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Date : _____

التاريخ : _____

Law N°. (9) of the year 1378 PD (2010)
Regarding Investment Promotion



Date : Translation from Arabic

التاريخ: _____

GREAT SOCIALIST PEOPLE'S LIBYAN ARAB JAMAHIRIYA

The General People's Congress

Law N°. (9) of the year 1378 PD (2010) Regarding Investment
Promotion

The General People's Congress

- In compliance with decisions of the Basic People's Congresses in their general annual session for the year 1377 PD (2009), and
- After perusal the Promulgation for establishing the People's Authority
- The Grand Green Charter for Human Rights in the era of masses
- Law N°. (20) of the year 1991 for enhancing freedom
- Law N°. (1) of the year 1375 PD (2007) regarding the system of work in People's Congresses and Committees,
- Commercial Law and amendments thereof,
- Law N°. (67) of the year 1973 respecting Customs and consecutive amendments thereof,
- Law N°. (11) of the year 1992, specifying certain provisions in respect of real estate property and its amendments,
- Law N°. (19) of the year 1992, regarding excise tax,
- Law N°. (5) of the year 1996, for encouragement of foreign capitals investment and amendments thereof,
- Law N°. (13) of the year 1430 PB (2000), regarding planning,



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- Law N°. (3) of the year 1369 PD (2001), respecting urban planning,
- Law N°. (7) of the year 1372 PD (2004) regarding tourism,
- Law N°. (12) of the year 1372 PD (2004) for levying the stamp duty tax,
- Law N°. (1) of the year 1373 PD (2005) regarding the banks,
- Law N°. (6) of the year 1375 PD (2007) regarding encouragement of national capitals investment,
- And Law N°. (7) of the year 1378 PD (2010) regarding income tax.

Do hereby formulate the following Law:

Article (1)

In applying the provisions of this law, the following terms and expressions shall have the meanings designated opposite to them, unless the context denotes otherwise:

- 1- **State / Country:** The Great Socialist People's Libyan Arab Jamahiriya.
- 2- **Administrative Body:** the competent administrative authority concerned with enforcing and putting into effect the provisions of this law.
- 3- **The Secretary:** Secretary of the Sector to which the Administrative Board is subordinate.
- 4- **Executive Regulations:** Regulations to be issued in execution of the provisions of this law.



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- 5- **Foreign Capital:** Financial amount in cash, in kind or immaterial valued in one of foreign currencies that enters in the State whether owned by Libyans or foreigners for execution of an investment activity.
- 6- **National capital:** Financial amount in cash, in kind or immaterial valued in local currency that is involved in the formation of capital of an investment project of Libyan citizens or of body corporate which capital is owned in full by natural or artificial Libyan persons.
- 7- **Investment project:** Any economic activity satisfying the conditions provided for under this law irrespective of its legal status.
- 8- **Privatization:** means transfer of ownership of companies and production and service units owned in whole or in part by the State or to the public corporate bodies to the private sector.
- 9- **Investor:** Any national or foreign body of natural or artificial person quality investing under the provisions of this law.

Article (2)

Scope of Law Validity

This law shall be applicable to the national, foreign or joint capital between them put to investment in the fields addressed by this law.

Article (3)

Objectives of the Law

This law aims at encouragement of investment of national and foreign capitals to establish and set up investment projects within the framework of the State's general policy and objects of the socio-economic



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development in such a manner as to achieve of the following aims, in particular:

- 1- Qualification and capacity building of Libyan personnel, raising their efficiency and cause them to acquire advanced skills and provide job opportunities for them.
- 2- Work towards transferring of know-how, technology and settlement thereof in the Libyan economy.
- 3- Contribute in establishing, developing or rehabilitation of service and productive economic units in such a manner that assist them in building competitive edge and entry into the world markets.
- 4- To bring about spatial development.
- 5- To increase and diversify the income sources.
- 6- To rationalize energy consumption
- 7- To make use of raw materials locally available.

Article (4)

Forms of Investment

The present law regulates and governs investment of national and foreign capitals involved in the formation project capital by one of the following forms:

1. Local currency and foreign convertible currencies or their equivalent, incoming through lawful banking methods.
2. Machinery, equipment, plants, installations, spare parts and raw materials necessary for executing and mobilizing the investment project.



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3. Moral rights such as patents, licenses, trademarks, trade names and goodwill as necessary to establish or operate the investment project.
4. Part intended to be reinvested from the project profits and revenues, whether in the same project or any other project.

The executive regulations shall specify the manner of valuating the material and immaterial assets and re-investment of profits.

Article (5)

Law Enforcing Body

There shall be established a competent Administrative Body to assume implementation of the provisions of this law. Its name and structure shall be specified under a decision to be issued by the General People's Committee, acting on submission by the Secretary.

Article (6)

Duties and Functions of the Body Enforcing Law

The administrative body shall endeavour and seek to encourage investment of the foreign and national capitals and promotion of investment projects by all means, in particular, the following:

- 1- Study and proposition of plans to organize investment and privatization including preparation of investment master plan for all investment fields, investment opportunities available and permitted in accordance with the investment areas set out in this law.



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- 2- To receive and process the applications for investment of foreign capitals and determine whether they meet the conditions under this law and their fulfillment of rules and conditions and economic feasibility study of the investment project and make sure that the necessary condition are being kept up with in national and foreign investments subjected to the provisions of this law.
- 3- Collect and publish information and contribute in preparing economic studies related to the possibilities of investment in the projects which would contribute to the economic development in the State.
- 4- To take the necessary measures for attracting national and foreign capitals and promotion of investment opportunities by various means.
- 5- Provide the service of unified box office to enable the investor obtain all licenses, approvals and services necessary for the investment project in an easy and feasible manner.
- 6- To study investment legislations and revise them from time to time, and to submit its proposals for development thereof to the Secretary.
- 7- To take actions and measures for putting into effect the general policies aiming at opening up the base of property and privatization of public companies and economic units.
- 8- Any other powers vested thereto by the General People's Committee.

Article (7)

Conditions Required to be Met by Investment Projects

It is conditional that an investment project should achieve all or part of the following:



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1. Transfer and settlement of know-how and latest technology or technical expertise or right of intellectual property.
2. Lead to Strengthening and enhancing ties and integration between the activities and the existing development projects or reduce production costs or contribute in providing operation materials and requirements thereto.
3. Utilization or assist in utilization of local raw materials.
4. Participation in the development of remote areas.
5. Producing goods / commodities for export or contribution in increasing exportation or conduce to the result of dispensing of importation of goods in whole or in part.
6. Providing a service needed by the national economy or contributing in its improvement, development or rehabilitation.
7. Providing places of work for the Libyan manpower at a percentage not less than 30%, work towards their training and cause them to acquire skills and technical experience. The executive regulations shall specify the conditions and settings of employing national and foreign manpower.

Article (8)

Fields of Investments

Investment shall be carried out in all productive and service fields and the executive regulations shall specify those productive and service fields not subject to this law or those only restricted to Libyans or by joint-venture between Libyans and foreigners and the share of each party in the project, legal form and minimum capital in conformity with the nature of activity.



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Article (9)

Permission for Investment

The permission for establishing, development, rehabilitation, management or operation of the investment project shall be issued by the Secretary acting on submission by the administrative body. This Body, to the exclusion of any other, shall be the only competent and duly qualified to issue all licenses and approvals necessary for the investment project, in such a manner that these licenses and approvals shall suffice and dispense of any other licenses and approvals required under the legislations in force. Conditions and controls for granting licenses and approvals are to be specified by the executive regulations.

Article (10)

Privileges and Exemptions

Investment projects subject to the provisions of this law, shall enjoy the following privileges:

- 1- Exemption of machinery, equipment and appliances necessary for executing the project from all customs duties and fees, supply service fees and other levies and taxes of similar effect. Exemptions stated in this article shall not include the fees imposed against services such as seaport charges, storage and handling fees.
- 2- Exemption of installations, spare parts, transport means, furniture, requirements, raw materials, ads and publicity materials in relation with the project operation and management for a period of five years; from all duties and taxes whatsoever their type or origin.
- 3- Exempting goods produced for the purpose of exportation from excise tax and from customs duties and fees imposed on export.
- 4- Exempting the investment project from income tax on its activity for a period of five years calculated from the date of giving permission to carry on the activity.



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- 5- Exempting the proceeds on portions and shares resulting from distributing the profits of investment project during the exemption period as well as the profits derived from merger, sale or partition of the project or changing its legal form, from all taxes and fees due, all during the exemption period.
- 6- Exempting the profits resulting from the project activity, in case they are re-invested.
- 7- Exempting all writs, dispositions, transactions and deeds, made, signed, executed or used by the investment project from the stamp duty tax due and prescribed under the provisions of the effective legislations.

The investor shall have the right to carry forward the losses the losses sustained to its project during the exemption period to the year subsequent.

The executive regulations of this law shall specify the conditions and controls for implementation of this article.

Article (11)

Disposal of Machinery and Equipments

Machinery, equipment, furnishings, transport means, appliances, spare parts, raw materials and operation requirements imported for the project purposes shall not be disposed of by sale, assignment or abandonment except by approval from the administrative body and following payment of all customs duties and fees imposed on their importation.

Article (12)

Rights of Investor

The investor shall have the right to do the following:



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1. To open bank accounts in favour of its project in local and foreign currency in one of the banks operating in the Country.
2. To borrow from banks, local and foreign financing institutions according to the legislations in force.
3. Re-transfer the foreign invested capital in case of expiry of the project period, its liquidation or sale in whole or in part.
4. To re-transfer of the foreign capital to abroad in the same manner as it was brought, after elapse of six months from dated of its provision, in case of arising any difficulties or circumstances beyond control of the investor that led to impossibility of investment.
5. To transfer the net annual profits dividends and revenues made by the foreign capital invested in the project.
6. Hire of foreign employees when the national substitutes are not available.
7. To be granted a residence permit for a period of five years subject to renewal as long as the project is existing and be granted multiple exit / re-entry visa of multiple trips.

Article (13)

Foreign Manpower

The foreign employees recruited from abroad shall be entitled to transfer their salaries, wages and any other benefits awarded thereto within the framework of the investment project, to abroad. They shall also enjoy exemption from customs duties regarding their personal effects, all as to be specified by the executive regulations.



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Article (14)

The Investment Register

Without prejudice to provisions regulating Commercial Register, there shall be set up, within the administrative body, a special register to be denominated **(the Investment Register)** wherein to inscribe all investment projects and to indicate the legal form of such projects, amounts invested, type of activity, name of owners, shareholders, their nationalities and percentage of foreigners therein.

The executive regulations shall specify the rules and procedures of inscription in Investment Register.

Article (15)

Additional Privileges and Exemptions

Under a decision from the General People's Committee founded on a proposal from the Secretary, certain privileges and tax exemptions may be granted for a period not exceeding three years or other additional privileges for investment projects that proved to be:

1. Contributing in achieving the food security.
2. Using equipment and appliances that achieve saving in energy, water or contribute in environment protection.
3. Contribute in achieving the spatial development.

The executive regulations shall specify the regulating conditions and rules to consider a project as fulfilling these objectives.



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Article (16)

Privatization of Economic Units

The economic units being privatized and achieving the objects and conditions set out in this law, shall enjoy all privileges and exemptions provided for herein, in case of their development, re-habilitation, management or operation, provided a decision in their respect shall be issued by the General People's Committee.

Article (17)

Renting of Real Property

In exception of the operative legislations related to ownership, the investor shall have the right to rent and take on lease the real estate necessary for setting up or operation of the project whether being public or private properties, all under the terms and conditions specified in the executive regulations

Article (18)

Alienation of the Project

The ownership of the project may be transferred in whole or in part to another investor by consent of the administrative body. The new owner shall replace the previous owner in respect of rights, duties and obligations thereon under the provisions of this law and other legislations in force.

The executive regulations shall specify the terms and conditions for transfer of ownership.



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Article (19)

Contraventions

If it is proved that the investor has breached any of the provisions of this law, the infractor shall be warned and asked to correct the breach within a suitable period specified in the notice. If he fails to do that, then the administrative body may deprive the project from certain privileges and exemptions set under this law or withdraw the license given thereto or refer the matter to the competent judicial bodies to obligate the investor to pay double amount of exemptions.

Article (20)

Withdrawal of Licenses

Approvals and licenses issued to the project may be withdrawn or the project may be finally liquidated in the following cases:

1. Non-starting execution of the project or non-completion thereof on the date specified thereto without justification.
2. Infringing the provisions set forth in this law

All in accordance with the rules, conditions and procedures specified in the executive regulations.

Article (21)

Complaint

The investor may complain / object in writing against any decision issued against him, by reason of contravening the provisions of this law, within thirty (30) days from the date of informing him by registered letter with acknowledgement of receipt. The executive regulations shall specify the



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body where to file complaint, appeal procedures and term of taking decision for settlement.

Article (22)

Accounting Documents of the Project

The project owner shall keep and maintain statutory books and final accounts necessary for the project according to the effective legislations and to prepare annual balance sheet and final accounts to be certified by a chartered public accountant per the conditions set out in the commercial activity law and in accordance with the professional practice.

Article (23)

Guarantees of the Project

The project may not be nationalized, expropriated, forcibly seized, confiscated, impose receivership thereupon, frozen or subjected to procedures of similar effect; except by virtue of a law or court ruling and against a fair and equitable indemnity, provided that such procedures shall be taken indiscriminately.

Compensation shall be calculated on the basis of fair market value at the time of taking actions and allowing transfer of compensation by convertible currency within a period not exceeding one year from the date of enacting the law or rendering the judgment and at exchange rates prevailing at the time of transfer.

Article (24)

Settlement of Disputes

Any dispute arising between the foreign investor and the State, either coming up by action of the investor or as a result of measures / procedures taken against him by the State shall be brought before the competent courts in the State, unless there is bilateral agreement between



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the State and the State to which the investor is a subject or existence of multilateral agreements in which the State and the investor State are parties thereto and include provisions for conciliation, arbitration or ad hoc agreement between the investor and the State providing for arbitration clause.

Article (25)

Fees against Services

The Secretary, acting on submission from the administrative body, shall issue a decision where to specify the fees due and payable by the investor against the services rendered.

Article (26)

Law Enforcement Officers

The employees of the administrative body who are appointed and specified by a decision from the competent Secretary, shall have the quality of law enforcement officers for supervising over implementation and carrying out the provisions of this law, detect and record the contraventions and refer them to the competent body. For this effect, they shall have the power to inspect investment projects, access and examine the books and document related to the activity carried on. The other relevant enforcement and control bodies shall inform the administrative body and coordinate therewith prior to going into any of the inspection and control actions on the investment projects licensed to carry investment under the provisions of this law.



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Article (27)

Exceptions from the Scope of this Law

The provisions of this law shall not apply on national and foreign capitals invested or those may be invested in the projects of oil and gas.

Article (28)

Validity of Legislations Regulating Economic Activity

The provisions of legislations governing economic activity shall apply on those subjects to the provisions of this law, with respect to matters not expressly provided for herein.

Article (29)

The Executive Regulations

The executive regulations of this Law shall be issued under decision of the General People's Committee upon proposal of the Secretary.

Article (30)

Abrogation of Previous Laws

Law N°. (5) of the year 1426 PB (1997) regarding encouragement of foreign capitals investment, amendments thereof, law N°. (6) of the year 1375 PD (2007) in respect of national capitals investment and article tenth of law N°. (7) of the year 1372 PD (2004) regarding tourism shall be revoked as well as to call off any rule contravening the provisions of this Law.

The provisions of this law shall apply on all investment projects, deeds and dispositions pertinent thereto which are existent under the laws



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referenced in this article at the time of enacting this law, without prejudice to any of the privileges and exemptions granted prior to its issue.

The executive regulations and decisions issued under the aforesaid laws shall remain effective as long as they are not in conflict with its provisions, until issuance of the executive regulations of this law.

Article (31)

Publication of law

This Law shall come into force from the date of publishing in the Corpus of legislations (Official Gazette).

The General People's Congress

Issued in Sirte on the 13th day of Safar 1378 PD.
Corresponding to 28/01/2010.