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Legislative Decree /8/

President of the Republic,

pursuant to the provisions of the Constitution,

Decrees the following:

Article 1:

In the context of applying the provisions of this Legislative Decree, the following terms are hereby defined:

- A. **Supreme Council:** Supreme Investment Council.
- B. **Agency:** Syrian Investment Agency (SIA), established according to the provisions of the Syrian Investment Agency Law.
- C. **Board:** the SIC Board of Directors.
- D. **Investment:** Establishing, expanding, developing or upgrading enterprises.
- E. **Investor:** Natural or artificial person investing in Syria pursuant to the provisions of this Legislative Decree.
- F. **Enterprise:** Any economic activity operated by an investor pursuant to the provisions of this Legislative Decree.
- G. **Assets:** the machines, tools, equipment, apparatus and non-tourist transportation means (local and imported) those are new and not renewed.
- H. **Foreign Capital:** any capital duly incoming from abroad by Syrians, Arabs or foreigners.

Chapter 1: Investment Guarantees

Article 2:

- A. It shall be permissible for investors to possess and lease lands and real estates required for establishing or expanding investment enterprises, even if the area exceeds the ownership ceiling defined by the effective laws and regulations, provided that they are exclusively used for the enterprise.
- B. When an enterprise is cancelled or completely dissolved, the investor shall have to:
 - cede to others, of Syrian Arab citizenship, pursuant to the effective laws and regulations any extra ownership beyond the legally defined ceiling.
 - A non-Syrian investor shall have to cede the ownership of the enterprise's lands and buildings. In case the cession is from a Syrian or foreign investor to a non-Syrian investor for the purpose of establishing an investment enterprise, an in advance approval shall be obtained from the Board, and a deadline of 2 years max. should be set to carry out the relevant cession.

Article 3:

Enterprises and investments licensed pursuant to the provisions of this Legislative Decree can't be seized or expropriated, neither could there be any limitations with regard to their ownership or revenues disposal, unless for public utilisation and in

return of an immediate and just compensation that is equal to the enterprise current value just before appropriation. Payment should be in a convertible currency for foreign capital. With no violation to the provisions of the Public Funds Collection Law No. 341 of 1956, it shall be impermissible to seize the enterprise but via a judicial ruling.

Article 4:

- a. A non-Syrian investor and his family shall have work and residence licenses during the enterprise execution and operation life.
- b. An investor shall have the right to get work and residence licenses for the enterprise non-Syrian workers in accordance with effective laws and regulations.

Article 5:

- a. An investor shall have the right to re-transfer the outcome of dealing with his/her share of the enterprise in a convertible currency and after settling the taxes due on that dealing.
- b. Pursuant to the provisions of this Legislative Decree, an investor shall have the right to annually transfer abroad the profits and interests resulting from the invested foreign capital in a convertible currency after settling the taxes due on those profits and interests.
- c. Six months after the foreign capital transference, an investor shall have the right to retransfer his foreign capital abroad, if difficulties and conditions beyond the investor's ability prevented him from investing that capital. Those conditions are assessed by the Board, which shall have the right, in special cases, to approve retransferring the Foreign Capital abroad without having to adhere to the above mentioned period.
- d. Arab and Foreign experts, workers and technicians working for any approved enterprise, shall have the right to transfer abroad 50% of their net wages, salaries and bonuses, and 100% of their end-service allowances, in a convertible currency, provided that they settle the taxes due on those wages, salaries and bonuses.
- e. Transference shall be through the properly licensed banks.
- f. An investor shall have the right, upon the Board approval, to enter and take out the tools used for the installation of the enterprise assets.

Article 6:

- a. Provisions of international bilateral and multilateral investment and investment insurance-related agreements effective in Syria and signed with other countries or Arab and international organisations, shall be taken into consideration.
- b. An investor shall have the right to insure his enterprise at any of the insurance companies licensed in Syria.

Article 7:

- a. Investment-related disputes between an investor and Syrian public bodies and institutions shall be settled amicably. If the disputing parties could not reach a solution amicably in three months from the date of making a written notification

for an amicable settlement by one of the disputing parties, each of them shall have the right to take the case to one of the following:

1. Arbitration.
 2. Competent Syrian Courts.
 3. Arab Investment Court created pursuant to the Unified Agreement for the Investment of Arab Capitals in the Arab states in 1980.
 4. Investment Insurance and Protection Agreement signed by Syria and the investor's country, or any Arab or international organization.
- b. All investment-related disputes shall be considered by the competent court as summary proceedings.

Chapter 2: Investment Advantages & Incentives

Article 8:

- a. Any enterprise of the following sectors shall benefit from all the exemptions stipulated in the effective Income Tax Law and its amendments as well as all advantages and guarantees stipulated in this Legislative Decree:
- Agricultural and land reclamation enterprises.
 - Industrial enterprises.
 - Transport enterprises.
 - ICT enterprises.
 - Environment enterprises.
 - Service enterprises.
 - Electricity, Oil and Mineral Wealth enterprises.
 - Any other enterprises the Supreme Council decides to cover with the provisions of this Legislative Decree pursuant to a recommendation from the Board.
- b. The Board shall issue the necessary instructions to identify and define the sectors mentioned in Item (a) of this article.

Article 9:

Enterprises, licensed pursuant to the provisions of this Legislative Decree, shall have the right to import all their needs, without being restricted to the provisions of import suspension, prohibition or restriction, direct import from the country of origin system and exchange system provisions. And against any other effective stipulation, the imported assets shall be exempted from customs duties and that include the machines, tools and equipment used in production process and non-tourist transportation means, provided that they are used exclusively for the enterprise and can not be ceded without the Board approval. The Supreme Council shall issue, following a Board recommendation, a system that defines the relevant principles, provisions and procedures.

Article 10:

For the purposes of this Legislative Decree, investment zones and the minimum

value of each investment developmental zone assets shall be defined by a decision from the Cabinet.

Article 11:

- A. Following a justified suggestion from the Board, the Supreme Council shall have the right to decide granting the investment facilitations, guarantees and advantages stipulated in this Legislative Decree, as well as any other additional advantages and guarantees, to any other enterprise.
- B. The Supreme Council shall have the right to use discount bases other than the ones mentioned in the effective Income Tax Law and its amendments for the enterprises of special importance for national economy.

Chapter 3: General Provisions

Article 12:

Any investor in an approved enterprise shall have to:

- a. Inform the SIC in writing, as soon as the assets are installed and prepared, of the date of the enterprise's operation commence or actual production.
- b. Keep systematic accounts for the enterprise in accordance with the international accounting standards and provide the SIC with a copy of the enterprise balance sheets ratified by a licensed accounts auditing company or office.
- c. Keep a detailed record of the enterprise assets.
- d. Submit any information, data or documents required by the SIC and allow any officer authorised by the SIC to compare the data and information with the reality.

Article 13:

Any enterprise approved pursuant to investment legislations in effect before the validity of this Legislative Decree, shall benefit from all exemptions and advantages it has until the end of the exemption period stipulated in those legislations and their terms.

Article 14:

In case an approved enterprise ownership is transferred, totally or partially, to another, the new owner shall replace the previous one in rights, liabilities and obligations pursuant to the provisions of this Legislative Decree and the provisions and instructions thereof. Capital profits generated by the sale of fixed assets shall be subject to income tax according to the effective laws and legislations.

Article 15:

Details of the private data and information provided by investors on their enterprises shall not be publishable or circulatable.

Article 16:

- a. Approved enterprises shall be subject to the provisions of the effective Companies Law or Joint-Companies Law with no contradiction to the provisions of this Legislative Decree.
- b. In the context of applying this Legislative Decree, no other stipulation of any other legislation shall be used if it contradicts its provisions.
- c. Law 10 of 1991 and amendments is abolished.

Article 17:

This Legislative Decree shall be published in the Official Gazette and put in force as of 01/01/2007.

Damascus, 27/01 /2007

**President of the Republic
Basher Al-Assad**