

Law No. (5) of 1426 AD (1997 AD) regarding the encouragement of foreign capital investment, as amended by Law No. (7) of 1371 FDP 2003 AD

General People's Conference

In the implementation of the decisions of the Basic People's Congresses in their second regular session of the year 1425 AD, which were formulated by the General Forum of Basic People's Congresses, People's Committees, Trade Unions, Unions, and Professional Associations (General People's Congress) in its regular session during the period from 25 to 30 Shawwal corresponding to 4 to 9 Rabi' 1426 AD.

And after reviewing the declaration of the establishment of the authority of the people.

And the Great Green Charter for Human Rights in the era of the masses.

And Law No. (20) of 1991 on the promotion of freedom;

And the Commercial Law and its amendments.

And Law No. (37) of 1968 regarding foreign capital investment.

Income Tax Law No. (64) of 1973, and its amendments;

Customs Law No. (67) of 1973, and its amendments.

And Law No. 1 of 1993 concerning banks, cash and credit, and its amendments;

And Law No. (1) of 1369 FDP regarding popular conferences and popular committees.

Draft the following law

Article one

This law aims to encourage the investment of foreign capital to establish investment projects within the framework of the general policy of the state and the objectives of economic and social development, in particular:

Transfer of modern technology.

Building the technical Libyan elements.

- Diversifying sources of income to contribute to the development of national products in a way that helps their entry into global markets.

Achieving spatial development.

second subject

This law applies to foreign capital investment investment investment projects by Libyan Arab citizens and nationals of Arab and foreign countries.

The national capital may participate in the investment by foreign capital, and the executive regulations of this law shall specify the bases and controls for such participation. ()

Article 3

In applying the provisions of this law, the following terms and expressions shall have the corresponding meanings, unless the context indicates otherwise:

1) The Great Jamahiriya = the Great Socialist People's Libyan Arab Jamahiriya.

- 2) The law = the law to encourage investment of foreign capital.
- 3) The Secretary = Secretary of the General People's Committee for Economy and Trade.
- 4) Authority = Investment Promotion Authority.
- 5) Executive Regulations = the regulations issued in implementation of the provisions of this law.
- 6) Foreign capital = the total financial value that enters the Great Jamahiriya, whether it is owned by Libyans or foreigners in the implementation of investment activity.
- 7) National capital: the monetary or in-kind value denominated in the local currency included in the formation of the capital of the investment project owned by Libyan citizens or Libyan legal persons whose capital is wholly owned by Libyans. ()
- 8) Investment project = any economic facility established by the law, and as a result of its work the production of a commodity for final or intermediary consumption or investment goods or the export or provision of a service or any other facility approved by the Secretariat of the General People's Committee
- 9) Investor = every natural or legal person, national or foreign, who invests by the provisions of this law.

Article 4

This law regulates the investment of foreign capital entering the Great Jamahiriya in one of the following forms:

Convertible foreign currencies or their equivalents are received through official banking methods.

Machinery, equipment, devices, spare parts, and raw materials necessary for the investment project.

Transportation that is not available locally.

Moral rights such as patents, licenses, trademarks, and trade names are necessary to establish or operate the investment project.

The reinvested part of the profits and returns of the project.

The executive regulation regulates the method of evaluating the in-kind shares included in the formation of the capital to be invested in the Jamahiriya.

Article 5

An authority called (the Investment Promotion Authority) shall be established with an independent legal personality, affiliated with the General People's Committee for Economy and Trade. A decision shall be issued for its establishment based on a proposal from the Secretary specifying its legal headquarters, the Secretary and members of its management committee, and the executive regulations regulating how the Authority's meetings are held.

and administrative procedures necessary to establish the project.

Sixth Article

The Authority works to encourage the investment of foreign capital and to promote investment projects by various means, and in particular, it has the following:

- 1- Studying and proposing plans regulating foreign investment and supervising foreign investments in the country.
- 2- Receive foreign capital investment requests, determine the extent to which they meet the legal requirements, study the economic feasibility of the investment project, and submit its recommendations in particular to the trustee.
- 3- Collecting and disseminating information and preparing economic studies related to the possibilities of investing in projects that contribute to the country's economic development.
- 4- Taking the necessary means to attract foreign capital and promote investment opportunities by various means.
- 5- Recommending exemptions, facilities, or other benefits for projects considered important for the development of the national economy, or recommending the renewal of exemptions and

benefits mentioned in this law for another period, and submitting its recommendations to the competent authority.

6- Examining the complaints, grievances, or disputes presented to it by the investors resulting from the application of the provisions of this law, without prejudice to the investor's right to grievance and litigation.

7- Studying investment legislation and reviewing it from time to time and submitting its proposals related to its development to the competent authority

8- Any other competencies assigned to it by the General People's Committee.

Article 7

The project is required to achieve all or some of the following:

- Producing commodities for export or contributing to increasing exports thereof, or as a result of which the import of commodities will be dispensed with in whole or in part.

Providing workplaces for the Libyan workforce and working on training them and providing them with technical skills and expertise. The executive regulation shall specify the terms and conditions for the employment of national workers.

Using modern technology, a trademark, or technical expertise.

Providing a service needed by the national economy or contributing to its improvement or development.

Supporting links and integration between existing economic activities and projects, reducing production costs, or contributing to the provision of materials and operating requirements for them.

Exploiting or assisting in the exploitation of local raw materials.

Contribute to the development and development of remote or economically backward areas.

Eighth Article

Investments are permitted in the following areas:

- Industry.

Health.

- Tourism.

- Services.

- Agriculture.

Any other field is determined by a decision of the General People's Committee based on a proposal from the Secretary.

Article 9

The foreign capital investment license is granted by the Authority after the issuance of the decision approving the investment by the Secretary.

Article 10

Projects established under this law shall enjoy the following advantages:

a) Exemption of machinery, equipment, and devices necessary for the implementation of the project from all customs duties and taxes and taxes of similar effect.

b) Exemption of equipment, spare parts, and raw materials needed to operate the project from all customs duties and taxes imposed on import and other fees and taxes of similar effect for five years.

c) Exempting the project from income taxes on its activity for five years from the date of starting production or work, according to the nature of the project. This period may be extended to an additional period of three years by a decision of the General People's Committee based on a proposal from the Secretary.

The profits resulting from the project's activity also enjoy these exemptions if they are reinvested, and the investor has the right to carry over the losses incurred by his project during the exemption years to subsequent years.

d) Exemption of goods destined for export from production tax, and exemption from duties and taxes imposed on export when exported.

e) Exempting the project from the stamp duty imposed on commercial papers and documents used by it.

The exemptions mentioned in paragraphs (a, b, and d) of this article do not include fees imposed for services such as port, storage, and handling fees.

Article eleven

The machinery, equipment, apparatus, spare parts and raw materials imported for the project may not be disposed of by sale or abandonment except with the approval of the Authority and after payment of the customs duties and taxes prescribed for their import.

It may not be used for anything other than the purpose for which the license was granted.

Article 12

The investor has the right to:

a) Re-export its invested capital in the following cases:

- Expiry of the project term.

Project filtering.

Selling the project in whole or in part.

A period of no less than five years has passed from the date of issuance of the investment license.

b) Re-transfer foreign capital abroad in the same form in which it was received after the lapse of six months from the date of its receipt if difficulties or circumstances beyond the investor's control prevented its investment.

c) An annual transfer of the net distributed profits and the interests realized by the project is permitted abroad.

d) The investor has the right to employ foreigners when there is no alternative available from the nationals.

- Foreign employees brought from abroad have the right to transfer a percentage of their salaries and wages and any other benefits or rewards granted to them within the framework of the project abroad.

The executive regulation regulates the terms and conditions under which the provisions of this article are implemented.

Article thirteen

The investment project is not bound by the forms stipulated in the legislation in force and is not subject to the registration procedures in the commercial register, industrial register, and my register.

importers and exporters.

The executive regulation determines the legal forms of investment projects that may be established by the provisions of this law and the rules for incorporation and registration procedures in the investment register prepared for this purpose.

The investment project enjoys legal personality and independent financial disclosure as soon as it is registered in the aforementioned register. ()

Article 14

The project established in areas of spatial development, or the project that contributes to achieving food security, or the project that uses equipment that will achieve energy or water savings, or contribute to environmental protection, shall enjoy the exemptions mentioned in paragraphs (b and c) of Article 10 of this The law is for an additional period by a decision of the General People's Committee based on a proposal from the Secretary. The executive regulations specify the conditions for considering the project as a realization of these considerations.

Article 15

As an exception to the legislation in force related to ownership, the investor has the right to own lands for usufruct, and he has the right to rent them or erect buildings on them. He also has the right to own and rent real estate necessary to establish or operate the project, all by the terms and conditions specified by the executive regulations.

Article 16

The investor has the right to open an account in convertible currencies with a commercial bank or the Libyan Arab Foreign Bank for the benefit of his project.

Article 17

The ownership of the project may be transferred in whole or in part to another investor with the approval of the Authority. The new owner shall replace the previous owner in the rights, duties, and obligations arising from him under the provisions of this law and other applicable legislation. The Executive Regulations shall specify the terms and conditions in which the transfer of ownership takes place.

Article 18

If it is proven that the investor has violated any of the provisions of this law or the executive regulations, the violating investor is warned by the authority to correct the violation within a period specified in the warning.

Depriving the project of some of the advantages stipulated in this law.

Obligating the investor to pay the same amount of what he was exempted from.

Article 19

The license issued for the project may be withdrawn or the project may be permanently liquidated in the following cases:

Not starting the implementation of the project or not completing the implementation by the controls and conditions specified by the executive regulations.

Violation of the general provisions contained in this law or its executive regulations.

Repeat violations.

All of this is done by the procedures specified by the executive regulations.