

State of Palestine
Council of Ministers
Decision of the Council of Ministers No. (6) Of 2018 on the regulation of incentive package contract for the purpose of encouragement of investment in the Information & Communication Technology Sector

The Council of Ministers,

Based on the provisions of the amended Basic Law of the year 2003 (and its amendments), particularly of Article (70) therein; and the Law on the encouragement of Investment in Palestine No. (1) Of 1998 and its Amendments;

And the Council of Ministers Decision No. (4) Of 2015 on Investment Encouragement Regulation, and 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 5/6/2018; 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 following words and phrases shall have the meanings hereby assigned to them unless the context indicates otherwise.

The Law: The Law on encouragement of Investment in Palestine No. (1) Of 1998 and its Amendments

Agency: The Palestinian Investment Promotion Agency (PIPA)

Board of Directors: The board of directors of PIPA

Projects: projects, new pilot projects and any of its branches, including but not limited to, the industry and development of software and applications, call centers, and electronic content projects (including hosting services, storage services, development of websites, and any internationally approved training service centers in the field of information technology and communications).

Regulation: Regulation of incentive package contract in the sector of Information & communication.

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

Applications for Incentive Package contracts of all projects issued by the PIPA shall be made subject to the procedures and legal term set forth in the relevant laws, regulations and instruction issued in this regard.

Article (4)

Project Incentives

1. New projects shall be exempted from the income tax (0%) for a period of four years.
2. Existing projects that have benefited from the Law incentives shall be exempt from the income tax (0%) for a period of two years.
3. Existing projects that have not previously benefited from the incentives, shall be exempted from the income tax (0%) for a period of three years
4. Investors and companies willing to finance or invest in research and development of Information and communication technology either in the entrepreneurs or new companies or universities or approved research and development centers, will enjoy deductions in the invested amount of profit subject to income tax, upon the approval of these contributions by the PIPA
5. Projects benefited from the Incentive Packages contracts shall be treated as the projects benefited from the law.

Article (5)

Financial Institutions' Incentives

Concessional loans, granted by finance institutions and banks to finance projects approved by PIPA , 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)

Implementation of the Provisions

1. Projects shall be subject to the PIPA's Board of Directors approval; based on the recommendations of the PIPA's Incentive Committee and the Ministry information technology and communication.
2. Applicable projects, which satisfied all the terms and provisions of this regulation, shall get benefited of all the incentives set forth herein, as well as any additional incentives to be approved by the competent bodies.
3. Consideration shall be given to the applicable Laws and regulations regarding scientific research incentives, and financing of small and medium or green loans programs.
4. Centers and incubators approved by the Board of Directors may be used as the project title for the purpose of completing the registration procedures.

Article (7)

Charges

1. No allowances shall be collected in lieu of providing incentives for the Information and communication technology sector approved at the incubators and centers.
2. An allowance shall be collected in lieu of entering into a contract and publication of incentive package contracts issued by the PIPA for the current or new projects or those projects which contribute in investment in the amount of (JOD140) or its equivalent in the legally circulated currency.
3. The allowances set forth in this Article shall be imported to the public treasury account.

Article (8)

Incentive Package Contract Conclusion and publication

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 (9)

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 (10)

Cancelation

All that contradicts with the provisions of this Regulation shall be repealed

Article (11)

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 : 05/06/2018 AD.

Corresponding to: 20 Ramadan 1439 H.

Rami Hamdallah
Prime Minister

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