

## NATIONAL ASSEMBLY SECRETARIAT

Islamabad, the 13<sup>th</sup> December, 2022

**No.F.22(7)/2022-Legis.-** The following Act of *Majlis-e-Shoora* (Parliament) received the assent of the President on the 13<sup>th</sup> December, 2022 is hereby published for general information:-

### ACT NO. XXXV OF 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, 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.

(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.

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 unregistered), 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