

**State of Palestine  
Council of Ministers**

**Decision of the Council of Ministers No. ( 6 ) of 2017  
On the regulation of incentive package contract for the purpose of  
encouragement of investment in the employment of renewable energy  
technologies**

**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 the encouragement of Investment in Palestine No. (1) of 1998 and its Amendments;

Having reviewed the Decree- Law No. (13) of 2009 regarding the Public Electricity Law; the Decree - Law No. (14) of 2015, regarding Renewable Energy and Energy Efficiency; 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

Based on the decision of the Council of Ministers on July 18, 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 Agency:** The Palestinian Investment Promotion Agency (PIPA).

**Energy Authority:** Palestinian Energy and Natural Resources Authority (PENRA).

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

**Power Station:** Any station that uses renewable energy resources to produce electricity. It includes buildings and facilities, affiliated lands, and machines and equipment used for this purpose.

**Renewable Energy:** Alternative energy produced from natural resources and characterized by permanence and sustainability; i.e., solar and wind power, and any other natural resources approved by the PENRA.

**Approved Areas:** Areas determined by PENRA and PIPA; and approved by the Board of Directors for the purpose of establishing power stations 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. Obtain the required licenses from the competent bodies;
2. To comply with all conditions stipulated in The Law, as well as regulations and instructions issued in relevance to it;
3. Maintain the minimum number of employees during the benefit period. The Board of Directors shall put forward the required instructions in regards of number of employees and their fields of specialty.

## **Article (3)**

### **Application Period**

Application to benefit from the Incentive Package Contract issued by The Agency shall be submitted as follows:

1. Power Station projects shall be submitted to PIPA within a maximum period of three years starting from the force date of this Regulation, after acquiring operation permits from the competent bodies.
2. Net metering projects shall be submitted to PIPA within a maximum period of two years starting from the force date of this Regulation.

## **Article (4)**

### **Power Station Incentives**

Power stations with capacity no less than (1) Megawatt, that are implemented within the Approved Areas shall benefit from the following incentives:

1. Phase 1: income tax shall be imposed with (0%) for seven years, as of the date of operation of the power station.
2. Phase 2: income tax shall be imposed with (%5) for five years, starting from the end of Phase 1.
3. Phase 3: income tax shall be imposed with (%10) for three years, starting from the end of Phase 2.
4. After the end of phase 3, income tax shall be calculated based on the applicable and in effect rates.

## **Article (5)**

### **Net Energy Metering Projects Incentives**

1. Projects registered at PIPA and benefiting from incentives stipulated in The Law shall be granted the following:
  - a) Extension of the granted incentive for projects that generate (20) kilowatt at least, for one year, according to the applicable category.
  - b) Extension of the granted incentive for projects that generate (40) kilowatt at least, for two years, according to the applicable category.
  - c) Extension of the granted incentive for projects that generate (60) kilowatt at least, for three years, according to the applicable category.
2. Projects that have benefited from the Law incentives or existing projects that have not previously benefited from the incentives, and have developed their power resources to generate (40) kilowatt at least, to use it in its project activities, shall be subject to income tax with (%5) for two years.

## **Article (6)**

### **Financial Institutions' Incentives**

Concessional loans, granted by finance institutions and banks to finance renewable resources- based electricity generation projects, 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 (7)**

### **Incentive Package Contract**

1. Project validation or Approved Areas, including number of stations for each governorate, shall be subject to Council of Ministers approval, based on recommendations of the Incentives Committee at PIPA.
2. Consultancy services on energy audit for projects and stations shall be provided by PENRA teams.
3. Projects and Power Stations 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 (8)**

### **Charges**

1. 500 Jordanian Dinar its equivalent in other currencies shall be charged in return for the Incentive Package Contract conclusion issued by PIPA for renewable resource based - Power Station projects.
2. 140 Jordanian Dinar or its equivalent in other currencies shall be charged in return for the Incentive Package Contract conclusion issued by PIPA for Net Energy Metering projects.
3. Charges stipulated in sections (1) and (2) of this Article shall be transferred to the government treasury.

## **Article (9)**

### **Incentive Package Contract Conclusion**

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, beneficiary power stations, and granted incentives.

## **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 that contradicts with the provisions of this Regulation shall be repealed.

## **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 one year.

Issued in the city of Ramallah, on 18/07/2017

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

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