

## **STZA FAQs**

### **Q1: What is the Special Technology Zones Authority?**

The Special Technology Zones Authority (STZA) has been set up under the Cabinet Division pursuant to Section 3 of the Special Technology Zones Authority Act, 2021, to develop a technology-driven knowledge ecosystem and encourage innovation and futuristic entrepreneurship. STZA will enable development of Special Technology Zones (STZs) across Pakistan and provide special incentives to attract investment in the technology sector. The Authority is also mandated to provide institutional and legislative support for the technology sector.

### **Q2: What are the Objectives of the STZA?**

STZA is focused on several key objectives:

- To provide institutional and legislative support for the technology sector with internationally competitive and export-oriented structures and ecosystem;
- To attract foreign direct investment;
- To develop collaboration ecosystem;
- To connect academia, research and technology industry;
- To initiate innovation in production systems and products;
- To increase the standards and quality of technology goods and services;
- To decrease the costs of production through high-tech interventions;
- To have intensive innovation and futuristic entrepreneurship;
- To enable job creation; and
- To commercialize technological knowledge.

### **Q3: What is a Special Technology Zone?**

Special Technology Zones (STZs) are ring-fenced areas, approved and notified by the STZA, through which the technology-driven knowledge ecosystem will be supported and special incentives for investors will be provided. These zones may be new parcels of land notified for development of STZs, existing infrastructure that can be declared as a STZ, or expansion of STZs in any region.

### **Q4: What incentives are available for investments in a Special Technology Zone?**

They include a range of fiscal, monetary and performance incentives including but not limited to tax exemptions, special forex and capital regulations, and targeted investment facilitation through the One Window facility.

For further clarity kindly refer to sections 20 and 21 of the Special Technology Zones Authority Act, 2021 available on the website at [www.stza.gov.pk](http://www.stza.gov.pk)

#### **Q5: What is a Zone Enterprise?**

The term refers to any public, private, or public-private Person developing, operating and managing a technological enterprise within the zone and licensed as such by the Authority. A Zone Enterprise is the main customer of the Special Technology Zone.

“Person” includes any registered association of persons, consortium, a body corporate formed or incorporated by or under any law in force, company, corporation, society, modaraba, Real Estate Investment Trust (REIT), Government, trust, partnership, or any juridical personality and includes the zone developer and zone enterprise.

A Zone Enterprise may develop and/or operate its facility and/or physical infrastructure for its own use; however, it cannot sublease or rent-out the facility to another Zone Enterprise. A Zone Enterprise may also apply for office space in a STZ.

#### **Q6: Who can apply as a Zone Enterprise?**

In order for a Zone Enterprise to be eligible for a license, Zone Enterprises should preferably be engaged in the following categories (**ZE Categories**) R&D, operations, development, financing, and investment in Artificial Intelligence and Machine Learning, Big Data Analytics, Quantum Computing, Cloud Computing, Internet of Things (IoT), Robo Advisory, Distributed Ledger Technology (DLT), Natural Language Processing (NLP), Augmented Reality / Virtual Reality (AR / VR), Robotics, Wearables, Mobile Payment, Fintech and Block chain, Biotech and Genomics, Edtech, Science and or Technology Institution, Technology Skill Development Centers, Telemedicine, Biomedical Technology, Internet of Things (IoT), 3D-Printing, Electric Vehicles, Automobiles, Sustainable and Renewable Energy, Green Energy, Agri-Tech, Converging Technologies, ICTS, IT and ITeS, Nanotech, Medical Devices, Pharmaceutical, Creative Industries. Ed-Tech, Semiconductors, Ecommerce, Satellites, Electronics, Smart Phones and Laptops, Fine Chemicals, New Materials, Precise Instruments, Environmental Technologies, Tertiary Industries, other major S&T industrial domains, industries, and sectors, and other existing and upcoming or emerging digital and and technology areas as approved and notified by the Authority from time to time.

Zone Enterprises whose business is not core tech (i.e., not from one of the ZE categories mentioned above) and are ancillary to tech businesses or providing general commercial services (such as hotels, restaurants, eateries, postal services etc.), may also apply to operate their businesses in a STZ, when applications are open for general services in different STZs. Until applications are open for general services, prospective applicants may send a letter of interest to [applications@stza.gov.pk](mailto:applications@stza.gov.pk).

**Q7: What are the criteria to be selected as a Zone Enterprise?**

Zone Enterprises will be evaluated based on their contributions to Pakistan’s technology sector, with factors such as R&D, local job creation, technology transfer, human capital development, exports growth, import substitution, technology development and other relevant areas. For a more detailed framework, please refer to STZA (Qualification and Approval) Rules, 2021. **ANNEXURE IV** and Guidelines for Zone Enterprises, available on [www.stza.gov.pk](http://www.stza.gov.pk).

**Q8: What is a Zone Developer?**

- The terms refer to any public, private, or public-private Person responsible for development, operation or management of the whole, or a part of the Special Technology Zone and licensed by the Authority as such, and includes a co-zone developer.
- The Zone Developer may lease or rent out its facility to licensed Zone Enterprises. The Zone Developer will be responsible for the supervision of activities in its specified area in the STZ, and monitoring compliance with the relevant agreements, licenses, and the Rules and Regulations notified by the Authority.
- “Person” includes any registered association of persons, consortium, a body corporate formed or incorporated by or under any law in force, company, corporation, society, modaraba, Real Estate Investment Trust (REIT), Government, trust, partnership, or any juridical personality and includes the zone developer and zone enterprise.

**Q9: What are the criteria to be selected as a Zone Developer?**

Zone Developers will be evaluated based on their technical and financial proposals. The interested applicants are requested to refer to Annexure I, II, III, and V of the Special Technology Zones Authority (Qualification and Approval) Rules, 2021 for a detailed overview of the selection criteria and Guidelines for Zone Developers, available on [www.stza.gov.pk](http://www.stza.gov.pk).

**Q10: On what type of model can an Applicant apply for a license?**

A zone developer can apply for a license based on following models:

- (a) Where the Applicant owns a parcel of land equal to or greater than 5 acres;
- (b) Where the Applicant owns a partial built-up structure or a complete built-up structure equal to or greater than 250,000 sq. ft.; or
- (c) Where the Applicant intends to develop, operate and manage an area of land in one of the STZs notified by STZA in Pakistan. Please note that the minimum area requirements for notified STZs will be specified for each STZ on a case-to-case basis.

Above mentioned categories are subject to application models as given in the table attached below:

APPLICATION MODELS	DESCRIPTION
<p><b>Zone Enterprises</b></p> <p>A Zone Enterprise is Person licensed to operate and manage its business operations in a STZ. A Zone Enterprise may be engaged in various categories of technology related businesses as per the STZA Act, 2021.</p>	<p>An application by any person requiring office space in a notified STZ. A Zone Enterprise will be assessed and selected in accordance with the strength of the technology business proposal of the applicant in line with STZA’s core strategic objectives.</p> <p>Note: This model is best suited for technology startups and companies that require office space in an STZ and aim to take advantage of the ecosystem in special technology zones.</p>
<p><b>Zone Developers and Co-Zone Developers</b></p> <p>A Zone Developer is a Person licensed to build, develop, manage and operate a STZ.</p> <p>A Co-Zone Developer is a partner of the Zone Developer, licensed to build, develop, manage and operate a STZ.</p>	<p>An application by any person for building, operating and managing a facility on a parcel of land, or existing infrastructure, in a notified STZ, or private land qualifying to be notified as an STZ. A Zone Developer will be assessed and selected in accordance with the strength of its financial and technical experience in developing, operating and managing projects, and their alignment with STZA’s core strategic objectives.</p> <p>A Zone Developer may also invite Co-Zone Developers to build, operate and manage a facility in a notified STZ, in partnership with the Zone Developer. A separate application is required for a Co- Zone Developer License.</p> <p>A Zone Developer is required to sub-lease the facility to various Zone Enterprises for their business operations, as licensed by STZA.</p> <p>This is a <b>Build, Operate, Manage, and Lease</b> model.</p> <p>Note: This model is best suited for experienced developers that have the objective of building a facility and providing office space to other technology companies, thus contributing towards creation of an ecosystem in special technology zones.</p>

APPLICATION MODELS	DESCRIPTION
<p><b>Joint Application by Zone Developers &amp; Zone Enterprises</b></p>	<p><b>1. Joint Application: Build, Operate, Manage, Self-Utilization</b></p> <p>A joint application by any person to build, manage and operate the STZ and operate the technology business of the Applicant in the STZ.</p> <p>Note: This model is best suited for experienced developers and technology companies, that have the objective of building a purpose-built facility and for their own business use only.</p> <p><b>2. Joint Application: Build, Operate, Manage, Self-Utilization, Lease</b></p> <p>A joint application by any person to build, manage and operate the STZ, operate the technology business of the Applicant in the STZ, and lease out portion of the STZ to other licensed Zone Enterprises.</p> <p>Note: This model is best suited for experienced developers and technology companies, that have the objective of building a facility for their own business use, as well as for leasing out the space to other technology companies that would be licensed by STZA.</p>

**Q11: What documents will you need to apply for a Zone Enterprise License?**

Interested Zone Enterprises will be required to submit an application, along with supporting documentation, which are detailed in the Guidelines for Zone Enterprises, available on [www.stza.gov.pk](http://www.stza.gov.pk).

**Q12. What is the fee structure for Zone Enterprises?**

Zone Enterprises are required to pay an initial Application Fee. Other applicable fees and charges may include land lease schedule of charges, rent, annual license fee, development fee, and management fee, which will be notified by the Authority in due course and updated on the website and the Guidelines for Zone Enterprises. STZA reserves the right to revise the applicable fees and charges at any time, subject to prior notification on STZA’s website.

### Q13: What is the Application Fee for Zone Enterprises?

The Application Fee for Zone Enterprises depends on the size or stage of the Zone Enterprise as well as the category (or type) of the ZE. These fees go towards application processing and are non-refundable. Details are given in the tables below:

The Application Fee for a Zone Enterprise License depends on the size or stage of the Zone Enterprise as well as the category (or type) of the Zone Enterprise. These fees go towards application processing and are non-refundable.

<b>Size / Stage of Zone Enterprise</b>	<b>Number of Employees or Revenue (PKR)*</b>	<b>Application Fee in PKR</b>
<b>Startups</b>	Employees 1-20 Revenue < PKR 500 Mn	PKR 16,000/-
<b>SMEs</b>	Employees 21-250 Revenue PKR 500-1000 Mn	PKR 160,000/-
<b>Large Enterprises</b>	Employees 251-1000 Revenue PKR 1-16 Bn	PKR 480,000/-
<b>Anchor Tenants</b>	Employees 1000+ Revenue > PKR 16 Bn	PKR 800,000/-

(\*) For decision of category, whichever is higher among number of employees or revenue is taken. The number of employees or revenue figures are taken as per global footprint of enterprises, if local operational statistics do not reflect the complete view of the operations of the applicant.

Where any Zone Enterprise falls into the following categories, the following rates shall apply:

<b>Category of Zone Enterprise</b>	<b>Number of Employees</b>	<b>Application Fee in PKR</b>
<b>Research and Development</b>	Variable	PKR 160,000
<b>Training and Education</b>	> 5	PKR 320,000
<b>Incubators, Accelerators, and Venture Capital Funds</b>	Variable	PKR 320,000

<b>University (Science &amp; Technology Focused Only)</b>	Variable	PKR 480,000
<b>General Services †</b>	Variable	TBD

(†) General Services are supporting facilities such as hotels, restaurants, banks, logistics & courier services, event management services, laundromats, etc.

**Q14: What is the Annual License Fee for Zone Enterprises?**

The Annual License Fee for Zone Enterprises will be published by STZA in due course.

**Q15: What is the duration of a license for the Zone Enterprise?**

The license duration for a Zone Enterprise is thirty years, while the duration for the incentives is 10 years. STZA has the power to issue additional incentives for zone enterprises as may be required.

**Q16: What are the rates, and terms and conditions for land available for Zone Developers?**

The land would be leased to Zone Developers for 33 years (extendable for two terms) on a 6 years payment plan. Further details will be published by STZA in due course.

**Q17: Will there be any further costs if we move forward in the process?**

The present set of charges are specified in Question 12. Any additional costs will be notified by the Authority and shall not be applicable retrospectively on any entity.

**Q18: What happens once the license is expired after 10 years? Do companies have to reapply to avail the benefits or will all benefits and exemptions go away? What will happen to the office space?**

After 10 years, the exemptions will cease and taxes would return to normal; however, the business may continue as the company desires since the license will be valid for a period of thirty years. STZA may also introduce a follow-up regime for additional benefits that may be activated closer to expiry of the license. The same company that has received the benefits once, cannot avail them again through renewal or reapplication.

**Q19: How long will it take to receive a decision following a License application?**

The decision on a particular application may take up to 45 working days, provided all the requisite information, explanations, and applicable documents are provided in line with STZA (Qualification and Approval) Rules, 2021, the Guidelines for Applications, as well as instructions from STZA’s committees, officers, and relevant authorities.

**Q20: If my Zone Enterprise is successful in obtaining a license, how soon can I move into the zone?**

The availability of land / lot / office space / seats for Zone Enterprises will depend on the development timelines of Special Technology Zones which will be notified by the Authority for each STZ, and the time period for completion of conditions by the Zone Enterprise, as agreed after approval of the application.

**Q21: If my company is already established in Pakistan, and I wish to relocate a portion of my company to a given STZ, do the benefits (tax, customs, etc.) apply to the entire company?**

The benefits only apply to only those activities taking place within the Zone. The primary place of business and operations must lie within a STZ in order to qualify for a license; however, subject to the business requirements on a case-to-case basis, STZA may allow secondary operational offices outside the STZ as well.

**Q22: If a group of companies (a collection of parent and subsidiary companies) want to apply for a license, would they have to do so separately or can they apply collectively as a group?**

The companies concerned can form a new company with a back-end joint venture or shareholders agreement to join an STZ, or one of the companies can become the Zone Developer and the others can join as Zone Enterprises (ZEs) under the umbrella of that ZD company. The legal structure of companies is entirely up to the businesses intending to apply for a license in a STZ.

**Q23: Where is the location of Islamabad Technopolis?**

- Islamabad Technopolis is the flagship zone of the Special Technology Zones Authority, and is located along the NIH Road in Islamabad Capital Territories.

**Q24: Is there electricity and roads available in Islamabad Technopolis?**

Electricity and roads are already available in some areas of Islamabad Technopolis land, which is sufficient for construction purposes. For the rest of the areas, the electricity and roads will be available after trunk infrastructure is built.

**Q25: Can we have a list of companies that have already joined the zone?**

As we have recently opened applications, therefore applications are under process and updates will be shared on the official website. Kindly keep visiting the official website for updates.

**Q26: What size of plots are available for Zone Developers and/or Zone Enterprises in Islamabad Technopolis?**

- Islamabad Technopolis has defined plot sizes of 1-acre, 2-acres, and 4-acres at Islamabad Technopolis. Land should be used optimally by (a) ZDs/ZEs by building maximum space vertically, and (b) ZDs/ZEs utilizing maximum possible space for their own operations as the common facilities will be provided by Islamabad Technopolis. Applicant may also apply for more than 4-acres, provided that they can justify the land utilization and need for their business.

**Q27: The application requires to put in some estimation of plot size for office space. How accurate this estimation has to be?**

The estimate has to be as accurate as possible. We may allow a maximum of 10% variation in the proposed and actual plan - this will be further detailed in the agreement and license.

**Q28: What will the STZA One Window Facility do?**

The STZA One Window Facility will provide a single physical and digital interface for government affairs and infrastructure-related service provision for investors in a Zone. The One Window Facility will comprise



of relevant entities of Federal, Provincial or Local Governments, for facilitation of the zone developers and zone enterprises to lodge standardized information and documents with a single-entry point to fulfill the requirements under the STZA Act, rules or regulations including the establishment, development, execution, operations, functioning and management of zones.

**Q.29: Would there be a separate One Window facility in each province?**

Each Province will create a Provincial One Window Sub-Committee to conduct preliminary assessment of applications and documentation, and facilitation and coordination with provincial government entities for Zone Developers and Zone Enterprises.

**Q30: Would there be absolute/complete exemption on all taxes once licensed by the STZA?**

No. The tax benefits that would be provided to Zone Developers and Zone Enterprise are explicitly mentioned in sections 20 and 21 of the Special Technology Zones Act, 2021. The Act is available in the 'Policies' section on <https://stza.gov.pk/>. The Act gives specific tax exemptions only; therefore, this is not a blanket exemption on all type of taxes.

**Q31: Would incentives given by STZA be applicable in the provinces too?**

Yes. The tax incentives given in the Special Technology Zones Authority Act, 2021 will be applicable in the provinces, with the exception of property tax and sales tax on services, both of which are provincial matters. In addition, Provinces will be at liberty to provide additional tax incentives. These will be updated on our website from time to time.

**Q.32: Will companies be exempt from provincial sales tax if they are operating in provinces?**

The Special Technology Zone Authority Act, 2021 provides exemption on sales tax on goods, which will be applicable on provinces too, However, companies are not exempt of provincial sales tax on services as the same falls under the jurisdiction of respective Provinces. If any Province changes this policy, STZA will provide updates on its website accordingly.

**Q.33: What are the future plans for notification of zones in the provinces?**

The Authority is in the process of announcing the national roll-out plan. Updates in this regard will be shared on the website from time to time, as and when new zones are announced

**Q34: Would utilities in Special Technology Zones be provided at subsidized rates?**

As a policy, the office spaces and the utilities will be provided to the Zone Enterprises at subsidized rates, although the final rates will be at the discretion of the Zone Developers and will not be fixed by STZA.

**Q35: Can entities produce their own energy to power their factories with Solar power?**

Yes, entities can produce their own energy, subject to fulfilment of all applicable legal requirements, and suitability of the proposal with the feasibility for any particular STZ.

**Q36: If others in the designated area are in need of energy sources, can we offer our services?**

Yes, excess energy produced can be shared back with the grid. The relevant regulator (NEPRA) allows net metering and applicants will be required to comply with applicable legal requirements in this regard, as may be amended from time to time. If the unit is producing more than 25 kW, you will need a license

from NEPRA in the case of Islamabad Technopolis (STZA will facilitate with this process). Applicants are advised to seek independent legal advice in this regard.

**Q37: Will the companies get furnished office space or will we have to furnish it ourselves?**

Office spaces on both models will be available. For furnished offices, you may utilize the co-working spaces available within STZs. For any other types of offices, fit-out and furnishing will be the responsibility of the zone enterprise.

**Q38: How many floors are permitted to build for the offices?**

The by-laws for Islamabad Technopolis will be published in due course. Kindly keep visiting the official website for updates.

**Q39: Can one claim exemptions retrospectively after grant of license?**

The tax exemptions and other benefits under the Act, Rules and other documents will only commence from the date of grant of license. A Zone Enterprise or Zone Developer will not be allowed to claim exemptions retrospectively.

**Q40: How do I submit an Application for a Zone Developer or a Zone Enterprise?**

Applications shall be submitted on SZTA's website at [www.stza.gov.pk](http://www.stza.gov.pk), along with all supporting documentation. Additionally, two (2) physical copies of the identical online application along with all supporting documentation must be submitted to STZA within five (5) days of submission of the online application; failure to submit physical copies of the application may result in the application being discarded, at the discretion of STZA.

For Islamabad and all Provinces of Pakistan, Applications in physical form should be sent to the following address, unless otherwise specified on STZA's website:

*One Window Department  
Special Technology Zones Authority  
16th Floor, New State Life Tower  
Blue Area, Islamabad*

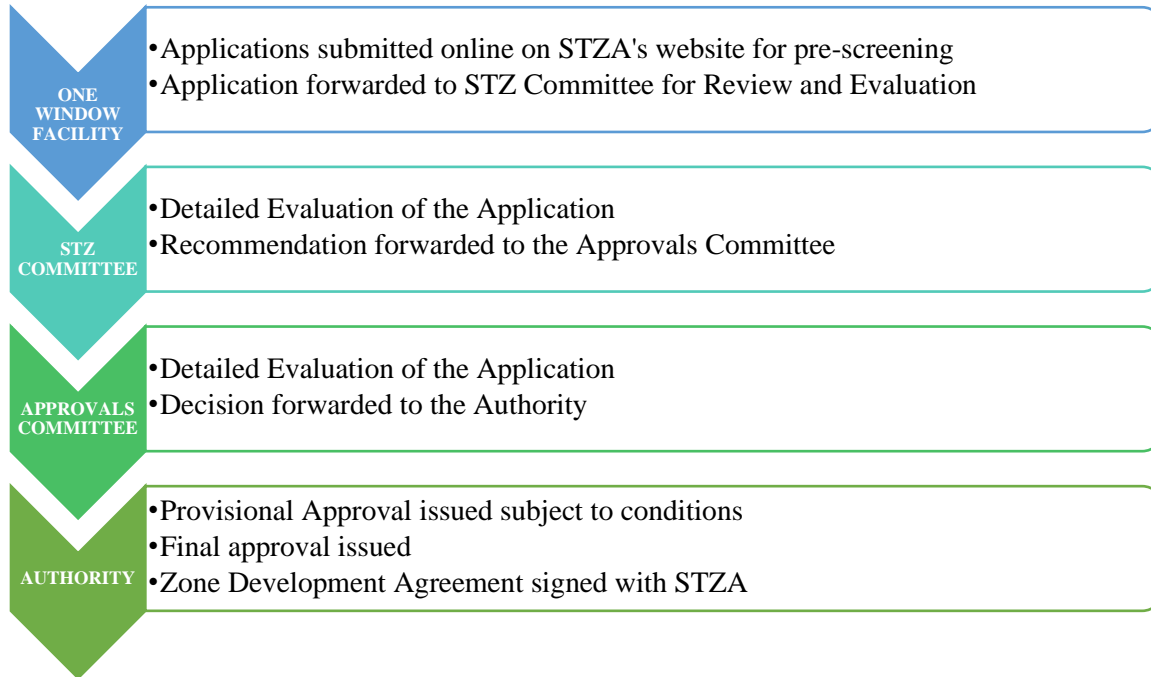
The Applicant shall receive an acknowledgement of application from STZA upon receipt of the electronic and physical copies of the application.

**Q41: Can I withdraw my Application?**

If an Applicant is desirous of withdrawing an application, the Applicant shall inform STZA in writing with reasons for such withdrawal, provided that an application can only be withdrawn within a period of 10 (ten) working days from the date of submission of the physical application to STZA, unless otherwise agreed by STZA. Please note that the application fee shall not be refunded in the event of withdrawal of an application.

**Q.42: What is the procedure for processing of Applications?**

*i) Federal Application*



*ii) Provincial Application*

