

Prime Ministerial Decree No. 2310 of 2017 promulgating the Executive Regulations of the Investment Law No. 72 of 2017

Source: Prime Ministerial Decree No. 2310 of 2017, Issue no. 43 (bis) (a) of the Official Gazette dated 28 October 2017

The Executive Regulations (“**Regulations**”) of the Investment Law (“**Law**”), approved by the Cabinet on October 25, 2017, along with the Law, aim to facilitate business procedures and accelerate the Investment dispute resolution.

The Regulations are divided into five sections, governing incentives and guarantees, the investment environment, investor services, and monitoring. It also addresses the nature of investment and free zones.

The Regulations introduce for the first time that the General Authority for Investment and Free Zones (“GAFI”) shall approve new licenses and clearances within a specific number of days, reducing the waiting time for starting new businesses. That is the “Single Window System”. GAFI shall operate as the sole regulatory authority responsible for the entire process and for ultimately issuing licenses. In this sense, investors will no longer have to deal with multiple parties. Instead, investors shall submit their application directly to GAFI, which, in its turn, shall examine the papers and coordinate with the concerned governmental authorities in order to issue the requested license.

Part I: General Provisions

Chapter 1: The activities and domains subject to the Law provisions.

The Regulations have specified fields of activity which shall benefit from the Law’s incentives and guarantees; as follows industrial sector; animal, poultry or fish production; commercial sector; educational sector; health sector; transportation sector; tourism sector; housing and infrastructure projects; sports sector; electricity sector; petrol sector; water sector and telecommunication and information technology.

Chapter 2: The Investor responsibility towards the community

The Regulations offer incentives to encourage investors to allocate funding towards the community development. Investment Projects are allowed to allocate up to 10% of their net profits to such projects. That amount is deductible from the net taxable profits in regards to the investment project’s annual Corporate Tax.

Part II: Incentives

Chapter 1: Regulation of the foreign investors' residence and the employment of foreign employees

Article 6: Investment Project may use 10% of foreign labors and in the event of the inability to use national manpower who possess the necessary qualifications, such percentage may be raised to 20%.

Chapter 2: Guarantees

Article 7: provides that all decisions issued by the Authority or any other competent entity, related to the investment project, shall be reasoned and that the concerned party shall be notified by this decision once issued.

Article 8: provides that the administrative entities may not revoke the licenses granted for the investment project or put them on hold or repeal the properties allocated for the project until the investor is notified by its breaches and a 60-days-period is granted for the latter to justify itself and to eliminate the breaches. If this period is lapsed without eliminating the breaches, the administrative entities shall communicate GAFI for its opinion before deciding on the matter. And GAFI shall give its opinion within seven days of receipt of the letter.

Part III: Investor Services

Chapter 4: the advanced approval and the one-stop approval

Article 40 provides that GAFI shall issue all necessary approvals and licenses for the investors and shall deal with the other entities to do so. The entitled entities shall have a **period of 60 days** to revert to GAFI with all the required approvals or licenses.

Chapter 5: Allocation of real estate necessary for the investment

Article 48: The administrative entities may be part of the investment projects by allocating real estates in the following scheme of projects: PPP, BOT or BOOT.

Part IV: Investment Zones, Technological Zones, and Free Zones

Chapter 1: The Investment Zones

Article 60: the Investment Zones shall be established by Prime Ministerial Decree upon a recommendation filed by a joint presentation from the competent minister and the relevant

minister based on the recommendation by GAFI board; in light of the submitted application by the interested party in establishing the Investment Zone.

Chapter 2: Technological Zones

Article 70: The technological zone is established by a prime ministerial decree upon the recommendation of GAFI board in light of the submitted application of the Minister of Telecommunication and information technology.

Each technological zone shall have a developer who will be responsible for all the construction works, management, promotion and development.

Chapter 3: Free Zones

Article 74: A technical committee shall be created within GAFI for the only purpose of managing the free zones.

Part V: Monitoring the investment environment.

Chapter 2: Monitoring Procedures

Article 127: GAFI is the competent authority to monitor the implementation the provisions of the Law and the Regulations. In order to do so, in case of any breach GAFI has the competence to take all necessary measures in accordance with the rules and procedures prescribed by law.

The Executive Chairman of GAFI is competent to issue decisions to facilitate the procedures for the investors; using the electronic means instead of the documentation; especially in the following points:

1. Setting the rules and conditions for facilitating the procedures for the general assemblies, boards and ratification of the minutes electronically once activated by GAFI.
2. Developing and facilitating the procedures for increasing and decreasing the companies' capitals.
3. Setting the rules to ensure the separation of the investment procedures 'regulation from the subsequent monitoring of the companies.