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PART II

Statutory Notifications (S. R. O.)

GOVERNMENT OF PAKISTAN

PRIME MINISTER'S OFFICE

(Board of Investment)

NOTIFICATION

*Islamabad, the 15th January, 2021*

**S. R. O. 329(I)/2021.**— In exercise of the powers conferred by section 40 of the Special Economic Zones Act, 2012 (XX of 2012), the BOI, in consultation with SEZ Authorities and with approval of the BOA, is pleased to make the following regulations, namely:—

1. **Short title and commencement.**— (1) These regulations shall be called the SEZ Zone Enterprise Admission and Sale, Lease and Sub-Lease of Plot Regulations, 2021.

(2) They shall come into force at once.

2. **Definitions.**—(1) In these regulations, unless there is anything repugnant in the subject or context,—

(a) “Act” means the Special Economic Zones Act, 2012 (XX of 2012);

517 (1—9)

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- (b) “day” means working day, excluding all Gazetted holidays;
- (c) “Rules” means the Special Economic Zones Rules, 2013 and includes any modification made by the BOI with the approval of BOA; and
- (d) “SEZ secretariat” means the Special Economic Zone Secretariat.

(2) All other words and expressions used in these regulations but not defined herein shall have same meaning as assigned thereto in the Act or the Rules.

3. **Zone enterprise application processing procedure.**— The following procedure shall be followed for zone enterprise entry application processing, namely:—

- (1) every developer shall provide information of each plot of SEZ including but not limited to its location, size, price, development timeline, availability of utilities, coordinates etc. on SEZ MIS Module maintained by BOI for the information of general public and potential zone enterprises;
- (2) after notification of the SEZ committee by the BOI, developer of the respective SEZ shall announce the date of sale or lease or sub-lease of plots through at least four national daily newspapers, two in English and two in Urdu, besides placing the information on the websites of the developer and BOI;
- (3) any potential zone enterprise looking to invest in an SEZ shall register itself in the prescribed manner at the link of SEZ MIS Module available on BOI’s and developer’s websites;
- (4) for submission of zone enterprise entry application, the zone enterprise applicants shall fill-in all mandatory fields of the online application form in accordance with the Annex 3, to the Rules *via* SEZ MIS Module. The investors may fill-in other fields as well, as may be required or prescribed under special circumstances;
- (5) every zone enterprise entry applicant may mark three available or vacant plots in order of preference in its online application for ready reference of the SEZ committee at the time of considering the application. SEZ committee may allot, if satisfied, any of the plots as per preference of the applicant or allot any other plot it deems suitable as per requirement of the concerned zone regulations and master plan, while considering the recommendation of the developer, if any;
- (6) in case there are more than one eligible zone enterprise entry application against one plot, the plot shall be sold on first come first serve basis, and, if both or all applications are received at the same

time, the application that is considered to be more economically viable as per collective wisdom of the SEZ committee shall be given preference, provided that this condition shall not bar the SEZ committee to allot any other suitable available or vacant plot to the applicant that has not been accommodated earlier against the requested plot;

- (7) the documents listed at Annex-2 to the Rules shall be attached with the online application;
- (8) once complete and submitted through SEZ MIS Module, the zone enterprise entry application along-with its annexures shall be automatically shared or made visible online to each member and secretary of the SEZ committee for evaluation;
- (9) a meeting shall be called by the chairman SEZ committee or any other member by giving in writing request to the secretary of the SEZ committee;
- (10) in usual circumstances, secretary SEZ committee, on direction of the Chairman SEZ committee or on request of any SEZ committee member, shall call a meeting on at least prior seven days in writing notice. The meeting notice duly signed and stamped by the secretary SEZ committee shall be issued along-with a self-explanatory working paper on the prescribed online format containing clear recommendations of the developer, being secretariat of the SEZ committee, and a set of documents received from the zone enterprise entry applicants. However, on recommendation of the respective SEZ Authority or BOI, owing to some cogent reason recorded in writing, the condition of seven days' notice may be waived off by the Chairman SEZ committee;
- (11) at the time of consideration of the zone enterprise entry application by SEZ committee, the developer shall undertake to ensure provision of utilities to that zone enterprise, if admitted in the SEZ, as per the requirement and time frame stated in its zone enterprise entry application. The undertaking thus provided shall be subject to provision of the utilities by Federal or Provincial Governments, as the case may be, and wherever applicable;
- (12) all the documents received from the zone enterprise entry applicants shall be kept confidential and one set of each application shall be maintained in the office of the developer as permanent record and shall be liable to be produced on request to every member of the SEZ committee, respective SEZ Authority, provincial investment department or BOI;
- (13) the zone enterprise entry application shall be discussed in the scheduled SEZ committee meeting. The SEZ committee shall give

its decision keeping in view the zone admission criteria stated in Annex-1 to the Rules, master plan, economic viability of the proposal and any other rule or policy etc. relevant with the zone enterprise entry application. Minimum investment density and minimum plot coverage ratio defined by the respective SEZ Authority in terms of rule 2(1)(m) and (n) of the Rules shall be given due weightage while considering the proposal for sale, lease or sub-lease of plot to any potential zone enterprise;

- (14) for disposal of a zone enterprise entry application on merit, a quorum of seventy-five percent of the members, as provided in rule 39(4) of the Rules, shall be mandatory;
- (15) minutes of the meetings of the SEZ committee shall be recorded, signed and circulated, within three days, by the secretary SEZ committee amongst the members, the SEZ Authority and the BOI for their objections or endorsement. However, meeting which was called on short notice as mentioned in clause (10), the minutes of such meeting shall be circulated within one day;
- (16) the minutes shall, upon circulation, stand confirmed if no objection is received from members within seven days of such circulation. Such minutes shall be signed by the Chairman of the next meeting as proof of approval and for identification purposes. However, meeting which was called on short notice as mentioned in clause (10), the minutes of such meeting shall stand confirmed within three days of such circulation;
- (17) after receipt of confirmation of the minutes of the SEZ committee in which zone enterprise entry application for plot allotment has been considered for approval, the secretary SEZ committee shall forward a copy of the minutes to the developer on the same day;
- (18) any rejection or deficiency found in a zone enterprise entry application shall be conveyed to the zone enterprise applicant by the secretary SEZ committee immediately after confirmation of the minutes of the SEZ committee in which zone enterprise entry application was discussed, with an endorsement copy to all the members of the SEZ committee;
- (19) upon receipt of the minutes of the SEZ committee and subject to approval of the committee, the developer, in terms of section 24 of the Act, shall admit the zone enterprise in the respective SEZ within three days on the format as set out in Annex-4 to the First Schedule to the Rules;

- (20) the developer shall simultaneously admit and give possession of plot to the approved zone enterprise into SEZ;
- (21) the developer, after admitting a zone enterprise in the prescribed manner, shall be at liberty to charge plot price or lease or sub-lease rent, as the case may be, in lump sum or in installments as per agreed price or rent between the developer and the zone enterprise and subject to adherence of price or rent, if fixed and notified by the BOA. In order to facilitate zone enterprises, the developer may issue a provisional allotment letter, without placing any contingent liability at the part of the Federal or Provincial Government, stating that possession of the plot has been transferred to the zone enterprise, with the condition that it can be used as a collateral for bank loans, provided the developer is permitted to extend such facilitation to the zone enterprise under the respective zone regulations;
- (22) in case the zone entry application is not approved by the SEZ committee or developer refuses to admit the zone enterprise within the stipulated time frame mentioned in clause (19), the applicant may file an appeal to the SEZ Authority within thirty days from the date of rejection by the SEZ committee or refusal by the developer to admit the applicant as zone enterprise. Upon receipt of appeal, SEZ Authority's sub-committee delegated with the power of hearing such appeals shall hear such appeal within next fourteen days of the date of receipt of such appeal. The applicant may appear before the said sub-committee, in person or through authorized representative as the case may be. The SEZ Authority's sub-committee shall hear the appeal under the provisions of the Act, in accordance with the applicable zone regulations and development agreement and its decision shall be final in all respects subject to endorsement by the SEZ secretariat;
- (23) upon issuance of zone enterprise approval letter, the zone enterprise shall stand approved;
- (24) the SEZ committee shall be free to approve, sale, lease, sub-lease of any plot and admit any enterprise in the SEZ as zone enterprise in line with the applicable rules and procedures;
- (25) in case any inconsistency is found between the decisions of the SEZ committee and board of directors of the developer, the decision of the former shall prevail and be legally binding on the developer;
- (26) without prior approval of the SEZ committee or without following the prescribed notified procedure by the SEZ secretariat, any transaction made by the developer for sale, lease or sub-lease of plot in an SEZ shall be void and buyer or lessee of such a plot shall not be entitled to get the status of zone enterprise and any tax exemption or fiscal benefits under the Act;

- (27) plot transacted as void under clause (26), regardless of any subsequent change in ownership shall be permanently dis-qualified from getting fiscal or other benefits available to zone enterprises under the Act. This condition, however, may be relaxed, on request of the SEZ committee citing reasons, subject to endorsement of the respective SEZ Authority and subsequent approval of the SEZ secretariat, on case to case basis. The condition of permanent disqualification, however, shall not apply to those SEZs which are notified by the BOA after conversion of existing zones, as defined under section 3(i) of the Act; and (28) each monetary penalty imposed by the SEZ secretariat under the Act and rules and regulations made thereunder shall be payable by the developer in the designated bank account of SEZ secretariat within thirty days from the date of award of such penalty.

4. **Existing zones converted into SEZs.**— (1) Upon notification of existing zones as SEZs, only new entrants and new industries that are setup and commence production after the date of notification of the existing zone as an SEZ shall be entitled to avail SEZ enterprise benefits under the Act.

(2) After notification of the existing zone as an SEZ under section 15(1) of the Act or existing zones as defined under section 3(i) of the Act, already notified by the BOA as SEZs, the respective zone developer shall invariably issue offer letters, *via* registered post to all earlier allottees, owners and lessees of plots to either apply for SEZ zone enterprise status within ninety days from the date of issuance of the offer letter to get the benefit of a new entrant under section 15(2) of the Act read with rule 48(3) of the Rules or surrender the plot back to the zone developer and liquidate their un-successful investments; and in case of failure, it shall lead to the permanent dis-qualification of the plot to ever be considered for the status of zone enterprise regardless of the subsequent change of ownership of such plot.

(3) After lapse of sixty days from issuance of the offer letter as mentioned in sub-regulation (2), the developer shall issue a reminder letter, *via* registered post, to sensitize those allottees, owners and lessees of plots which have yet not applied for the SEZ zone enterprise status in the respective SEZ against their earlier allotted land in the existing zones.

(4) The period of ninety days under sub-regulation (2) may be further extended by thirty days upon request of the SEZ developer and on recommendation of the respective SEZ Authority under intimation to SEZ secretariat:

Provided that the developer of that respective SEZ applies to the SEZ Authority for such extension fifteen days prior to the expiry of the initially given ninety days as under sub-regulation (2).

5. **Certification of zone enterprise.**— (1) The SEZ committee shall certify each zone enterprise once all of the criteria as per rule 51(2) of the Rules have been met and such certification shall qualify the zone enterprise for entitled benefits.

(2) In case of failure to meet the zone enterprise certification criteria under rule 51(2) of the Rules, the sanctions under rules 52 and 53 of the Rules shall be imposed.

6. **Transfer of plot.**— (1) The title of the plot shall be transferred in the name of the zone enterprise only when it has commenced authorized commercial activities within twenty four months of acceptance of its zone entry application and performed business operations in the SEZ for at least six months. The title shall further be non-transferrable.

7. **Cancellation of plots.**— (1) The plot allotted to a zone enterprise shall be cancelled on thirty days' notice by developer on recommendation of the SEZ committee on any one of the following conditions, namely:—

- (a) zone enterprise has failed to achieve certification requirements as provided in rule 51 of the Rules;
- (b) zone enterprise has failed to comply with standards as provided in rule 53 of the Rules; or
- (c) zone enterprise is found to have violated the Act or the Rules or any policy, directive, regulation issued by BOA from time to time.

(2) In all of the above cases, decertification or revocation of the zone enterprise status shall lead to plot cancellation and removal of improvements if any. In case of sub-regulation (1)(b) a twelve months' grace period shall be allowed as provided in rule 53(1)(d) of the Rules.

(3) Upon the lapse of the said twelve month grace period, if the zone enterprise has not been reinstated or the plot has not been transferred to another zone enterprise after due approval by SEZ committee, the plot shall be cancelled and if there are any structures on the plot they shall be demolished, in line with rule 53(1)(d) of the Rules.

(4) The cancelled plot shall be reopened for sale, lease, sub-lease, and all related information shall be provided on the SEZ Module and developer's website.

8. **Plot surrender by a zone enterprise.**— (1) In case of a zone enterprise that is looking to voluntarily surrender its plot in part or whole, it shall make application for the same to the SEZ committee.

(2) Upon receipt of such request, the secretary SEZ committee shall call a meeting to discuss the request for surrender of plot.

(3) If the plot is surrendered in whole, it shall immediately stand cancelled with approval of the SEZ committee.

(4) If the plot is surrendered in part, it shall be cancelled and shall be first offered by the developer by giving thirty days non-extendable notice to the adjacent zone enterprises for merger of plot, provided the adjacent zone enterprises have valid reasons duly supported with documentary evidence, if any, for its business expansion plan for purchase or to be taken on lease or sub-lease.

9. **Merger of plots.**— (1) A zone enterprise entry applicant may request in the zone entry application for a custom sized plot as per its requirement:

Provided that there is no other zone entry application against the requested plots, and that the development plan, or colonization plan allows for such a merger, the zone enterprise entry application shall be processed as usual.

(2) In case there are more than one application against these plots, the SEZ committee through its collective wisdom shall decide the case as it would in case of two or more applications against one plot under usual circumstances.

10. **Change in master plan.**— The change in master plan due to surrender of plots in part, merger of two or more plots or minor adjustments in the size of plots shall be regularized through SEZ committee subject to its satisfaction:

Provided that such change shall be intimated by the secretary SEZ committee to the SEZ secretariat and the respective SEZ Authority along-with a copy of the revised master plan, and all original record shall be updated and kept in safe custody by the SEZ developer.

11. **Required documents for zone enterprise entry application.**— The required documents for zone enterprise entry application shall be as set out in Annex-2 to the Rules, and any other document as may be prescribed by the SEZ secretariat.

12. **Pre-requisites.**— (1) Developers are required to provide the number of available plots and their respective locations on their websites' home page and application registration page for investor facilitation, in addition to providing the same on the SEZ MIS Module.

(2) The land shall be clear from all encumbrances and its title, whether owned or leased, shall be in the name of the developer.



(3) Decision of the SEZ committee shall not be dependent on any decision taken by board of directors (BOD) or any other forum or corporate body of the developer. Moreover, no zone entry application shall be placed at any stage before the BOD or any other forum or corporate body of the developer for any prior or subsequent approval, before or after granting of the SEZ zone enterprise entry approval and status by the SEZ committee.

(4) Developer shall be required to provide commitment for provision of utilities as per the time frame and requirements stated in the under-consideration zone enterprise entry application at the time of consideration by the SEZ committee.

(5) Developer shall be required to open only those plots for sale, lease or sub-lease that have availability of utilities at doorstep and are complete with respect to necessary infrastructure requirements.

[No. I(106)-2020-SEZ.]

FAREENA MAZHAR,  
(*Secretary BOA/BOI*).