

**Regulation of Incentive Package Contract for the Purpose of  
Investment Encouragement in the Employment of Renewable Energy  
Technologies No (9) of 2021**

**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 Minister of National Economy/ Chairperson of the Board of Directors of the Palestinian Investment Promotion Agency; and

Based on the decision of the Council of Ministers on April 12, 2021; 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, unless the context otherwise requires, shall have the following meanings:

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

**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.

**Approved Areas:** Areas approved by the Board of Directors for the purpose of establishing power stations and projects for electricity generation from renewable sources in the Palestinian Governorates

**Power Station:** Any project that is approved as a station that uses renewable energy sources 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 sources and characterized by durability and sustainability; i.e., solar and wind power, and any other natural resources approved by the PENRA.

**Project:** systems and technologies of renewable energy that employ renewable energy sources to generate electricity. It includes buildings and facilities, affiliated lands, and machines and equipment used for this purpose.

**Contract:** Incentive package contract.

## **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. Meet 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 regarding the number of employees and their fields of specialty.

## **Article (3)**

### **Project Incentives**

Projects approved by PIPA shall duly benefit from the incentives prescribed herein as per the following criteria and incentives:

1. Net metering projects that combine self- sufficient power supply for the facility and feeding of excess energy into the grid as per power purchase agreements:
  - a. Phase 1: income tax shall be imposed with (0%) for five years, as of the date of the project operation.
  - b. Phase 2: income tax shall be imposed with (%5) for five years, starting from the end of Phase 1.
  - c. Phase 3: income tax shall be imposed with (%10) for three years, starting from the end of Phase 2.

- d. After the end of Phase 3, income tax shall be calculated according to the applicable rates.
  - e. In all cases, rates in paragraphs (a, b, c and d) of this article shall be calculated based on the income realized from electricity production from renewable sources.
  - f. The project contract shall be organized according to the instructions of the PIPA head of Board of Directors. The contract shall stipulate all requirements and commitments with the investor, as well as facility and grid supply rates. For the purposes of charges, the projects shall be treated as medium - scale capacity facilities.
2. Power stations: power stations with no less than (1) MW capacity, executed within the range of approved areas, shall benefit from the following incentives:
- a. Phase 1: income tax shall be imposed with (0%) for five years, as of the date of the project operation.
  - b. Phase 2: income tax shall be imposed with (%5) for five years, starting from the end of Phase 1.
  - c. Phase 3: income tax shall be imposed with (%10) for three years, starting from the end of Phase 2.
  - d. After the end of Phase 3, income tax shall be calculated according to the applicable rates.
3. (Medium – scale capacity power stations): power stations with no less than (100) KW and no more than (999) KW capacity, executed within the range of approved areas, shall benefit from the following incentives:
- a. Phase 1: income tax shall be imposed with (0%) for five years, as of the date of the project operation.
  - b. Phase 2: income tax shall be imposed with (%5) for three years, starting from the end of Phase 1.
  - c. Phase 3: income tax shall be imposed with (%10) for two years, starting from the end of Phase 2.
  - d. After the end of Phase 3, income tax shall be calculated according to the applicable rates.

**Article (4)**  
**Financial Institutions' Incentives**

Loans, granted by finance institutions and banks to finance renewable source- 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, without any derogation of any exemptions granted to international finance institutions according to the law or any signed agreements.

**Article (5)**

**Charges**

1. Charges in return for incentives and publication of investment confirmation certificates issued by PIPA under this regulation shall be collected as follows:
  - a. 500 Jordanian Dinar its equivalent in the legally currencies in circulation, according to the approved change rates, for power stations with more than (100 KW) and less than (999 KW) that produces energy from renewable sources.
  - b. 1000 Jordanian Dinar its equivalent in the legally currencies in circulation, according to the approved change rates, for power stations with energy production capacity of more than (1 MW) from renewable sources.
2. Charges stipulated in sections (a) and (b) of this Article shall be transferred to the government treasury.
3. Certificates of investment confirmation shall be published in the Official Gazette, including names of beneficiaries and granted incentives.

**Article (6)**  
**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 (7)**  
**Cancellation**

All and any provisions that contravene this regulation shall be repealed.

**Article (8) 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.

All concerned parties, each within their jurisdiction, shall implement the provisions of this regulation, and it shall enter into force from the date of publication in the Official Gazette.

Issued in the city of Ramallah, on 12/04/2021  
Corresponding to Sha'ban 30, 1442 AH

**Dr. Mohammad Shtayeh**  
**Prime Minister**