

**State of Palestine  
Council of Ministers**

**Decision of the Council of Ministers No. ( 8 ) of 2017  
On the regulation of incentive package contract to encourage the  
investments within the Industrial Estates and Free Zones**

**The Council of Ministers,**

Based on the provisions of the Amended Basic Law of 2003 and its Amendments, particularly the provisions of Article (70) therein; and the Law on Encouragement of Investment in Palestine No. (1) of 1998 and its Amendments;

Having reviewed the Law on Industrial Estates and Industrial Free Zones No. (10) of 1998 and its Amendments, and the Council of Ministers Decision No. (4) of 2015 on Investment Encouragement Regulation; and

Based on the recommendation of the Chairperson of the Board of Directors of the Palestinian Investment Promotion Agency; and

The decision of the Council of Ministers in its session on August 01, 2017; and

Based on the powers vested in us, and

In pursuit of the public interest,

**We hereby issue the following Regulation:**

**Article (1)  
Definitions**

The words and phrases contained in this Regulation shall have the following meanings unless provided otherwise:

**The Agency:** The Palestinian Investment Promotion Agency (PIPA).

**Board of Directors:** Board of Directors of PIPA.

**The Regulation:** The regulation of incentive package contract for projects to encourage the investments within the Industrial Estates and Free Zones.

**Approved Areas:** Areas approved by the Council of Ministers, in accordance with the provisions stipulated in the Law on Industrial Estates and Industrial Free Zones, as qualified to benefit from the regulation of incentive package contract in the Palestinian governorates.

**The Law:** the Law on Encouragement of Investment in Palestine No. (1) of 1998 and its Amendments.

## **Article (2)**

### **Eligibility Requirements**

The following requirements should be met to benefit from incentives stipulated in this Regulation:

1. To obtain the required licenses from the competent bodies;
2. To comply with all conditions stipulated in the Law, as well as regulations and directives issued in relevance to it; and
3. Maintain the minimum number of employees during the benefit period. The Board of Directors shall issue the required instructions in regards of number of employees and their fields of specialty.

## **Article (3)**

### **Application Period**

1. Application to benefit from the incentive package contract shall be submitted to the agency for all projects within a maximum period of three years starting from the date of publication of this Regulation.
2. The Board of Directors shall issue required instructions regarding the legal durations to receive the applications.

## **Article (4)**

### **Project Incentives**

Projects registered at PIPA shall be granted privileges of additional Incentive Package Contract stipulated in this Regulation in accordance with the following:

1. Reduction of tax incentive for additional three years in excess to the five- year period stipulated in the Law, for new projects or development of an existing project that have not benefited from the grants programs prior to registration, and that are implemented within the Approved Areas.
2. Reduction of tax incentive for additional three years for the same category under which the project is listed at the time of operation after moving; for projects benefiting from the Law incentives, and have not benefited from the grants programs prior to moving, and are moving its activities to an area within the Approved Areas.
3. Reduction of tax incentive for additional three years in excess of the five- year period stipulated in the Law for new projects, or those implemented under standards of developing an existing project, which have benefited from the grants programs prior to registration, and are implemented within the Approved Areas.

## **Article (5)**

### **Financial Institutions' Incentives**

Concessional loans, granted by finance institutions and banks to finance projects within the Approved Areas, shall be treated in the same way as loans granted to small and medium- sized enterprises according to the provisions of the Income Tax Law and its regulations.

## **Article (6)**

### **Incentive Package Contract**

1. Projects shall be validated based on recommendations of the Incentives Committee at PIPA;
2. Projects that meet the provisions of this regulation shall benefit from all incentives stipulated in the Law and any other additional incentives approved by competent bodies.

## **Article (7)**

### **Incentive Package Contract**

1. PIPA shall be authorized to conclude Incentive Package Contracts with projects that meet the provisions of this Regulation;
2. All contracts shall be published in the Official Gazette, including project names and granted incentives.

## **Article (8)**

### **Charges**

1. 140 Jordanian Dinar or its equivalent in other currencies shall be charged in return for contract conclusion and Incentive Package Contract publication issued by PIPA for projects.
2. Charges stipulated in section (1) of this Article shall be transferred to the government treasury.

## **Article (9)**

### **Value Added Tax Exemption**

Goods or services that are purchased or imported for the purpose of practicing export oriented economic activities shall be VAT exempted.

**Article (10)**  
**Issuance of decisions and instructions**

The Board of Directors shall issue decisions and required instructions to put the provisions of this Regulation into effect.

**Article (11)**  
**Cancellation**

All contradicts with the provisions of this Regulation shall be cancelled.

**Article (12)**  
**Force and Effect**

All competent authorities, each within their jurisdiction, shall implement the provisions of this Regulation. It shall enter into force from the date of its publication in the Official Gazette for three years.

Issued in the city of Ramallah, on 01/08/2017.

**Dr. Rami Hamdallah**  
**Prime Minister**