirect agents, contractors, successors, assigns, lenders, directors, employees, servants and service providers, (2) direct and indirect shareholders of an investor referred to in clause (i) and (3) any Pakistani subsidiary that is directly or indirectly owned or controlled by an investor referred to in clause (i), or (ii) any other enterprise established under the laws of Pakistan who invests in Pakistan that is chosen, approved and duly notified by the Federal Government as an investor under this Act;
- (m) **“protected account”** means a bank account established within Pakistan or outside of Pakistan in any unit or currency by an investor in connection with a qualified investment;
- (n) **“protected benefit”** means the investment incentives provided to investors and/or qualified investments through legislative amendments contained in the Second Schedule of this Act as well as all investment incentives listed in the Third Schedule of this Act;
- (o) **“Province(s)”** means the Province of Balochistan, Khyber-Pakhtunkhwa, the Punjab and Sindh, or any one of them, as the context may require;
- (p) **“Provincial Government”** means the government of a Province and any Provincial Government entity;
- (q) **“Provincial Government entity”** means a public sector company as defined under section 2(54) of the Companies Act 2017 (Act XIX of 2017), any agencies or instrumentalities of a Provincial Government, including but not limited to any ministry, division, department, commission or office of a Provincial Government as well as any authority or enterprise set up or established under and pursuant to provincial legislation, autonomous or semi-autonomous body, local body, and any other entity fully or majority owned or controlled by a Provincial Government, and/or quasi-governmental or non-government

organizations given authority by governmental entities or organizations at any level of government;

- (r) **“qualified investment”** means the investments, sectors, industries or projects as may be chosen, approved and duly notified by the Federal Government as a qualified investment in the First Schedule to this Act; and
- (s) **“Schedule”** means a Schedule to this Act and includes the First Schedule, the Second Schedule and the Third Schedule.

3. Notification and protection of qualified investments and investment incentives.—(1) All investments, sectors, industries or projects listed in the First Schedule to this Act shall be deemed to be qualified investments.

(2) The Federal Government may notify additional investments, sectors, industries or projects as qualified investments through a notification in the official Gazette amending the First Schedule to this Act.

(3) The Federal Government may choose and approve qualified investments on such terms and conditions and for such duration as deemed in the national interest:

Provided that no investment shall be notified as a qualified investment unless the amount to be invested (whether in the form of equity or debt) is not less than US\$ 500 million (or its equivalent in Pak Rupees):

Provided further that the Federal Government may, for reasons to be recorded, notify an investment as a qualified investment even if the amount to be invested therein is less than US\$ 500 million (or its equivalent in Pak Rupees).

(4) The Federal Government may provide such investment incentives to qualified investments and/or the investors who have made an investment in such qualified investment on such terms and conditions and for such duration as may be notified or, as applicable, implemented through further legislation, from time to time.

(5) The legislated amendments provided in the Second Schedule to this Act and the investment incentives listed in the Third Schedule to this Act shall be applicable to such qualified investments as shall be specified therein.

(6) The Federal Government may notify such additional investment incentives to be protected benefits for such period, in relation to such qualified investments, and on such conditions, as the Federal Government deems appropriate, through a notification in the official Gazette amending the Second Schedule or the Third Schedule, as applicable:

Provided that the Federal Government may notify only such investment incentives to be protected benefits which are necessary or desirable as a consequence or in connection with the resolution of international commitments or which are expected to accrue such substantial benefits to Pakistan which justify their inclusion as protected benefits.

(7) The Federal Government may not amend the First Schedule so as to remove a qualified investment.

(8) The Federal Government may not amend the Second Schedule nor the Third Schedule so as to remove a protected benefit.

(9) Investment incentives under this Act (including for certainty those provided in the Second Schedule and the Third Schedule) shall be in addition to all incentives, benefits and protections, which may be applicable to a foreign investment and/or the investors therein under generally applicable legislation and international agreements of Pakistan.

(10) The rights conferred on investors by the provisions of this Act (including the Schedules) shall continue to be available to such investors to the extent of their qualified investments even if this Act is repealed or amended, unless the repealing or amending law expressly provides otherwise.

(11) A protected benefit that is a legislated amendment shall continue in force for the term specified in the Second Schedule and a protected benefit that is listed in the Third Schedule shall continue in force for the term specified in the Third Schedule (including any underlying notification referenced therein), as applicable, and shall not be withdrawn or modified, altered in any manner (whether prematurely or retrospectively) or superseded or substituted in any manner that disadvantages or operates to the detriment of any qualified investment or any investor that has made an investment in such qualified investment.

(12) If a statute on the basis of which a protected benefit has been provided is itself amended in a manner that operates to the disadvantage of any qualified investment or any investor that has made an investment in such qualified investment, the un-amended statute shall be deemed to continue in force with respect to the qualified investment and such investor, unless and until the amended statute expressly provides that it is intended to be with prejudice to the qualified investment, an investor or a protected benefit.

(13) If a concerned Government commits to an investor in an investment agreement or pursuant to this Act that no Federal, provincial or local charges, cesses, duties, fees, taxes, levies or tolls, including any requirement to make contributions to advance local, social or community matters, other than those agreed will be applicable to a qualified investment, whether then or later, then such commitment shall amount to an actionable obligation, the breach of which shall entitle the investor to appropriate relief against the concerned Government, whether in the form of damages or through injunctive relief, from any court or tribunal of competent jurisdiction:

Provided that no concerned Government may make any such commitment unless the relevant agreement with the investor containing such commitment has been reviewed and approved by the Federal Cabinet or the Cabinet of the Provincial Government concerned, as the case may be.

4. Investment incentives.—(1) The following categories of incentives, among others, may be granted to investors or to, or in respect of, qualified investments, to be commenced from the date of approval of such qualified investment and the inclusion of such investment incentive in the Second Schedule or the Third Schedule, namely: —

- (a) exemption from or concession on some or all taxes under the Income Tax Ordinance, 2001 including tax on profits and gains, income tax, turnover tax, withholding tax on interest, capital gains tax, income tax on dividend income and withholding tax on dividend;

- (b) provisions relating to anti avoidance under the Income Tax Ordinance, 2001 (XLIX of 2001) or any other legislation may not be applicable to qualified investments;
- (c) exemption from or concession on sales tax under the Sales Tax Act, 1990 and sales tax on services under respective provincial laws;
- (d) exemption from the capital value tax under section 8 of the Finance Act, 2022 (XIII of 2022) or any other tax similar in nature;
- (e) exemption from or concession on customs duty under the Customs Act, 1969 on the import into Pakistan of all capital goods including but not limited to, plant, equipment, machinery, components, catalysts, raw materials, spare parts, hardware, software, devices, instruments, accessories, attachments, building materials, materials and any other equipment required to perform functions of enterprises located in an export processing zone or related qualified investments, whether or not manufactured locally, for use by an investor;
- (f) exemption from or concession on any export duty or similar duty, cess or levy on the export from Pakistan of any products produced in Pakistan or raw materials, equipment, machinery, components, catalysts, spare parts, hardware, software, devices, instruments, accessories and other materials no longer required by an investor in connection with a qualified investment;
- (g) exemption from or concession on Federal excise duty;
- (h) exemption from or concession under any specific directions, guidelines or instructions issued under the Banking Companies Ordinance, 1962 (LVII of 1962), Foreign Exchange Regulations Act, 1947 (VII of 1947) or any similar law or regulation, as may be specified in the Third Schedule;
- (i) exemption from or concession on property tax;
- (j) exemption or remission from, or concession on, stamp duty and/or registration fees levied by the Federal Government, a Federal Government entity or a Provincial Government;
- (k) the project area of a qualified investment, as well as any bank branches of international or local banking institutions located at the same premises as the offices established in connection with such qualified investment, may be declared as an export processing zone entitled to the exemptions and concessions available to export processing zones under the Export Processing Zones Authority Ordinance, 1980 (IV of 1980) and all the rules made, or SROs issued thereunder, may be stabilized, subject to any additional incentive as may be prescribed by a concerned Government;
- (l) stabilizing a royalty rate negotiated and agreed with a Provincial Government;
- (m) exemption from or concession on application of federal and/or provincial labour and social welfare laws including laws pertaining to workers participation in companies' profits and workers welfare fund;

- (n) exemption from or concession on levy of federal and/or provincial development and or infrastructure development cess or whatever name it is called;
- (o) permission to any qualified investment declared as an export processing zone or an enterprise or investor operating in an export processing zone for opening, maintaining and operation of foreign currency accounts outside Pakistan or within Pakistan to the extent these accounts are located in an export processing zone and relate to the qualified investment, and to freely bring, hold, retain off-shore, buy, sell, transfer, expatriate and take out foreign currency from or to such accounts, in any form without delay and without any requirement to make a foreign exchange declaration at any stage or to satisfy any other requirement, to meet the requirements of Investors, lenders, contractors, operators, consultants, insurers, re-insurers, vendors, contract counterparties and advisors in relation to any compensation amounts, payments, loan repayments, equity and return on equity, profits, works, goods and services;
- (p) in respect of any qualified investment declared as an export processing zone or an investor operating in an export processing zone, access to non-discriminatory rates for foreign exchange transactions if deemed appropriate; and
- (q) exemption from or concession on any Federal or provincial or local charges, cesses, duties, fees, levies, taxes or tolls by whatever name called.

5. Investment agreement.— Any agreement entered into between an investor and one or more concerned Governments in respect of a qualified investment providing investment incentives that are protected benefits shall be deemed to be an investment agreement that has been entered into pursuant to this Act.

6. Implementation of investment incentives.— The concerned Governments, shall ensure the implementation of protected benefits granted to investors and the qualified investments under this Act and any investment agreement mentioned in section 5.

7. Implementation of investment incentives by Federal Government and Federal Government entities.— The Federal Government and Federal Government entities will facilitate qualified investments within Pakistan by *inter alia*—

- (a) creating the enabling environment for investments;
- (b) streamlining and simplifying procedures for investment applications and approvals;
- (c) enacting or amending laws, or rules or regulations or issuing any statutory notifications in order to implement and effectuate qualified investments and protected benefits;
- (d) ensuring expeditious processing of requests and applications and issuance of any approvals, permits, consents, notifications or certifications required for carrying out business and operations under and pursuant to qualified investments;

- (e) promoting dissemination of Investment information, including rules, regulations, policies and procedures;
- (f) establishing one window facilities;
- (g) strengthening databases on investments for policy formulation to improve Pakistan's overall investment environment;
- (h) undertaking consultation with the investors on investment matters;
- (i) providing advisory services if requested by the investors; and
- (j) any other actions as may be deemed appropriate by the Federal Government and Federal Government entities for the purposes of effective enforcement of the protected benefits by the Federal Government and Federal Government entities.

8. Creation of security.— An investor may create security, including through the creation of a lien or charge, over any asset forming part of, or connected with, its qualified investment or protected benefits, in favour of or for the benefit of any enterprise that is lending or otherwise providing financing or funds or guarantees to an investor in connection with a qualified investment.

9. Secrecy of banking transaction.— Secrecy of banking transactions of an investor in a qualified investment or of the qualified investment shall be strictly observed by all banks and financial institutions, by whosoever owned, controlled or managed, except as otherwise provided in accordance with applicable anti-money laundering laws for the time being in force.

10. Immunities to protected accounts.— (1) A protected account shall enjoy immunity against any inquiry or action from all taxation authorities as to the source of funding of protected accounts.

(2) The balances in the protected accounts and income therefrom shall continue to remain exempt from the levy of wealth-tax, income tax or any other tax or compulsory deduction of *Zakat* at source.

11. Investor obligations. (1) The Federal Government shall ensure that, in connection with designating a qualified investment, the investor will commit in the related investment agreement to commercially reasonable investor obligations in favour of Pakistan that the Federal Government considers appropriate and in the national interest.

(2) All remedies of the Federal Government or any Federal Government entity for a failure by the investor to comply with the obligations referred to in sub-section (1) shall be limited to the remedies provided in the investment agreement.

12. Investment ombudsman.— (1) The Federal Government shall appoint an investment ombudsman for a term of three years, on such terms and conditions as may be prescribed by the rules made under this Act:

Provided that—

- (a) any such rules made under this Act shall not impose any obligation, commitment or duty on, or curtail, impair or otherwise diminish the rights of, an investor; and

- (b) the investment ombudsman shall not be subject to, or have the powers provided by, the Federal Ombudsmen Institutional Reforms Act, 2013 (XIV of 2013).

(2) The investment ombudsman shall have at least fifteen years of experience in the field of international trade and foreign investment and related matters.

(3) Until such time that the investment ombudsman is appointed under sub-section (1), the Federal Government may, by notification designate any government officer or functionary as the investment ombudsman who shall be deemed to be the investment ombudsman under this Act.

13. Jurisdiction and powers of the investment ombudsman.—(1) The investment ombudsman may entertain an application by an investor against a concerned Government regarding violation of any of the provisions of this Act or non-implementation of protected benefits by a concerned Government and shall work in good faith with an investor and any relevant Government entity to resolve any such alleged violation and may issue orders or recommendations to ensure redressal of such grievance within one hundred and twenty days from the date of receipt of such application:

Provided that the investment ombudsman will have no *suo moto* jurisdiction and no authority to entertain an application by a concerned Government or by any person other than an investor against a concerned Government.

(2) The investment ombudsman may, if the matter requires further probe or information, call for such information from or summon such Government servant as is consistent with the authority of a civil court in Pakistan to summon such documents and witnesses.

(3) The investment ombudsman shall have the same powers to punish a Government servant for contempt as that of a civil court under the Contempt of Court Ordinance, 2003 (V of 2003).

(4) An application made by an investor pursuant to sub-section (1) shall be without prejudice and in addition to the right of the affected investor to seek relief from any forum, including any court or tribunal of competent jurisdiction.

(5) Without limiting sub-section (5), if a matter referred to the investment ombudsman pursuant to an application is not settled or resolved to the satisfaction of the affected investor within the one hundred and twenty days period referred to above, the affected investor shall be free to pursue any and all legal remedies available to it without further obligation under this Act.

(6) The investment ombudsman may, for the purposes of efficient performance of its functions or exercise of its powers, appoint such employees as it may consider necessary on such terms and conditions as may be prescribed by the rules made under this Act.

14. Relationship with other laws.—(1) Subject to sub-section (2), the provisions of this Act and the protected benefits provided under this Act, including the Second Schedule and Third Schedule, shall have effect notwithstanding anything contrary contained in any other law or instrument having the force of law for the time being in force and in the event of any conflict between this Act and any other law whether enacted prior to or subsequent to this Act, the provisions of this Act shall prevail unless the subsequent law expressly provides that it overrides this Act.

(2) The rights granted to investors (including protected benefits) under this Act are in addition to all other incentives, protections and rights available to investors in any other law for the time being

in force, provided that in case of any inconsistency the provisions of this Act (including the Schedules) shall prevail over any other law.

(3) No provision of this Act or any repeal or amendment of this Act shall be construed to adversely alter, remove, curtail, reduce, limit or otherwise adversely affect the contractual rights of an investor in an investment agreement.

(4) The Schedules are an integral part of this Act and the Act and the Schedules thereto shall be read harmoniously.

(5) The statutes affected by the Second Schedule shall stand amended in accordance with the provisions of the Second Schedule.

(6) To the extent any protected benefit listed in the Third Schedule relates to any statute being amended through the Second Schedule, such protected benefit shall be deemed to have been issued by the concerned Government in the exercise of powers available under the statute as amended by the Second Schedule to this Act.

15. Power to make rules.— The Federal Government may, by notification in the official gazette, make rules for carrying out the purposes of this Act.

16. Removal of difficulties.— The Federal Government may, by order, provide for the removal of any difficulty, which may arise in giving effect to the provisions of this Act.



THE PAKISTAN CODE

FIRST SCHEDULE

QUALIFIED INVESTMENTS

The following investments are hereby declared to be qualified investments:

1. The Reko Diq project in the Province of Balochistan in Pakistan, which includes all work done by the Reko Diq Mining Company (Private) Limited (formerly Tethyan Copper Company Pakistan (Private) Limited) (“RDMC”) and its associated companies since its date of incorporation as well as Reko Diq Phase 1, Reko Diq Phase 2 and all subsequent phases, including all roads, pipelines, power generation facilities, transmission lines, processing facilities and any other infrastructure used in or in connection with the Reko Diq project operations, and all lands and orebodies, including Tanjeel, that lie within the mining lease areas granted to RDMC, together with the lands covered by the exploration license and surface lease granted to RDMC pursuant to the Implementation Agreement to be entered into in respect of the Reko Diq project between Barrick Gold Corporation, Oil and Gas Development Company Limited, Pakistan Petroleum Limited, Government Holdings (Private) Limited, Balochistan Mineral Resources Limited, Pakistan Minerals (Private) Limited, the Islamic Republic of Pakistan and the Province of Balochistan and in connection with the Antofagasta Exit Deed dated 20 March 2022, between the Islamic Republic of Pakistan, the Province of Balochistan and Antofagasta plc.

SECOND SCHEDULE

AMENDMENTS TO LAWS

A. Amendments to the Income Tax Ordinance, 2001 (XLIX of 2001)

(1) **Certain defined terms.** Section 2 of the Income Tax Ordinance, 2001 (XLIX of 2001) shall be amended through the insertion of the following defined terms:

- “(12A) “commercial production date” in the case of Reko Diq Mining Company (Private) Limited, means the first day of the month following the date on which Reko Diq Mining Company (Private) Limited issues its first invoice for an aggregate of at least 10,000 dry tonnes of concentrate under any agreement, arrangement or understanding entered into by the Reko Diq Mining Company (Private) Limited or its subsidiaries with any other party providing for the purchase and sale of, or other disposition of rights in and to, any Product (in the form of ore, concentrate or otherwise);
- (32A) “mineral agreement” means the mineral agreement to be entered into in respect of the Reko Diq Project between the Islamic Republic of Pakistan, the Province of Balochistan, Reko Diq Mining Company (Private) Limited and Barrick Gold Corporation;
- (32B) “mineral agreement effective date” means the date on which the mineral agreement is executed by each of the parties thereto and becomes effective, as evidenced by the date set out on both the cover page and page 1 of the mineral agreement;
- (45A) “product” in the case of Reko Diq Mining Company (Private) Limited, means any ores, minerals and mineral resources, precious or base, metallic and non-metallic

(and concentrates derived therefrom) mined or otherwise extracted from the Reko Diq Project;

- (47BA) “Reko Diq Mining Company (Private) Limited” means Reko Diq Mining Company (Private) Limited (formerly Tethyan Copper Company Pakistan (Private) Limited) and shall include its successors and its permitted assigns under the Mineral Agreement;
- (47BB) “Reko Diq Phase I” means the first phase of development of the Reko Diq Project as set forth in the then-current overall development plan for the Reko Diq Project, and envisaged as a development with a design capacity of approximately 40,000,000 tonnes of ore per annum of upfront processing capacity;
- (47BC) “Reko Diq Phase 2” means the second phase of development of the Reko Diq Project as set forth in the then-current overall development plan for the Reko Diq Project, and envisaged as a development to increase the total upfront processing capacity of the Reko Diq Project to approximately 80,000,000 tonnes of ore per annum;
- (47BD) “Reko Diq Project” means the Reko Diq project in the Province of Balochistan in Pakistan, which includes all work done by the Reko Diq Mining Company (Private) Limited and its associated companies since its date of incorporation as well as Reko Diq Phase 1, Reko Diq Phase 2 and all subsequent phases, including all roads, pipelines, power generation facilities, transmission lines, processing facilities and any other infrastructure used in or in connection with the Reko Diq project operations, and all lands and orebodies, including Tanjeel, that lie within the mining lease areas granted to Reko Diq Mining Company (Private) Limited, together with the lands covered by the exploration license and surface lease granted to Reko Diq Mining Company (Private) Limited pursuant to the Implementation Agreement to be entered into in respect of the Reko Diq project between Barrick Gold Corporation, Oil and Gas Development Company Limited, Pakistan Petroleum Limited, Government Holdings (Private) Limited, Balochistan Mineral Resources Limited, Pakistan Minerals (Private) Limited, the Islamic Republic of Pakistan and the Province of Balochistan and in connection with the Antofagasta Exit Deed dated 20 March 2022, between the Islamic Republic of Pakistan, the Province of Balochistan and Antofagasta plc.”
- (2) Final Tax Regime (Time limited exemption and rate stabilization). Part II of the Second Schedule to the Income Tax Ordinance, 2001 (XLIX of 2001) shall be amended through the insertion of the following sub-clause:
- “(1A) In the case of Reko Diq Mining Company (Private) Limited, during the period starting on the Commercial Production Date and expiring on the 15th anniversary of such date, the rate of tax to be deducted under sub-section (3A) of section 154 shall be zero %. Prior to the Commercial Production Date and following the 15-year period referenced above, the rate of tax to be deducted under sub-section (3A) of section 154 shall be 1% of Net Smelter Returns and no other tax would be payable on the said receipts.

Explanation:

For the purposes of this sub-section, “net smelter returns” shall be calculated as “gross proceeds” less “allowable deductions”.

Where:

“allowable deductions”, for a calendar month, means (without duplication) the following charges imposed as part of a Sale (but only to the extent actually incurred by the Licensee) in respect of such calendar month:

- (i) charges for treatment in the smelting, refining, retorting, solution extraction, electrowinning and any other beneficiation processes (as applicable), but excluding any and all costs of or in connection with the activity of mining, milling or concentrating; and
- (ii) charges for the presence of deleterious elements that increase smelter or refining costs,

And, for the avoidance of doubt, does not include any other charge that may be imposed as part of a Sale (such as taxes, selling and marketing costs, insurance costs, storage costs or cost of transportation of any ores, minerals and mineral resources, precious or base, metallic or non-metallic (and concentrates derived therefrom) mined or otherwise extracted from the Reko Diq Mining Project to places where such products are smelted, refined or sold).

“gross proceeds”, for a calendar month, means, the gross proceeds received during such month by Reko Diq Mining Company (Private) Limited (whether on a provisional or final settlement basis) from Sales in respect of payable metal (including, without double counting, in the case of an insurable loss, the sum of any relevant insurance proceeds received during such month by Reko Diq Mining Company (Private) Limited or its affiliates); provided that, in the case of sales to a related party or any other person with whom Reko Diq Mining Company (Private) Limited is not dealing with at arm's length, the proceeds to be included shall be determined based on the applicable market price in the calendar month in which the sale occurred.

“payable metal” means all copper, gold and/or other metal produced or recovered from any ores, minerals and mineral resources, precious or base, metallic or non-metallic (and concentrates derived therefrom) mined or otherwise extracted from the Reko Diq Mining Project by or on behalf of Reko Diq Mining Company (Private) Limited (without double-counting).

“sale” means a sale, transfer or other disposition of title of payable metal by or on behalf of the Reko Diq Mining Company (Private) Limited to any person (including to any related party or a person with whom the Reko Diq Mining Company (Private) Limited is not dealing with at arm's length), and is deemed to include (i) a transfer of title to such Payable Metal transported off the area in relation to which Reko Diq Mining Company (Private) Limited holds a mining lease that Reko Diq Mining Company (Private) Limited elects to have credited to or held for its account by another person, and (ii) any insurable loss prior to any transfer or deemed transfer of title to such payable metal for which compensation is received. For greater certainty, any sale, transfer or other disposition of title to any such minerals made on a provisional basis and any subsequent final adjustment in connection therewith shall each constitute a separate sale.”

(3) Dividend income and withholding tax thereon for shareholders (Time limited exemption and rate stabilization).

- (a) Part I of the Second Schedule to the Income Tax Ordinance, 2001 (XLIX of 2001) shall be amended through the insertion of the following sub-clauses:

“(145B) “Any income of Reko Diq Mining Company (Private) Limited during the period starting on the Commercial Production Date and expiring on the 15th anniversary of such date.

- (145C) Any dividend distributed by Reko Diq Mining Company (Private) Limited to a non-resident shareholder during the period starting on the commercial production date and expiring on the 15th anniversary of such date.

Prior to the commercial production date and following the expiration of the 15th anniversary of the commercial production date, tax payable (including withholding taxes) on distributions from Reko Diq Mining Company (Private) Limited to its non-resident shareholders shall be taxed at the same applicable rates (not exceeding 20% depending on the non-resident shareholder's domicile and after taking into account the availability of relief from taxes available under the relevant clause of any applicable double tax convention) as specified in the First Schedule to the Income Tax Ordinance, 2001 (XLIX of 2001) as at 20 March 2022, unless any subsequent modified rates are reduced in which case such reduced rates shall apply to a non-resident shareholder of Reko Diq Mining Company (Private) Limited.”

- (b) Part IV of the Second Schedule to the Income Tax Ordinance, 2001 (XLIX of 2001) shall be amended through the insertion of the following sub-clause:

“(47N) The provisions of section 150 or any other withholding tax on dividends shall not apply to dividends distributed by Reko Diq Mining Company (Private) Limited during the period starting on the Commercial Production Date and ending on the 15th anniversary of such date.”

- (c) Clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001 (XLIX of 2001) shall be amended through the insertion of the following sub-clause:

“(xlvi) Reko Diq Mining Company (Private) Limited for a period of 30 tax years following the mineral agreement effective date.”

- (d) Part I of the Second Schedule to the Income Tax Ordinance, 2001 (XLIX of 2001) shall be amended through the insertion of the following sub-clauses:

“(150) Any income (including dividend and the income taxable under section 109A) derived by Pakistan Petroleum Limited, Oil and Gas Development Company Limited and Government Holdings (Private) Limited (hereinafter referred to as the “SOEs”) from Pakistan Minerals (Private) Limited (the company established by the SOEs for the purpose of the Reko Diq Project), during the period starting on the mineral agreement effective date and expiring on the 30th anniversary of such date.

- (151) Any income (including dividend and the income taxable under 109A) derived by the company referred to in clause 150, from any of its associated companies established for the purpose of the Reko Diq Project, during the period starting on the mineral agreement effective date and expiring on the 30th anniversary of such date.
- (152) Any income (including dividend and income taxable under 109A) derived by the following during the period starting on the mineral agreement effective date and expiring on the 30th anniversary of such date:
- (i) a company established by or on behalf of the Government of Balochistan for the purpose of investment in the Reko Diq Project; and
 - (ii) the shareholders of the company referred to in (i)."
- (e) Part IV of the Second Schedule to the Income Tax Ordinance, 2001 (XLIX of 2001) shall be amended through the insertion of the following sub-clause:
- "(38E) The provisions of section 150 as well as any similar withholding tax provisions shall not apply on the income exempt from tax under clauses 150, 151 and 152 of Part I of the Second Schedule during the period starting on the mineral agreement effective date and expiring on the 30th anniversary of such date."

(4) Capital gains tax (conditional exemption and rate stabilization).

- (a) Part I of the Second Schedule to the Income Tax Ordinance, 2001 (XLIX of 2001) shall be amended through the insertion of the following sub-clause:
- "(47E) For a period of 30 years from the mineral agreement effective date, any income (including capital gains) on disposal of shares or interests, whether directly or indirectly, in Reko Diq Mining Company (Private) Limited through share transfer, reconstruction, reorganization or amalgamation shall not be subject to any tax, provided that (A) the ultimate beneficiary of the economic interest in such shares remains Barrick Gold Corporation (or its successors or its permitted assigns under the joint venture agreement governing the Reko Diq Project) or (B) such disposal arises in the context of enforcement by third party lenders against any of their security interests in the Reko Diq Project, including shares, guarantees, or assets thereof including with respect to transfers or assignments of shares, shareholder loans and/or assets to third parties in respect of shares, shareholder loans and/or assets that are subject to such lender security interests provided that the enforcement and transfer or assignment is part of the same enforcement proceedings."
- (b) Part III of the Second Schedule to the Income Tax Ordinance, 2001 (XLIX of 2001) shall be amended through the insertion of the following sub-clause:
- "(21) For a period of 30 years from the mineral agreement effective date, the capital gains resulting from any disposal of shares of, or interest in, Reko Diq Mining Company (Private) Limited, whether directly or indirectly, in circumstances other than those described in (A) or (B) of clause 47E of Part I of the Second Schedule to the Income Tax Ordinance, 2001 (XLIX of 2001) shall be taxed at the

applicable rate (after taking into account the availability of relief from taxes available under the relevant clause of any applicable double tax convention) as specified in First Schedule to the Income Tax Ordinance, 2001 (XL IX of 2001) as at 20 March 2022, unless any subsequent modified rates are reduced in which case such reduced rates shall apply to the vendor of such shares.”

(5) Withholding tax on shareholder loan interest and shareholder income (time limited exemption and rate stabilization).

- (a) Part I of the Second Schedule to the Income Tax Ordinance, 2001 (XLIX of 2001) shall be amended through the insertion of the following sub-clause:

“(47F) Any profit on debt derived by a direct or indirect shareholder on account of shareholder loans provided to or for Reko Diq Mining Company (Private) Limited, shall not be subject to the provisions of sections 39 and 152(2A) or any similar tax on profit on debt during the period starting on the commercial production date and ending on the 15th anniversary of such date. Prior to the commercial production date and following the 15th anniversary of the commercial production date, the provisions of sections 39 and 152(2A) or any similar tax on profit on debt at the applicable rate (after taking into account the availability of relief from taxes available under the relevant clause of any applicable double tax convention) as specified in the First Schedule to the Income Tax Ordinance, 2001 (XLIX of 2001) as at 20th March, 2022 and no other tax on profit on debt shall apply to the Reko Diq Mining Company (Private) Limited and its direct and indirect shareholders.”

- (b) Part IV of the Second Schedule to the Income Tax Ordinance, 2001 (XLIX of 2001) shall be amended through the insertion of the following sub-clause:

“(47G) For a period of 30 years from the mineral agreement effective date, the provisions of withholding tax on debt in section 151 and 152 as well as any other withholding tax on debt shall not apply on the income exempt from tax under clause 47F of Part 1 of the Second Schedule to the Income tax Ordinance, 2001 (XLIX of 2001).”

(6) Withholding tax on third party interest and third party income (conditional exemption).

- (a) Part I of the Second Schedule to the Income Tax Ordinance, 2001 (XLIX of 2001) shall be amended through the insertion of the following sub-clause:

“(47H) For a period of 30 years from the mineral agreement effective date, any profit on debt derived by third party lenders on account of any loan provided to or for Reko Diq Mining Company (Private) Limited, for the purposes of financing construction or expansion of the Reko Diq Project.”

- (b) Part IV of the Second Schedule to the Income Tax Ordinance, 2001 (XLIX of 2001) shall be amended through the insertion of the following sub-clause:

“(47I) For a period of 30 years from the mineral agreement effective date, the provisions of withholding tax on profit on debt in sections 151 and 152 as well as any other

withholding tax on profit on debt shall not apply on the income exempt from tax under clause 47H of Part 1 of the Second Schedule to the Income Tax Ordinance, 2001 (XLIX of 2001).”

- (7) Thin capitalization (stabilization of existing requirements). Part IV of the Second Schedule to the Income Tax Ordinance, 2001 (XLIX of 2001) shall be amended through the insertion of the following sub-clause:

“(47J) For a period of 30 years from the mineral agreement effective date, the provisions of section 106A shall not apply in the case of Reko Diq Mining Company (Private) Limited.

For a period of 30 years from the mineral agreement effective date, no limit in addition to the thin capitalization under section 106 of the Income Tax Ordinance, 2001 (XLIX of 2001) as at 20th March, 2022 shall apply in respect of disallowance of profit on debt of the Reko Diq Project.”

(8) Withholding tax on goods and services (time limited exemption and stabilization).

- (a) Part IV of the Second Schedule to the Income Tax Ordinance, 2001 (XLIX of 2001) shall be amended through the insertion of the following sub-clause:

“(47K) The provisions of withholding taxes in sections 152, 153, 155 and 233 of the Income Tax Ordinance, 2001 (XLIX of 2001) as well as any other withholding taxes, shall not be applicable to Reko Diq Mining Company (Private) Limited as a withholding agent during the period starting on the mineral agreement effective date and ending on the 15th anniversary of such date.”

- (b) Part III of the Second Schedule to the Income Tax Ordinance, 2001 (XLIX of 2001) shall be amended through the insertion of the following sub-clause:

“(4) Following the 15th anniversary of the mineral agreement effective date, the Reko Diq Mining Company (Private) Limited shall, as a withholding agent, be subject to withholding tax on goods and services at the rates which were specified in the First Schedule to the Income Tax Ordinance, 2001 (XLIX of 2001) as at 20th March, 2022, unless any subsequent modified rates are reduced in which case such reduced rates shall apply to Reko Diq Mining Company (Private) Limited.”

(9) Certain transaction taxes (exemption). The following clause shall be inserted in Part IV of the Second Schedule to the Income Tax Ordinance, 2001 (XLIX of 2001):

“(47L) Notwithstanding any other provision of this Ordinance, for a period of time commencing on the date this Act is enacted until 30 years from the mineral agreement effective date, (i) the provisions of sections 18, 37, 37A, 39, 101, 101A, 108, 109, 114, 151 and 152 of this Ordinance shall not apply in relation to any of the following transactions, and (ii) the provisions of clauses 47E, 47F and 145C of Part I of the Second Schedule to this Ordinance and sub-clause 21 of Part III of the Second Schedule to this Ordinance shall not apply in relation to any of the following transactions but only to the extent that taxes (including local charges, cesses, duties, fees, levies or tolls) may be payable under clauses 47E, 47F and

145C of Part I of the Second Schedule to this Ordinance and sub-clause 21 of Part III of the Second Schedule to this Ordinance:

- (a) the allotment, issue, creation, direct or indirect transfer, bifurcation, division, sub-division, consolidation, redemption, conversion, reclassification, cancellation or other re-organisation of shares in Reko Diq Mining Company (Private) Limited or the transfer or grant of any direct or indirect interest in the Reko Diq Project, in each case where such action is taken, directly or indirectly, in connection with, or in contemplation of, the reconstitution and development of the Reko Diq Project or the transfer or grant of any direct or indirect interest in the Reko Diq Project to any entity majority owned or majority controlled by the Federal Government or the Provincial Government of Balochistan or any other transfer of shares of Reko Diq Mining Company (Private) Limited as contemplated in the agreements entered into in connection with the reconstitution of the Reko Diq Project;
 - (b) without limitation to sub-clause (a) above, the transfer of shares in Reko Diq Mining Company Pakistan (Private) Limited by Tethyan Copper Company Pty Limited (a company incorporated in Australia) to any entity majority-owned or majority-controlled by the Federal Government or the Provincial Government of Balochistan;
 - (c) the transfer of any direct or indirect interest in the Reko Diq Project, including shares and loans by Barrick Gold Corporation and its wholly-owned subsidiaries in connection with the exercise by the Federal Government or any purchaser designated by the Federal Government pursuant to the call option contained in the joint venture agreement governing the Reko Diq Project;
 - (d) the waiver, forgiveness or release by Tethyan Copper Company Pvt. Limited of any debt owed to it (or to any of its affiliates, associates, related parties, or direct or indirect shareholders) by Reko Diq Mining Company (Private) Limited;
 - (e) the receipt or transfer of any asset or payment or deemed payment (including markup, interest and penalty thereon) by or to Tethyan Copper Company Pvt. Limited or any of its affiliates, associates, related parties, direct or indirect shareholders, interest holders by whatever name called or any other person, which relates directly or indirectly to the transactions in sub-clauses (a), (b), (c) and (d) above, including distributions or share purchases by any of the entities mentioned in this sub-clause); and
 - (f) any action taken to resolve the outstanding disputes that relate to the Reko Diq Project and that involve Reko Diq Mining Company (Private) Limited or any of its affiliates, associates, related parties, or direct or indirect shareholders, including any formal waiver, surrender, disclaimer, release or discharge given by or on behalf of the Federal Government, the Provincial Government of Balochistan or any other person.”
- (47M) For a period of 30 years from the mineral agreement effective date, the provisions of section 100(3) shall not apply to Reko Diq Mining Company (Private) Limited.

- (10) **Advance tax on imports (exemption).** The following shall be inserted in Part IV of the Second Schedule to the Income tax Ordinance, 2001 (XLIX of 2001):

“The provisions of section 148 shall not apply to Reko Diq Mining Company (Private) Limited for a period of 30 years from the mineral agreement effective date.”

- (11) **Tax depreciation (stabilization).** The Third Schedule to the Income Tax Ordinance, 2001 (XLIX of 2001) shall be amended through the insertion of the following:

“PART IV

For a period of 30 years from the mineral agreement effective date, the rates of depreciation, initial allowance and pre-commencement expenditure applicable to Reko Diq Mining Company (Private) Limited shall be the same as the rates which were specified for the purposes of Section 22, Section 23 and Section 25 of the Income Tax Ordinance, 2001 on 20th March, 2022, unless any subsequent modified rates operate to the advantage of Reko Diq Mining Company (Private) Limited in which case such more advantageous rates shall apply to Reko Diq Mining Company (Private) Limited.”

- (12) **Anti-avoidance (exemption).** Part IV to the Second Schedule to the Income Tax Ordinance, 2001 (XLIX of 2001) shall be amended through the insertion of the following sub-clause:—

“(125) For a period of 30 years from the mineral agreement effective date, the provisions of Chapter VIII - Anti-avoidance and any other anti-avoidance provisions contained in any other legislation will not be applicable to any qualified investment as defined in the Foreign Investment (Promotion and Protection) Act, 2022.”

B. Amendment to the Sales Tax Act, 1990

- (1) **Pakistan Sales Tax on Goods (Zero Rating).** The Fifth Schedule to the Sales Tax Act, 1990 shall be amended through the insertion of the following clause:

“(8A) For a period of 30 years from the mineral agreement effective date [as defined in the Income Tax Ordinance, 2001(XLIX of 2001)], imports or supplies made by, for or to Reko Diq Mining Company (Private) Limited.”

C. Amendment to the Privatization Commission Ordinance, 2000(LII of 2000).

- (1) **Privatization Rules (Exemption).** Section 2(i) of the Privatization Commission Ordinance, 2000 (LII of 2000) shall be amended through the insertion of the following proviso:

“Provided that no transaction will be considered a privatization if the value of the transaction is less than the amount as may be prescribed by the Commission or if the transaction has been exempted from the application of the Ordinance by the Commission.”

- D. Amendment to the Companies Profits (Workers Participation) Act, 1968 (XII of 1968).**—The Companies Profits (Workers Participation) Act, 1968 (XII of 1968) shall be amended through the insertion of the following section:

“8A. Power to exempt.— The Federal Government may, through notification in the official Gazette,—

- (a) declare that any company or class of companies shall be exempt from the application of the scheme; and
- (b) exempt any company or class of companies from any amount payable under section 3 of this Act.”

E. Amendment to the Workers Welfare Fund Ordinance, 1971 (XXXVI of 1971).— The Workers Welfare Fund Ordinance, 1971 (XXXVI of 1971) shall be amended through the insertion of the following section:

“16A. Power to exempt.— The Federal Government may, through notification in the official Gazette, exempt any industrial establishment from any provision of this Act.”

F. Amendment to the Customs Act, 1969 (IV of 1969).—

- (1) Section 18(1A) of the Customs Act, 1969 (IV of 1969) shall be amended to read as follows:

“(1A) Notwithstanding anything contained in this section or in section 18A, customs duties (including regulatory duties, additional customs duties, special customs duties as well as any other taxes or duties levied under this Act) shall be levied at such rates on the import of goods or class of goods (including the import of goods or a class of goods by specified persons or classes of persons) as are prescribed in the Fifth Schedule, subject to such conditions, limitations and restrictions as prescribed therein.”

- (2) The Fifth Schedule to the Customs Act, 1969 (IV of 1969) shall be amended through the addition of a new Part-VIII as follows:

Part-VII

Imports by and for the benefit of the Reko Diq Mining Company (Private) Limited, its contractors and its employees.

S. No.	Description of Goods	PCT Code	Customs Duty, Regulatory Duty, Additional Customs Duty, any other taxes or duties under the Customs Act, 1969	Special Conditions
1.	all goods: (a) exported or produced by the Reko Diq Mining	Respective headings	0%,0%,0%,0%	(1) the imported goods as are not listed in the locally manufactured items, notified through a Customs General Order issued by the Federal Board of Revenue (FBR) from time

	<p>Company (Private) Limited, or;</p> <p>(b) imported by the Reko Diq Mining Company (Private) Limited; or</p> <p>(c) imported for the benefit of the Reko Diq Mining Company (Private) Limited by any contractors or sub-contractors of the Reko Diq Mining Company (Private) Limited, or other related third parties</p> <p>Explanation: Goods shall include, but not be limited to plant, equipment, machinery (including vehicles), spare parts, and components</p>			<p>to time or, as the case may be, certified as such by the Engineering Development Board:</p> <p>(2) in case of partial shipments of machinery and equipment for setting up a plant, the importer shall, at the time of arrival of first partial shipment, furnish complete details of the machinery, equipment and components required for the complete plant, duly supported by the contract, lay out plan and drawings; and</p> <p>(3) An authorised representative of the Reko Diq Mining Company (Private) Limited shall certify in the prescribed manner and format as per Annex-A that the imported items are the company's bona fide requirement. He shall furnish all relevant information online to Pakistan Customs Computerized System against a specific user ID and password obtained under section 155D of the Customs Act, 1969 (IV of 1969). In already computerized Collectorates or Customs stations where the Pakistan Customs Computerized System is not operational, the Director Reforms and Automation or any other person authorized by the Collector in this behalf shall enter the requisite information in the Pakistan Customs Computerized System on daily basis, whereas entry of the data obtained from the customs stations which have not yet been computerized shall be made on weekly basis.</p>
2.	Household goods of employees of the Reko Diq Mining Company (Private) Limited	Respective headings	0%,0%,0%,0%	Only such employees can claim this benefit who are either citizens of a country other than Pakistan or who, for the Tax Year immediately prior to the import of goods, were non-resident in Pakistan for the purposes of the Income Tax Ordinance, 2001.

G. Sindh Companies Profits (Worker's Participation) Act, 2015 (Sindh Act No. XVIII of 2016).

Article 1 of the Schedule to the Sindh Companies Profits (Worker's Participation) Act, 2015 (Sindh Act No. XVIII of 2016) shall be amended through the insertion of the following proviso:

“Provided that the scheme shall not apply to Reko Diq Mining Company (Private) Limited for a period of 30 years from the mineral agreement effective date [as defined in the Income Tax Ordinance, 2001 (XLIX of 2001)].”

H. Sindh Workers Welfare Fund Act, 2014 (Sindh Act No. XXXIII of 2015).

Section 15 of the Sindh Workers Welfare Fund Act, 2014 (Sindh Act No. XXXIII of 2015) shall be amended to read as follows:

“The Government may, by notification in the official Gazette, remit or reduce the amount due from any industrial establishment or class of industrial establishments under any provision of this Act:

Provided that two percent contribution under section 5 and the additional contribution under section 6 due from any class of industrial establishment may also be remitted or reduced by Government at its discretion on the merits of each case.”

I. Sindh Development and Maintenance of Infrastructure Cess Act, 2017 (Sindh Act No. XVIII of 2017).

The proviso to section 6 of the Sindh Development and Maintenance of Infrastructure Cess Act, 2017 (Sindh Act No. XVIII of 2017) shall be amended through the addition of the words “any person or class of persons” so that it reads as follows:

“Notwithstanding anything contained in section 3 and 5, the Government by a notification in the official Gazette, for reasons to be recorded, may exempt any goods or category or class of goods or any person or class of persons from payment of whole or any part of the cess payable under the Act subject to such conditions and limitations as may be specified in such notification.”

J. Balochistan Development and Maintenance of Infrastructure Cess Act, 2021 (IX of 2021).

The proviso to Section 6 of the Balochistan Development and Maintenance of Infrastructure Cess Act, 2021 (IX of 2021) shall be amended through the addition of the words “any person or class of persons” so that it reads as follows:

“Notwithstanding anything contained in section 3 and 5, the Government by a notification in the official Gazette, for reasons to be recorded, may exempt any goods or category or class of goods or any person or class of persons from payment of whole or any part of the cess payable under the Act subject to such conditions and limitations as may be specified in such notification.”

K. Balochistan Workers Welfare Fund Act, 2022 (XXI of 2022).

Section 19 of the Balochistan Workers Welfare Fund Act, 2022 (XXI of 2022) shall be amended through the insertion of the following sub-section:

“(3) The Provincial Government may, through notification in the official Gazette, exempt any industrial establishment from any provision of this Act.”

L. Balochistan Excise Duty on Minerals (Labour Welfare) Act, 1967 (VIII of 1967).

The proviso to Section 3 of the Balochistan Excise Duty on Minerals (Labour Welfare) Act, 1967 (VIII of 1967) shall be amended to read as follows:

“Provided that the Government may, by notification in the official Gazette, exempt from liability to the duty any of such minerals or any class thereof and may also exempt from liability to the duty, any person or class of persons.”

M. Federal Excise Act, 2005.

The Third Schedule to the Federal Excise Act, 2005 shall be amended to include the following entries:

“Table I

For a period of 30 years from the Mineral Agreement Effective Date (as defined in the Income Tax Ordinance, 2001), import or supplies of goods made by, for or to Reko Diq Mining Company (Private) Limited.

Table II

For a period of 30 years from the mineral agreement effective date [as defined in the Income Tax Ordinance, 2001 (XLIX of 2001)], services provided to Reko Diq Mining Company (Private) Limited.”

THIRD SCHEDULE

PROTECTED BENEFITS

The following Investment Incentives are hereby declared to be Protected Benefits:

1. For a period of 30 years from the Mineral Agreement Effective Date (as defined in the Income Tax Ordinance, 2001) in relation to the Reko Diq Project (as defined in the Income Tax Ordinance, 2001 for purposes of this Third Schedule):

- (a) SRO 2194(I)/2022 dated 12th December, 2022 issued by the Ministry of Industries and Production declaring (i) the entire area of the Reko Diq Project, including all roads, pipelines, power generation facilities, transmission lines, processing facilities and any other infrastructure used in or in connection with the Reko Diq Project operations, and all lands and orebodies, including Tanjeel, that lie within the mining lease areas granted to Reko Diq Mining Company (Private) Limited (as defined in the Income Tax Ordinance, 2001, and referred to in this Third Schedule as “RDMC”), together with the lands covered by the exploration license and surface lease granted to RDMC, (ii) the offices of RDMC located in Quetta and/or Karachi, and (iii) any bank branches of international or local banking institutions that are located at the same building(s) as the offices of RDMC located in Quetta and/or Karachi, as the Export Processing Zone in respect of the Reko Diq Project.

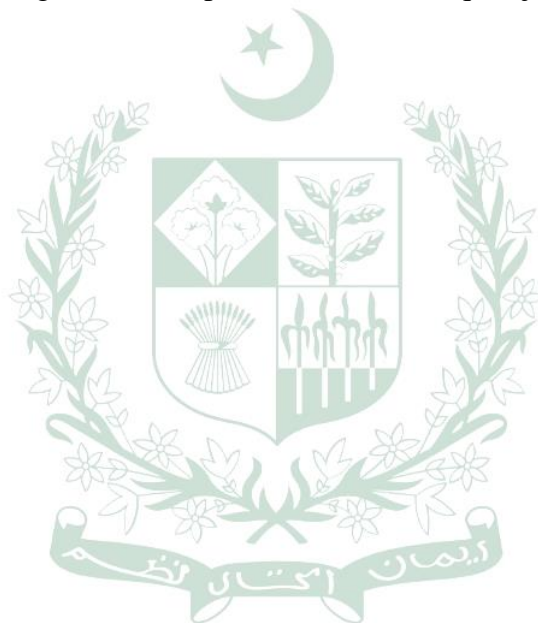
- (b) SRO 881(I)/80 dated 23-8-1980 issued by the Ministry of Finance and Economic Coordination, Government of Pakistan (*Exemption from Import/Export Customs Duties for Export Processing Zones*).
- (c) SRO 882(I)/80 dated 23-8-1980 issued by the Ministry of Finance and Economic Coordination, Government of Pakistan (*Authorization of Repayment of Customs Duties and Sales Tax Paid on Raw Materials Used in the Manufacture of Goods Admitted into an Export Processing Zone*).
- (d) SRO 1248(I)/81 dated 23-11-1980 issued by the Ministry of Industries, Government of Pakistan (*Exemption from Applicability of the Foreign Exchange Regulations Act, 1947 and the Banking Companies Ordinance, 1962 to an Export Processing Zone*).
- (e) SRO 1332(1)/81 dated 13-12-1981 issued by the Ministry of Industries, Government of Pakistan (*Exemption of Export Processing Zones from Foreign Exchange Regulations Act, 1947*).
- (f) SRO 535(I)/80 dated 15-5-1980 issued by the Ministry of Finance, Planning and Provincial Coordination, Government of Pakistan (*EPZ exemption relating to exports*).
- (g) SRO 436(I)/80 dated 25-5-1980 issued by the Ministry of Finance, Planning and Provincial Coordination, Government of Pakistan (*EPZ exemption*).
- (h) SRO 858(1)/82 dated 8-9-1982 issued by the Federal Government (*Exemption of the Export Processing Zones from the Insurance Act, 1938 (IV of 1938) and Pakistan Insurance Corporation Act, 1957 (XXXVII of 1952)*).
- (i) SRO 1022(I)/92 dated 18-10-1992 issued by the Central Board of Revenue (*Exemption from central excise duty on such goods manufactured in the Tariff Area of Pakistan as are imported into an Export Processing Zone for use as raw materials or intermediary goods for further manufacture of goods in the Zone for export*).
- (j) SRO 1004(I)/82, dated 10-10-1982 issued by the Ministry of Industries (*Exemption of Export Processing Zones from various labour laws*).
- (k) SRO 2195(I)/2022 dated 12th December, 2022 issued by the Ministry of Industries and Production under section 25 of Export Processing Zones Authority Ordinance, 1980 and under section 26 of the Export Processing Zones Authority Ordinance, 1980 modifying rule 16 of the Export Processing Zone Authority Rules, 1981 (*Stabilization of rate and basis of calculation of EPZ Processing Surcharge*).
- (l) SRO 154/2022 dated 12th December 2022 issued under section 6 read with section 16 of the Balochistan Development and Maintenance of Infrastructure Cess Act, 2021 (Act No. IX of 2021) by the Finance Department, Government of Balochistan (*Exemption from import and export taxes in Balochistan Province*).

- (m) SRO SO(TAXES)ET&NC/2(204)/2015 dated 13th December 2022 issued under section 6 of the Sindh Development and Maintenance of Infrastructure Cess Act, 2017 (Act No. XVIII of 2017) by the Excise and Taxation Department, Government of Sindh (*Exemption from import and export taxes in Sindh Province*).
- (n) SRO 2196(I)/2022 dated 12th December, 2022 issued under section 16A of the WWF Ordinance, 1971 by the Ministry of Overseas Pakistanis and Human Resource Development, Government of Pakistan (*Exemption from requirement to make WWF contributions*).
- (o) SRO 155/2022 dated 12th December, 2022 issued under section 11 of the Balochistan Companies Profits (Workers Participation) Act, 2022 by the Department of Labour and Manpower, Government of Balochistan (*Exemption from tax under WPPF*).
- (p) SRO 151/2022 dated 12th December, 2022 issued under section 3 of the Balochistan Excise Duty on Minerals (Labour Welfare) Act, 1967 by the Department of Mines and Minerals, Government of Balochistan (*Exemption from certain Provincial labour taxes*).
- (q) SRO 156/2022 dated 12th December, 2022 issued under section 19(3) of the Balochistan Workers Welfare Fund Act, 2022, as amended, by the Department of Labour and Manpower, Government of Balochistan, (*Exemption from provincial WWF*).
- (r) SRO 2199(I)/2022 dated 12th December, 2022 issued under section 3(1) of the Foreigners Act, 1946, by the Ministry of Interior, Government of Pakistan (*Fly-in fly-out activities*).
- (s) SRO 157/2022 dated 12th December, 2022 issued under section 9(1)(a) of the Stamp Act, 1899, by the Board of Revenue, Government of Balochistan (*Remission from stamp duties*).
- (t) SRO 158/2022 dated 12th December, 2022 issued under section 78 of the Registration Act, 1908, by the Board of Revenue, Government of Balochistan (*Exemption from registration fees on Mineral Agreement and Joint Venture Agreement*).
- (u) SRO(II)21-25/2015 dated 13th December 2022 issued under section 15 of the Sindh Workers Welfare Fund Act, 2014 by the Department of Labour, Government of Sindh (*Exemption from provincial WWF*).
- (v) SRO SECY(RS&EP)BOR/2022-278 dated 12th December 2022 issued under section 9(1)(a) of the Stamp Act, 1899, by the Board of Revenue, Government of Sindh (*Remission from stamp duties*).
- (w) SRO 152/2022 dated 12th December, 2022 issued under section 7 of the Regulation of Mines and Oilfields and Mineral Development (Government Control) Act, 1948 by the Department of Mines and Mineral Development, Government of Balochistan (*Stabilization of Agreed Balochistan Royalty*).

- (x) SRO 2200(I)/2022 dated 12th December, 2022 issued under section 8(12) of the Finance Act, 2022 by the Revenue Division, Government of Pakistan (*Exemption from capital value tax*).
2. For a period of 10 years from the Commercial Production Date (as defined in the Income Tax Ordinance, 2001) in relation to the Reko Diq Project:
- (a) SRO 153/2022 dated 12th December, 2022 issued under section 12 of the Balochistan Sales Tax on Services Act, 2015 by the Finance Department, Government of Balochistan (*Time limited exemption and rate stabilization*).
- (b) SRO SRB-3-4/47/2022 dated 12th December, 2022 issued under section 10 of the Sales Tax on Services Act, 2011 by the Finance Department, Government of Sindh (*Time limited exemption and rate stabilization*).
3. For a period of 15 years from the Commercial Production Date (as defined in the Income Tax Ordinance, 2001) in relation to the Reko Diq Project:
- (a) SRO 2197(I)/2022 dated 12th December, 2022 issued under section 8A of the Companies Profits (Workers Participation) Act, 1968 by the Ministry of Overseas Pakistanis and Human Resource Development, Government of Pakistan (*Time limited exemption and rate stabilization of WPPF contributions*).
4. For a period of 3 years from the Mineral Agreement Effective Date (as defined in the Income Tax Ordinance, 2001) in relation to the Reko Diq Project:
- (a) SRO 2198(I)/2022 dated 12th December, 2022 issued under section 9 of the Stamp Act, 1899 by the Ministry of Interior, Government of Pakistan (*Remission from stamp duty payable on share transfers*).
5. For a period of 30 years from the Mineral Agreement Effective Date (as defined in the Income Tax Ordinance, 2001), the following Investment Incentives are hereby declared as Protected Benefits in relation to, and for the benefit of, the Reko Diq Project:
- (a) The Reko Diq Project and each of its Investors have permission to freely and without restriction open, maintain and operate (A) foreign currency accounts outside Pakistan and (B) foreign currency accounts within Pakistan to the extent these accounts are located in an Export Processing Zone and relate to the Reko Diq Project. Such accounts held by RDMC, each of its direct subsidiaries or other Investors that are not Enterprises established under the laws of Pakistan shall constitute protected accounts for purposes of this Act;
- (b) The Reko Diq Project and each of its Investors also shall have permission to open, maintain and operate local currency accounts within Pakistan in accordance with applicable banking and foreign exchange laws and regulations, applied on a non-discriminatory basis;
- (c) The Reko Diq Project and each of its Investors have permission to freely and without restriction, bring, hold, retain off-shore, buy, sell, transfer, expatriate and take out foreign currency from or to the accounts referred to in sub-clause

5(a) above, in any form without delay and without any requirement to make a foreign exchange declaration at any stage or to satisfy any other requirement, to meet the requirements of Investors, lenders, contractors, operators, consultants, insurers, reinsurers, vendors, contract counterparties and advisors in relation to any compensation amounts, payments, loan repayments (including interest), equity and return on equity, returns of capital, profits, works, goods and services;

- (d) RDMC and each of its direct subsidiaries shall have access to non-discriminatory rates for foreign exchange transactions; and
- (e) The State Bank of Pakistan and other financial institutions within Pakistan shall not impose any restrictions on deposits in or withdrawals from any bank to bank transactions from the protected accounts held by a foreign Investor in an Export Processing Zone in respect of the Reko Diq Project.



THE PAKISTAN CODE