

Law No. (5) of 1426 PB (1997) for Promotion of Investment of Foreign Capital, as Amended by Law No. (7) of 1371 PD (2003)

The General People's Congress

In compliance with decisions of the Basic People's Congresses in their 2nd ordinary session for 1425 PB 1995, as formulated by the General Meeting of Basic People's Congresses and Committees, Syndicates, and Trade Unions and Associations (General People's Congress) in its ordinary session held during the period from (25 – 30) Shawal 1426 PB, corresponding to (4-9) March 1997,

After perusal of the Declaration for establishing People's Authority,

The Grand Green Charter for Human Rights in the Era of the Masses,

Law No. (20) of 1991 for enhancing freedom,

The Commercial Law and its amendments,

Law No. (37) of 1968 for investment of foreign capital.

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

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

Law No. (1) of 1993 regarding Banks, Money – Currency and Credit, and its amendments,

Law No. (1) of 1369 PD (2001) regarding People's Congresses and Committees

Do hereby formulate the following law:

Article (1)

This law aims at promotion of investment of foreign capital for construction of investment projects within the framework of the general policy of the State and the objectives of economic and social development, particularly as follows:

- Transfer of modern technology
- To build up Libyan technical cadres
- Diversification of income sources
- Contribution to development of national products to assist in entry thereof into the international markets
- To achieve regional development

Article (2)

This law shall be applicable to investment of foreign capital owned by Libyan Arab citizens and nationals of Arab and Foreign States in investment projects.

The national capital may participate with the foreign capital in investment. The executive regulation for this law shall specify the basics and rules for such participation ⁽¹⁾

Article (3)

In applying this law, the following works and phrases shall have corresponding meanings, unless the context indicates otherwise:

- 1- Great Jamahiriya: Great Socialist People's Libyan Arab Jamahiriya.
- 2- The Law : Law for promotion of investment of foreign capital.
- 3- The Secretary: The Secretary of the General People's Committee for Economy and Trade .
- 4- The Board : Libyan Foreign Investment Board .
- 5- Executive Regulations :The Regulations issued in implementation of the provisions of this Law.
- 6- Foreign Capital: Total financial value entered into the Great Jamahiriya in whether owned by Libyans or foreigners for performing investment activities .

⁽¹⁾ Amended by Law No. (7) of 1371 PD (2003)

- 7- National Capital: Amount in cash or kind assessed by local currency, as involved in formation of the investment project capital, can owned by Libyan citizens or corporate bodies whose capital is fully owned by Libyans ⁽¹⁾.
- 8- Investment Project: Any economic establishment based on the Law, whose work results in production of commodity for final or intermediary consumption or investment commodities or for export or providing service or any other establishment approved by the Secretariat of General People's Committee.
- 9- The Investor: Any national or foreign natural or juridical person investing under the provisions of this law .

Article (4)

This law shall regulates the investment of foreign capital brought into the Jamahiriya in any of the following forms:

- Convertible foreign currencies or substitutes thereof in coming by official Banking methods.
- Machinery, equipment, devices, spare parts, and raw materials necessary for the investment project.
- Transport means unavailable locally.
- Intangible rights, such as patents, invention, licenses, trade marks and commercial names necessary for construction or operation of the investment project.
- The part reinvested from the project profits and revenues.

The executive regulation shall organize the manner of evaluating the shares in kind, involved in formation of the capital to be invested in the Jamahiriya.

⁽¹⁾ Amended by Law No. (7) of 1371 PD (2003)

Article (5)

There shall be established an authority to be called (The Libyan Foreign Investment Board) as an independent autonomous / corporate body, to be attached to General People's Committee for Economy and Trade. It shall be established by decision of General People's Committee upon submission of the Secretary, specifying its legal domicile, and Secretary and members of its Management Committee. The Executive Regulations shall organize the manner of holding the meetings of the Board and the Administrative procedures necessary for establishing of the project.

Article (6)

The Board shall encourage investment of foreign capital and promote investment projects by the various means, and shall particularly deal with the following:

- 1- To study and propose the plans for organising foreign investment and supervision of foreign investments in the country.
- 2- To receive the applications for investment of foreign capital and specifying their fulfillment of the legal conditions and economic feasibility study for the investment project and submit its recommendations to the Secretary.
- 3- To collect and publish information and prepare economic studies related to the possibilities of investment in the projects which would contribute to the economic development in the country.
- 4- To take the necessary measures for attracting foreign capital and promotion of investment opportunities by various means.
- 5- To recommend for exemption, facilities or other privileges for important projects for development of the national economy or recommend for renewal of exemptions and privileges mentioned in this law for another period and to submit its recommendations to the competent authority.
- 6- To consider the complaints / appeals or disputes presented thereto by the investors as a result of applying the provisions of this law without prejudice to the right of the investor to complain / appeal or litigation.

- 7- To study investment legislations and revise them from time to time, and to submit its proposals for development thereof to the competent body.
- 8- Any other functions entrusted thereto by General People's Committee.

Article (7)

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

- To produce commodities for export or contribute to increasing exports thereof or resulting in ending imports of commodities wholly or partly.
- To provide opportunities for employment of Libyan manpower and to train them for gaining technical skills and experiences. The executive regulation shall specify the terms and conditions for employment of national manpower.
- To use modern technology or trade mark or technical experience.
- To provide service for the national economy or contribute to improvement or development thereof.
- To lead to strengthening the ties and integration between existent economic activities and projects or reduction of production costs or contribute to providing materials and operation necessities thereof.
- To utilize or assist in utilising local raw materials.
- To contribute to development of remote economically underdeveloped areas.

Article (8)

Investment shall be allowed in the following fields:

- Industry
- Health
- Tourism
- Services
- Agriculture
- Any other field specified by a decision of the General People's Committee upon submission of the Secretary.

Article (9)

Licensees for investment of foreign capital shall be granted by the Board after issue of the decision for approval of the investment by the Secretary.

Article (10)

The projects established within the framework of this Law shall enjoy the following privileges:

- a) Exemption of Machinery, Equipment and tools necessary for executing the project from all customs duties and taxes and taxes of similar effect.
- b) Exemption of Equipment, Spare Parts and Raw Materials necessary for operation of the project from all customs duties and taxes imposed on import and other taxes of the same impact for a period of five years.
- c) Exemption of the project from income tax on its activity for a period of five years as from the date of starting production or work as per nature of the project. This period may be extended to an additional period of three years by decision of General People's Committee upon submission of the Secretary. The profits resulting from the project activity shall also enjoy such exemptions if reinvested.
- d) Exemption of goods orientated to export from production tax as well as from tax and fees imposed on export when exported.
- e) Exemption of the project from stamp duty tax imposed on Commercial documents and documents used thereby.

Exemptions mentioned in paras (a, b, d) hereof shall not include the fees imposed against services such as port, storage and handling fees.

Article (11)

Machinery, equipment, tools, spare parts and raw materials imported for the purposes of the project shall not be disposed of by sale or abandonment unless by approval of the Board after payment of the Customs duties and taxes imposed on import thereof. It is not allowed to use them for other than the purpose for which the license was granted.

Article (12)

- a) The investor has the right to re-export his invested capital in the following cases:
- Expiry of the project period.
 - Liquidation of the project.
 - Sale of the project wholly or partly.
 - Elapse of a period not less than (5) five years from the date of issue of permits for investment.
- b) Retransfer of foreign capital to abroad in the same manner as it was brought after expiry of six months from the date of entry thereof if difficulties or conditions beyond control of the investor prevent investment thereof.
- c) Net profits and benefits distributed and interests achieved by the project are allowed to be transferred annually abroad.
- d) The investor has the right to employ foreigners / whenever the national substitute is not available the foreign employees recruited from abroad shall have the right to transfer their salaries, wages and any other benefits or gratuities for them within the framework of the project to abroad.
- The executive regulations shall organize the terms and conditions for implementing the provisions of this Article.

Article (13)

The investment project shall not be subject to the forms specified in prevailing legislations, nor subjected to registration procedures in the Commercial and Industrial Register and Importers and Exporters Register.

The executive regulation shall specify the legal forms of investment projects allowed for construction under the provisions of this Law, and the rules for construction and procedures for registration in the Investment Register prepared for this purpose.

The investment project shall have autonomous status with independent financial commitment by mere registration thereof in the said Register ⁽¹⁾

(1) Amended by Law No. (7) of 1371 PD (2003)

Article (14)

The project constructed in regional development areas or as would contribute to achieving food security or using equipment as would achieve savings in electric power / energy or water or environmental protection shall enjoy the exemptions indicated in paragraphs (b & c) of Article (10) of this Law for an additional period by decision of General People's Committee, upon submission of the Secretary. The executive regulations shall specify the conditions for considering the project as achieving these considerations.

Article (15)

In exception of the effective legislations related to ownership, the investor has the right to own land based on title of use and to rent it and construct buildings thereon and to own or rent the necessary real estate for construction or operation of the project under the terms and conditions specified in the executive regulations.

Article (16)

The investor shall have the right to open an account in transferable currencies with a Commercial Bank or the Libyan Arab Foreign Bank.

Article (17)

The ownership of the project may be transferred wholly or partly to another investor by consent of the Board. The new owner shall replace the previous owner regarding rights, duties and obligations thereon under the provisions of this law and other legislations applicable.

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

Article (18)

If the foreign investor violates any provision of this Law or the executive regulations, he shall be notified by the Board for remedying the violation within the period specified in the notice / warning. If he does not respond thereto, the Secretary may upon recommendation of the Board carryout the following:

- Deprive the project of certain privileges specified in this Law.
- Obligate the investor to pay double amount of exemptions.

Article (19)

The permit issued for the project may be withdrawn or liquidate the project finally in the following cases:

- Failure to start the construction of the project or non-completion thereof under the rules and conditions specified by the executive regulations.
- Violation of the general rules / provisions of this Law or its executive regulations.
- Repetition of contraventions.

All in accordance with the procedures specified by the executive regulations.

Article (20)

The investor may complain / appeal in writing against any decision issued against him under Article (18) or (19) of this law or any disputes arising from applying the provisions of this Law, within (30) days from the date of informing him by registered letter with acknowledged receipt. The executive regulation shall specify the authority for appeal thereto and the appeal procedures.

Article (21)

The investor shall carry out the following:

- Keep regular books and records of accounts for the project.
- Prepare annual / balance sheet and profit and loss account, certified by a Chartered Accountant as per the conditions specified in Commercial Law.

Article (22)

The employees of the Board with the capacity of judicial Officers by decision of the Secretary shall have the power to control implementation of the provisions of this Law and unveil and record the violations, and to this effect they may inspect the projects and check the books and documents related to their activities.

Article (23)

The project shall not be nationalized, expropriated compulsorily acquired or confiscated or imposing guardianship conservation or freezing thereof or subjected to procedures having the same effect unless by law or judiciary verdict against a prompt, adequate and fair compensation, provided that such procedures shall be taken indiscriminately. Compensation shall be calculated on the basis of fair market value for the project in taking the procedure. The value of compensation is allowed for transfer in transferable currency within a period of one year at exchange rates prevailing at the time of transfer.

Article (24)

Any dispute arising between the foreign investor and the State, either by action of the investor or as a result of procedures taken against him by the State shall be presented to the competent Courts in the Great Jamahiriya, unless there is bilateral agreement between the Great Jamahiriya and the State to whom the investor belongs or multi-lateral agreements in which the Great Jamahiriya and the State of the investor are parties thereof, including provisions for conciliation, arbitration or special agreement between the investor and the State providing for arbitration clause.

Article (25)

Foreign investments existent under previous legislations at the time of issue of this law shall enjoy the privileges and exemptions indicated in its provisions.

Article (26)

The provisions of this Law shall not be applicable to foreign capital invested or to be invested in oil projects in accordance with the provisions of Law No. (25) of 1955 and its amendments .

Article (27)

The executive regulations for this Law shall be issued by decision of the General People's Committee upon submission of the Secretary.

Article (28)

Law No. (37) of 1968 regarding investment of foreign capital in Libya shall repealed as well as any provision contravening the provisions of this law.

Article (29)

This law shall be published in the Official Gazette and the various information media and shall come into force as from the date of its publication in Official Gazette.

The General People's Congress

Issued in Sirte on 9 March 1997

**The Executive Regulations for Law No. (5) issued
by Decision of General People’s Committee No.
(138) of 1372 PD (2004), as Amended by Decisions of
General People’s Committee No. (29) of 1373 PD
(2005) and
No. (117) of 1373 PD (2005)**

**Decision of the General People’s Committee No. (138) of 1372
PD (2004) for issuing the Executive Regulations for Law No.
(5) of 1426 PB (1997) for Promotion of Investment of
Foreign Capital.**

The General People’s Committee,

After perusal of the Commercial Law

Law No. (5) of 1426 PB (1997) as amended by Law No. (7) of 1371 PD (2003),

Law No. (1) of 1369 PD (2001) regarding People’s Congresses and Committees, and its executive regulation,

Decision of the General People’s Committee No. (1005) of 1991 for setting out an integrated development plan for certain regions,

Decision of the General People’s Committee No. (94) of 1371 PD (2003) for transfer of attachment of General Productive Companies to Fund for supporting Local Industries,

Decision of the General People’s Committee No. (20) of 1370 PD (2002) for reorganizing the Libyan Foreign Investment Board.

Decision of the General People’s Committee No. (9) of 1372 PD (2004) for issuing the executive regulation for Law No. (5) of 1426 PB (1997) for promotion of investment of foreign capital, and

Acting upon submission of Secretary of the General People’s Committee for Economy & Trade by his letter No. (5/1/1387) dated 13-05-2004 and,

Minutes of 2nd ordinary meeting of General People’s Committee doe 1369 PD (2001), and

Decision of Secretariat of General People’s Committee in its 22nd ordinary meeting for 1372 PD (2004)

Do hereby decide

Article (1)

The provisions of executive regulations for Law No. (5) of 1426 PB (1997), as amended by Law No. (7) of 1371 PD (2003) for promotion of investment of foreign capital, attached hereto, shall be applicable.

Article (2)

Decision of the General People's Committee No. (9) of 1372 PD (2004) shall be superseded as well as any provision contrary to this decision.

Article (3)

This decision shall come into force from the date of its issue and shall be published in the Procedures Encyclopedia.

Issued on 15 Jumadan El-Akhar 1372 PD
Corresponding to 1-08-2004

**The Executive Regulations for Law No. (5) of 1426 PB (1997) as
Amended by Law No.(7) of 1371 PD(2003) for Promotion of
Investment of Foreign Capitals,**

Chapter One

**Fields of Investment and Consideration of the Relevant
Applications**

Article (1)

Specifying the Investment Fields and its Conditions

Foreign Capital Investment shall be allowed for Libyan Arab citizens and nationals of Arab and foreign citizens in the fields of industry, health, tourism, agriculture, services in different kinds and other fields decided to be, added by the General People's Committee.

National capital possessed by normal personalities or legal personalities may participate foreign capital in investment in one of the following forms:-

- a. Cash Participation.
- b. In kind Participation.
- c. Reinvested part of project profits and returns.

Minimum value of investment project investment shall be (L.D. 5,000.000) Five million Libyan Dinars on conditioned that foreign capital cash participation shall be in an exchangeable currency.

In case of national capital participation in investment project with a percentage of (50%) fifty percent or more of project capital value, minimum value of investment project shall be (L.D. 2,000.000) Two million Libyan Dinars . National and foreign capital possessed by Libyan shall be excluded from the Minimum Condition.⁽¹⁾

Article (2)

Estimation of Share in Kind

If the invested capital contains a share in kind, it's cash value shall be estimated by consent of the parties of investment project.

⁽¹⁾Amended by decision of General People's Committee No. (86) of 1374 PD (2006).

Article (3)

Submission of Applications

The Applications for investment shall be submitted by the person concerned or his representative to the Secretary of People's Committee for the Libyan Foreign Investment Board on a special Form, containing the following data:

- Applicant's name, nationality, legal status and main domicile
- General description of the project, indicating specifically the proposed field of investment, and the necessary period for construction thereof, and nature, amount and units of invested capital.

The Applications may be submitted through the Commercial Attaches in the Fraternity and People's Bureaus abroad or their deputies. Such bodies shall refer the applications immediately on submission thereof to the Board.

Article (4)

Documents Required for Investment

The applicant shall enclose with his file the following documents:

- 1- Memo on the project indicating the following:
 - a) Value and nature of capital to be invested in the Great Jamahiriya, estimated in a transferable currency or equivalent in Libyan currency at the time of application.
 - b) Imported and local materials, if any to be used in the project.
 - c) Technical specifications of the project.
 - d) A time table specifying the investment project construction period.
 - e) Estimated national and foreign manpower for operation of the project.

- 2- Certificate of the investor's nationality, to be issued by the competent body in his country with respect to natural persons.
- 3- Up to date official extract from Commercial Register in the country of origin of the juridical person

The documents submitted for the project as indicated in paragraphs (2-3) shall be original and enclosed with translation into Arabic.

Article (5)

Data to be Indicated in the Receipt

The applicant shall be given a receipt for submission of the application, containing the following data: -

- 1- Number and date of submission of the application.
- 2- Applicant's name, surname, nationality and title/capacity.
- 3- Name & signature of the official who received the application
- 4- Description of documents enclosed with the application.
- 5- The proposed field of investment.

Article (6)

Registration of Applications

The applications shall be recorded on delivery to the Board in a special register in serial numbers as per the dates of receipt thereof. Each application shall be kept in a special file including all relevant documents, papers and correspondence.

The application number, name, address and nationality, of the applicant and project name and sector proposed for investment therein shall be inserted on the outside cover of the file, and from outside, the papers and documents included therein shall be indicated, as well as the serial number, dates, number of pages and date of submission thereof.

Article (7)

Decision for Applications

The People's Committee for the Board shall study the applications, and prepare the necessary recommendations and the relevant technical and administrative reports, indicating its opinion on the project, and services to the national economy, within a maximum period of (60) sixty days from the date of providing all documents required. The Board shall submit its proposal and recommendations to the Secretary of General People's Committee for Economy and Trade for issuing the necessary decision.

Article (8)

Notification of the Applicant

The Secretary of the People's Committee for the Board shall inform the applicant in writing by direct delivery or by registered letter of approval or rejection of the application of the investor by the Secretary, within ten days from the date of receipt by the Board of decision for approval or rejection or conditioned approval.

If approval is subject to a condition or more, the Secretary of People's Committee for the Board shall indicate that and inform the applicant for fulfilling the requirements within a specific period. However, In case of consent, the Board shall issue the necessary license for investment, in coordination with the competent bodies in the Great Jamahiriya .so that the licenses issued by board covers for all required licenses under the effective legislations .

Article (9)

The investment project shall take any status as follows:

- 1- Joint-Stock companies
- 2- Companies with limited liability .
- 3- Branches of foreign companies
- 4- Individual project

It shall be registered with the Board under the procedures and rules indicated in this regulations. (1)

Article (10)

Establishment of Investment Register

A special register shall be prepared in the Board, to be called (The Investment Register) for recording therein all the projects obtaining investment licenses from the Board. A special page in this register shall be allocated for each project, indicating the following data:

- 1- Name of project, investment field, project activity and its site and main domicile.
- 2- Project capital value and paid up capital.
- 3- Names of investors in the project and their nationalities, and their respective contribution value and percentage in the project capital.
- 4- Name, surname, title/capacity and nationality of the legal representative.
- 5- Number and date of the decision for permission of investment.
- 6- Number and date of the license for execution and performing activity of the project.
- 7- Investment capital costs of the project and sources of financing thereof.
- 8- Description of exemptions granted to the project and their validity period, and other facilities privileges, as well as description of contravention and penalties issued against the project.
- 9- Description of participation in kind and in cash included in capital formation.
- 10- Any other data related to the investment project.

(1) Amended by decision of General People's Committee No. (29) of 1373 PD (2005).

Article (11)

Registration in the Investment Register

The licensee shall submit to the Investment Register Office an application on the relevant Form prepared by the Board for recording him in the Register, together with the following documents: -

- 1- Memorandum & Articles of Association for the project which taking a status specified in Article (9) hereof or Memorandum & Articles of Association of mother company, if the project takes the form of branch for that Co., together with decision of Board of Directors for establishing the branch, and appointment of its General Manager and legal representative in the Great Jamahiriya.

If, however, the investor is a natural person, the data submitted thereby shall be sufficient for submission of the application for obtaining investment license.

- 2- Authorization document for function/power or power of attorney for management, as issued to the Project Manager or his legal representative, indicating clearly his powers & validity of authorization or power of attorney.
- 3- Specimen of signature of Project Manager or his representative in the Great Jamahiriya.
- 4- Certificate from relevant competent bodies, confirming bringing of the project capital or a part thereof into the Great Jamahiriya.

Registration in the Investment Register shall involve all legal effects of registration in the Commercial Register, including proof of juridical personality .

After providing all data and documents specified in this Article, the Investment Register Office shall issue to the person concerned a certificate proving his registration in the Investment Register in accordance with the Form prepared by the Board for this purpose.

Article (12)

Granting Certificates and Extracts

The Board shall grant the person concerned upon his request certificate or extract from the Commercial Register against payment of the specified fees.

Chapter Two

Privileges & Exemptions

Article (13)

Right of Import and Exemption from Customs Duties and Taxes

The investment project licensed for investment shall have the right to import the following:

- a) All project requirements and necessities from abroad whether in form of building materials, furniture, machinery, equipment, transports means or tools necessary for executing the project, to be exempted from Customs duties, taxes and taxes of similar effect.
- b) All project requirements and necessities from abroad in the form of equipment, spare parts or raw materials necessary for operation of the project, shall enjoy exemption from Customs duties and taxes and similar impact taxes for a period of five years, this period may be extended to further period of three years by a decision of Secretary of General People's Committee upon submission by the secretary of the General People's Committee of Economy and Trade.

The investment project shall enjoy exemptions indicated in paragraphs (a and b) of this Article under the following conditions:

- 1- The materials to be imported in the name and favour of the project.
- 2- The imported materials shall, in terms of quantity & quality, be compatible with the licensed investment field.
- 3- The investment license should be valid at the time of import.

- 4- Obligation to use such materials in the project and not to dispose thereof in any way to other bodies, unless a written permission is obtained from the Board.

In case of consent of the investor to sell such machinery, equipment or tools to another person uncovered by similar Customs duties exemption he has to pay the custom duty due which he had been previously exempted from.

Article (14)

Right of Export and Exemption from Customs Duties and Taxes

The investor may export his products outside the Great Jamahiriya, whenever he desires for that, whether raw materials, intermediary commodities or prepared for direct consumption commodities.

The export-oriented commodities shall if exported be exempted from production tax and all Custom, Duties and tax and similar, impact taxes imposed on exports.

Article (15)

The exemptions indicated in this regulations shall not include the fees against certain services such as port, storage and handling fees.

Article (16)

Exemption from Income Tax

- a) The investment project shall be exempted from income tax on its activity for a period of five years from the date of starting production or work as per the nature of the project . the project shall be considered starting production or work from the date of granting to it the license for operation. This period may be extended to further period of three years by a decision of the General People's Committee upon submission by the secretary of the General People's Committee of Economy and Trade.
- b) The profits accrued to the project shall also enjoy the exemptions specified in this Article if re-invested. The investor should provide the Board with decision for re-investment of the profits and their value in time.
- c) The investor shall be intitled to carry forward the loss incurred by his project during the exemption years to the subsequent years.

Article (17)

Specifying the Projects Covered by Exemption for Additional Period

- 1- The project shall be considered as constructed in the regional development areas, if located in a region specified by General People's Committee.
- 2- The project shall be considered as contributing to achieving food security, if it would concentrate on production of the largest possible quantity of grains, cereals and utilisation of the cultivated areas, and development of animal wealth and its products or establishment of foods industries depending on local raw materials.
- 3- The project shall be considered as achieving savings in energy / electricity or water or contributing to environmental protection, if depending wholly or partly on utilisation of solar energy or any kind of new or renewed energies or using irrigation reducing water consumption or depletion or using advanced machinery and equipment minimizing energy / electricity consumption and fuel or whose exhausts emanate lower rate of carbon, as would help in environmental protection.

The Board shall, upon request of the investor concerned, after ascertaining that the project is constructed in the regional development areas or contributing to achieving food security, submit recommendations to the People's Committee for the Board to extend the period of exemptions specified in Paragraph (b) of Article (13) and Paragraph (a) of Articles (16) hereof to another additional period. In case of approval, the matter shall be referred by the competent Secretary to the General People's Committee for issuing its necessary decision in this respect.⁽¹⁾

⁽¹⁾Amended by decision of General People's Committee No. (29) of 1373 PD (2005).

Article (18)

Exemption from Stamp Duty / Tax

The investment project constructed under Law No. (5) of 1426 PB (1997) shall be exempted from stamp duty / tax imposed on Commercial writs and documents used thereby.

Article (19)

Employment of Manpower

The investor shall provide opportunities for work to the Libyan Manpower, and training thereof to gain the technical skills and experience.

The investor shall have the right to recruit and employ the necessary foreign technical manpower and expertise for construction and operation of the project, when the alternative nationals are unavailable.

The applications for recruitment and employment of foreign manpower shall be submitted on the relevant form.

An office to be established in the Board pertaining to the General People's Committee for Manpower, Training and Employment, to be responsible to grant permissions for recruitment and employment under the effective legislations, in coordination with Secretary of People's Committee of the Libyan Foreign Investment Board.

Article (20)

The Transfers for Foreign Manpower in the Project

The foreign employees recruited for work under written contracts in licensed investment projects shall be allowed to transfer their salaries and wages or any financial gratuities to them, after payment of any taxes or fees due thereon under the effective legislations.

Article (21)

Right to Expand or Develop the Project

The investor licensed to invest under the provisions of this regulations is intitled to expand or develop the project or introduce addition or amendment to certain relevant activities of the project .

The investor should provide the Board with memo indicating type and value of expansion, development or amendment, together with his relevant decision.

Article (22)

Opening of Bank Accounts for the Investor

The investor may, on issue of decision for approval of investment thereto, open Bank accounts in the name of the project with Commercial Banks operating in the Great Jamahiriya or the Libyan Arab Foreign Bank in local currency or other transferable currencies.

Article (23)

The investor participating with foreign capital shall have the right to transfer the net profits distributed and interests accrued by the project in the Great Jamahiriya, to abroad through the Bank where the project account is kept. The investor shall inform the Board accordingly in time.

Article (24)

Ownership & Rent of Real Estates

The investor shall be intitled to own lands based on title of use or rent them or construct buildings thereon, and has also right to own or rent buildings, under the following rules:

- 1- To be necessary for construction or operation of the project or housing of the employees therein.

- 2- The real estate shall be suitable for the purpose of which the ownership or lease required.
- 3- To obtain approval of the Board for purchase or rent.
- 4- The buildings or lands shall be prepared for the purpose of construction or operation of the project, and the use thereof shall not contravene the approved urban plans, and the selected site shall not cause damage to the environment or natural, resources or tourism or agricultur.

Article (25)

Return of the Un-invested Capital

The investor shall be allowed to re-transfer his un-invested foreign capital to abroad on the same manner as imported. The national investor shall be also allowed to return his capital under the following conditions:

- 1- Elapse of (6) six months from the date of transfer of the capital to be invested to the Great Jamahiriya, and not obtaining the necessary licenses and approvals for the project or start of construction thereof.
- 2- Inability of the investor to invest the capital, either due to being unable to obtain the necessary license for investment or for difficulties or circumstances beyond his control.

The application shall be submitted to the Board on the relevant Form attached with certificate from the Bank, in which the amount is deposited, indicating net amount deposited, and the reasons and conditions preventing investment and the supporting documents, if any. After approval of the application, the Board will address the Bank to retransfer the amount indicated in the application, under the procedures adopted in this respect.⁽¹⁾

Article (25) Repeated

Re-Transfer of Invested Capital

The investor may re-transfer his capital in the Great Jamahiriya abroad, upon an application submitted thereby to Secretary of People's Committee for the Board, in any of the following cases:

- Expiry of the project period.
- Liquidation of the project.

⁽¹⁾Amended by decision of General People's Committee No. (29) of 1373 PD (2005).

- Sale of the project wholly or partly .
- Elapse of a period not less than (5) five years from the date of issue of the license for investment. The application shall be submitted on the Form prepared by the Board, together with the indicative documents.

Within a maximum period of two months from the date of acceptance of the Board of the application, the Secretary of People’s Committee for the Board shall, in Case of approval, address the Bank where the investors account is kept for finalising the procedures for transfer of the required amount to abroad.(1)

Article (26)

Transfer of Ownership of Investment Project

The project ownership may be transferred from one investor to another wholly or partly by sale or assignment.

The applicant for disposal of the project shall submit an application to Secretary of People’s Committee, of the Board indicating full data on the project, date and number of decision for license, name and nationality of the assignee and data on his technical and financial capability and reasons for disposal / assignment, which shall be only effective after fulfilling the following conditions:

- 1- Approval of People’s Committee for the Board.
- 2- Approval of all owners, in case of existence of more than one owner of the project. If the project is owned by a corporate body, the approval shall be made by the body specified on the Articles of Association thereof.

As to transfer of ownership by inheritance the new owner or his deputy shall bring certificate from the competent bodies in his country of origin proving that he or his Authoriser is the legal successor, to be attested by brotherhood or People’s Bureau in that country or the Embassy sponsoring does not have Diplomatic or Consular representative therein.

- 3- Undertaking that the new owner shall replace the previous owner in rights duties therein under the provisions of law No. (5) of 1426 PB (1997) and other effective legislations.

(1)Amended by decision of General People’s Committee No. (29) of 1373 PD (2005).

The new owner shall fulfill technical and administrative experience and other conditions specified herein.

Chapter Three

General Provisions

Article (27)

Obligations of the Investor

The licensee for investment shall abide by the following: -

- 1- To start executing the project within six months from the date of informing him of approval for constructing the project under the provisions of this Regulations.

The People's Committee for the Board may for objective reasons permit, if necessary, extending this period for a further suitable period.

- 2- To implement the project in accordance to the application submitted on the basis of which the license was issued.
- 3- To keep accounting registers and books as specified in the Libyan Commercial Law, and to submit final accounts and balance sheet of the project to be certified by Auditor, Chartered Accountant annually to Tax Department and the Board.
- 4- To provide the Board with annual reports on the project activities and any expansions or developments thereof.
- 5- To give priority to national manpower, if the required qualifications for filling the posts or jobs required by the project are equal.

The People's Committee for the Board may raise a recommendation to the Secretary for withdrawing the decision for approval or canceling or liquidation of the project finally in any of the following cases:

- a) Non-completion of the project within the period specified in the license, and expiry of the additional period granted to the investor.
- b) If it transpires to the Board that the investor is not serious in implementing the project or incapable from financial or technical aspects for that.
- c) If the investor violate any obligation specified in this Article or contravenes any provisions of Law No. (5) of 1426 PB (1997) and this regulation.

The People's Committee for the Board shall notify the investor for necessity of completion of the project as per the specified time table under official notice thereto at the address indicated in the application for approval of the investment project.

In case of withdrawal of the decision, the investor shall sell the properties and lands he purchased for the project, and he may be claimed for removal of any constructions or additional on the lands permitted for use for the project purposes, and return it to original condition. The investor shall be informed thereof by registered letter with acknowledged receipt.

In withdrawal of the decision for any of these reasons, the investor shall pay the Customs duties and other fees on the imported machinery, equipment and transport means, from which he was exempted under the provision of the Law No. (5) of 1426 PB (1997), in case of disposal thereof by sale or assignment, without prejudice to any compensation, if necessary under the Law.

Article (28)

Follow-up of the Projects

The competent department in the Board shall follow-up the licensed investment projects, and prepares periodical reports, to be submitted to the People's Committee for the Board.

The employees of the Board having the capacity of Law Enforcement Officers shall perform their work in accordance to the law.

The other relevant Control and inspection authorities shall coordinate with the Board, in case of performing inspection or control of the licensed investment projects.

Article (29)

Liquidation of investment project

The People's Committee for the Board may submit a recommendation to the Secretary of the General People's committee for Economy and Trade for liquidation of the investment project in any of the following cases:

- 1- Submission of application by the investor concerned, to be enclosed with approval of the extraordinary general assembly for liquidation of the investment project with respect to companies.
- 2- Loss of more than half capital of the project.
- 3- Expiry of the project period and non-submission of the investor for application for extending the approval or disapproval thereof.
- 4- Impossible continuity of the project for performing its activity.
- 5- Issue of decision for canceling the license.

In case of approval of the competent Secretary for the recommendation of the People's Committee for the Board, he shall issue a decision for liquidation. The investor shall appoint the liquidators of the project to prepare the liquidation balance sheet. If the investor does not appoint the liquidators within a period of three months from the date of issuing the decision for liquidators, the Secretary of People's Committee for the Board shall appoint the liquidators by decision thereof, and the investor shall bear the fees of the liquidators and costs of liquidation procedures.

Article (30)

Complaint / Appeal

The investor may appeal against the administrative procedures and decisions issued against him in the following cases:

- Rejection of registration of the project in the Investment Register Office in the Board.
- Deprivation the project from certain privileges specified in the Law for promotion of investment of foreign capitals.
- Obligation of the investor to pay double exemptions.
- Issue of decision for withdrawal of the project or final liquidation thereof.
- Withdrawal of the license.

The complaint / appeal shall be submitted in writing to Secretary of People's Committee for the Board within thirty days from the date of informing the appellant of decision issued against him.

In case of non-reaching solution with the appellant, the Secretary of People's Committee for the Board shall refer the complaint / appeal, together with the opinion of the Board, to Secretary of General People's Committee for Economy and Commerce, within two weeks for considering it and issue of his decision within (15) days from the date of referring the appeal thereto.

The complaint / appeal to the Board shall not be prejudicial to the right of the investor to recourse to litigation.

E N D

The General People's Committee

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