

The Implementation of Investment Law

No.10/1991

Article 2 – Beneficiaries from the Law Benefitting from Investment Law shall be projects of economic and social development that are to be approved by the Council and which are established with local or foreign capital, or both, by natural or juristic persons identified as follows:

Syrian Arab citizens residing in the Syrian Arab Republic and those who are treated as such.

Expatriate Syrian Arab citizens whether they retain their original nationality or have obtained the nationality of the host country.

Nationals of Arab and foreign states.

Juristic persons who will be licensed by the Council to launch enterprises under the rules of investment law.

Article 3 – Investment Fields Economic and social development projects mentioned in Article 3 of Investment Law shall mean those enterprises which are created under its rules in the following areas:

Agricultural enterprises in both plant and animal production areas and all other activities and works related, connected or complementary thereto such as the construction of greenhouses, refrigerated storage facilities and facilities for the sorting, packing and packaging of fruits and vegetables whether those are the produce of the same enterprise or other enterprises. Enterprises for the processing of agricultural (plant or animal) products. Industrial enterprises that may be created by the private or joint sector. Transport enterprises.

Projects that may be approved by the Council in areas other than the above-mentioned.

Article 4 – Basics and Criteria for the Council to Grant Approval For a project to benefit from Investment Law the Council shall decide its approval of it in light of the following considerations:

The project must be in line with the state development plan.

The extent of the project' s use of available local resources, its contribution to the growth of Domestic Product and to the opening up of more job opportunities.

The project' s potentials in promoting exports and rationalizing imports.

The project' s usage of modern up-to-date machinery and technology that meet the needs of the national economy.

The value of the project' s fixed assets (machinery, vehicles, instruments, equipment, tools, installations, non-touristic transport means and all other production means which are definitely, not temporarily imported) that will be invested solely and exclusively in the project must not be less than ten million Syrian pounds or the equivalent in foreign currency calculated at the exchange rate of neighboring countries as per the bulletin of exchange rates issued by the Commercial Bank of Syria.

The Council of Ministers may change the afore-said minimum value by a decision

signed by the Prime Minister.

All machinery, instruments, tools, equipment, non-touristic transport means and all other production means imported solely and exclusively in favour of projects created under this law must be brand-new, not second-hand nor reconditioned.

Article 10 – Powers of the Investment Bureau Within the extent of its specialization, the Investment Bureau has the following tasks to perform: It receives and registers applications for investment which are referred to the Council by the concerned authorities. It has to update the information and data required for every application in close cooperation and coordination with the various competent authorities, and to prepare a file for each application. Copies of such files must be handed out to the chairman and members of the Council three days at least before the meeting of the Council.

It keeps a special record for the invested funds brought from abroad in the form of foreign currency or assets in kind or rights which are already adopted by the Council. On the basis of this record the Bureau may issue a certificate testifying each share of the invested capital in conformity with the registered data. Such certificate shall be signed by the Bureau Director who takes the responsibility thereof.

It receives investors' complaints and seeks to remedy them. It helps the investors get the required permits and licenses from the concerned authorities for their enterprises and helps them follow up implementation. It receives investors' suggestions and opinions on investment issues and project implementation and refers them to the Council.

It records minutes of the Council meetings and its decisions and follows up their implementation with the various authorities of concern. It must keep records of the Bureau's performance with regard to implementation of Investment Law in such a manner as to ensure the good and sound implementation. Besides, it must collect, classify and study report and data of the enterprises including their balance sheets and their profit-and-loss accounts and present to the council periodical report thereof.

It must study the draft by-laws of joint-stock limited liability companies created under Investment Law. It must also study the draft amendments of those by-laws and transmit those drafts and studies to the Council to consider approval thereof.

It must publish leaflets, booklets and other publications in Arabic and a foreign language about investment in the Syrian Arab Republic according to the Council's directives.

It has to cooperate with the various organizations in the public, private and joint sectors for the launching of publicity campaigns to acquaint Syrian expatriates and nationals of Arab and foreign states with investment opportunities available in the Syrian Arab Republic under Investment Law, taking directives in this regard from the Council.

In coordination with the Ministry of Economy and Foreign Trade and Ministry of Finance, it evaluates the foreign capital.

It has the power to agree to the projects having the required touristic transport means as they deserve under the Council' s Decision No.308 dated 05/08/1992 and amendments.

It has the power to agree to the projects having required communication means (telephone, telefax, telex) as they deserve under the Council Decision circulated by letter No.33/1/33 dated 15/02/1992 and the Decision circulated by letter No.404/1/33 dated 13/06/1994.

It studies and handles the following cases:

It studies and handles applications filed with it for an extension of the period of execution of the projects created under Investment law without prejudice to Article 13 of the said law with regard to the period of exemption.

It studies and approves applications filed with it concerning transfer of ownership, wholly or partly, of the approved projects in compliance with the rules of Investment Law and relevant Council decisions.

It studies and handles applications filed with it for altering the legal status of the projects.

It studies and handles applications filed with it for changing the projects' purposes and production capacity, which if carried out do not entail any change in the projects' costs in the light of the study made by concerned ministry. All measures taken in this respect shall be incorporated in a decision to be signed by the Prime Minister, chairman of the Higher Investment Council, and notified by the Bureau to the concerned party.

The Bureau Director invites Investment Directors in the various concerned ministries to periodical meetings in order to follow up implementation of investment projects created under Investment law and to observe stages of execution of each and to exchange opinions on the manner of handling investors' issues referring those which require decisions to respective ministries or to the Council for the adoption of the necessary procedure. It performs any other tasks assigned to it by the Council.

Article 12 All public authorities, departments and establishments shall have the obligation to extend all possible assistance and facilitate things to investors for the purpose of accomplishing formalities without delay. They also have the obligation of providing answers to questions and queries posed by the Bureau within one week from the date of filing the questions or queries.

Article 14 – Exemptions, Advantages and Facilities On the opening of bank accounts in foreign currency:

A. in addition to the facilities provided for by the currency laws and regulations in force, the investor has the right to open in favour of his project created under

B. Investment Law an account in foreign currency with the Commercial Bank of Syria which will have to be credited with :

100% of the project capital paid in foreign currency and loans obtained in foreign currency as well.

75% of the revenues obtained in foreign currency as a result of exportation and services, the remaining 25% of those revenues shall be sold to the Commercial Bank of Syria at the exchange rate specified in Article 4 above. This said bank account shall be debited with the sums of money in foreign currency paid to cover the burdens, needs and requirements of the project such as:

Value of the machinery, vehicles, equipment, cars and all other materials needed for the creation, operation, development and expansion of the enterprise.

Value of raw and semi-processed materials and other auxiliary materials required for production.

Value of spare parts and costs of reconditioning worn-and-torn machinery.

The installments of paying back loans and interest rates due on loans borrowed in foreign currency in favour of the enterprise.

The due interest rates and profits authorized for transfer abroad each year in favour of expatriate Syrians and nationals of Arab and foreign states who have transferred into the country in foreign currency the value of their shares and stakes through a bank based in the Syrian Arab Republic or by any of the means approved by the Currency Bureau in conformity with the regulations in force.

Also to be debited in the said account are the dues authorized for transfer abroad through the Commercial Bank of Syria in favour of workers in the project who are not Syrian nor treated as Syrians.

Sums of money due on the project which have to be paid by transfers abroad in foreign currency through the Commercial Bank of Syria on the basis of authentic documents.

The expenses that have to be paid in foreign currency in the Syrian Arab Republic.

Insurance premiums which the enterprise must pay in foreign currency.

Remunerations due to members of companies' boards of directors who are not Syrian nor treated as such.

The Bureau must be notified by the Commercial Bank of Syrian of the sums of money that are being transferred.

The enterprise bears full responsibility towards making available the foreign currency that meets its needs by lawful means and no official party in the Syrian Arab Republic can have the obligation of providing any sum of money in foreign currency in favour of the enterprise or its owners.

Article 15 The investor has the right to invest the foreign currency he possesses inside the country, or the foreign currency existing abroad which he lawfully brings into the country in financing the projects created under Investment Law, or in contributing to the capital of enterprises or in purchasing shares. For such investment the investor is kept safe from any liability that falls under any clause of criminal law in force.

Article 16 The bank where the investors' funds are deposited in conformity with Article 16-A of Investment Law shall have the obligation of placing those deposits at their disposal upon demand and it shall take all necessary

measures that ensure such action.

The bank shall calculate interest on the sums of money deposited with it in foreign currency for the account of the enterprise on the basis of current interest rates.

The investor may deposit some of his foreign currency assets in a frozen account at the Commercial Bank of Syria.

The bank shall deliver to the investor a cheque book special for investors which must be used solely and exclusively in favour of the enterprise.

The Commercial Bank of Syrian shall transfer all the project' s burdens requirements and needs in foreign currency in harmony with these instructions.

The investor who opens a foreign currency account with the Commercial Bank of Syria in conformity with the currency regulations in force in favour of his project that is created under Investment Law may recover the balance of the money which was lawfully brought into the country and deposited in an account opened at the Commercial Bank of Syria after his project has been completely executed and all its needs and operation costs as well as cost of its raw material, spare parts and operating capital have been paid in full in foreign currency.

The investor, moreover, may have this balance transferred abroad if he is a Syrian living abroad or a non-resident national of an Arab or foreign country provided that the project owner remains under the obligation of ensuring the availability of the foreign currency needed to cover future needs of the project through lawful bank channels.

Article 17 For the benefit of his enterprise, the investor may borrow loans in local currency from state-owned banks against the guarantee of his private money existing in the Syrian Arab Republic in conformity with those banks' regulations.

The investor shall bear all material and legal consequences resulting from foreign and local loans which he has taken or will take upon himself including payment of both installments and interest in harmony with the laws and regulations in force and neither the state nor any other public body shall have the obligation of providing guarantees of whatever kind to any party whatsoever be it local or foreign. Such loans shall not be insured by the Arab Organization for Investment Guarantee or any other organization.

Article 19 Without being restricted to rules of prohibiting, restricting and monopolizing importation and rules of direct importation and rules of Currency Regulations, the enterprises may import:

All required machinery, vehicles, equipment, hardware, working cars including buses and minibuses destined to service the enterprises and other materials needed for the creation, development and expansion of the enterprises.

Touristic service cars.

All materials and requirements needed for the enterprise operation (raw materials, processed and semi-processed materials and all materials needed for

production operations which can be considered part of the final product and one of its components).

The enterprise imports specified in item 1 of this Article shall be exempted from taxes, fiscal fees and municipal rates, customs duties and other fees provided that those imports are solely and exclusively used for the purposes of the enterprise.

The enterprise may not relinquish any of the imports specified in A-1 above without a prior approval from the Council. Subject to this approval, those imports can be abandoned after the payment of all taxes and fees assessed on them in their current condition including the tax on capital profits as stipulated in Article 32 of Investment Law and in compliance with the regulations in force.

Furthermore, none of the imports mentioned in A-1 and 2 above may be relinquished, nor may they be used in other than the enterprise purposes unless the Council agrees thereto and accepts justified reasons for this action.

Excluded from the rules of this Article are the packing materials of the imports (pallets, drums, ..etc) the left-overs, wastes and exhaust of the manufacturing process in harmony with the internationally recognized rates. In implementing the rules of Article 12-A of Investment Law, imports shall mean all imported machinery, vehicles, equipment, hardware, working cars, buses and mini-buses required to service the enterprises and all other materials needed for the creation, development and expansion of the enterprises.

Article 20 Enterprises belonging to individuals or companies other than joint sector companies and their profits and dividends shall be exempted from all taxes levied on income, and from real estate and vacant plots of land taxes (including the tax on machinery revenues) occurring on the enterprises properties possessed for accomplishing the purposes and tasks for a period of five years as from the date of actual production or date of exploitation according to the nature of the enterprise.

Joint-sector companies in which the public sector possesses not less than 25 % of whose capital created under Investment Law shall take the form of Societe Anonym joint-stock company or limited liability company. Such companies and their shares profits, dividends and monies shall be exempted from all taxes levied on income and from real estate and vacant plots of land taxes (including taxes on machinery revenues) occurring on the enterprises properties possessed for accomplishing their purposes and tasks for seven years as from the date of actual production or date of exploitation according to the nature of each of its projects created under Investment Law.

In the process of implementing clauses A and B of this Article, the date of actual production or exploitation shall mean the date when commercial investment or production commences.

For the purpose of implementing Article 14 of Investment Law, the period of creating an investment project commences on the date when the decision

providing for the creation of a joint-sector company, joint-stock company or limited liability company is issued. For enterprises belonging to other natural or legal persons the period of founding the enterprise commences on the date when the Higher Investment Council gives its approval mandating the creation of such enterprises.

Article 21 By a decision from the Council an additional period of two years shall be added to the exemption period stated in Article 13 of Investment Law if the total revenues resulting from exports of the enterprise's commodities and services actually transferred into the Syrian Arab Republic through Syrian Banks exceed 50% of its total production achieved during the original exemption period calculated at the end of the period.

Article 22 Joint sector companies created under Investment Law excluding all other companies shall be exempted from the stamp fees required on the issuance of its shares.



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