Islamabad, the February 23, 2015.

Director Administration,
Sindh Board of Investment,
Government of Sindh,
Karachi.

Subject: **LEGAL FRAMEWORK AND LAWS CONCERNING MINES AND MINERALS.**

Reference:- Sindh Board of Investment (SBI)'s letter No.SBI/PC(Energy)/Legal Framework/2014-15 dated 09.02.2015 on the above subject.

2. The item-wise position regarding the queries raised by the Consulate General of Pakistan, Toronto (para-3 of SBI's letter under reference), as per information available with this Ministry, is summarized below:

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<td>1.</td>
<td>What are the tax incentives for mining operations?</td>
<td>The taxes, levies and fiscal incentives applicable to mineral sector have been enumerated in National Mineral Policy-2013, and the SBI's information memorandum attached with the letter referred to above. However, the current tariff of taxes/duties may be ascertained from Federal Board of Revenue. Similarly, the rates of labour levies, contributions towards Employees' Social Security, Employees' Old-Age Benefits, Workers' Welfare Fund, Workers Profit Participation Fund and Workers Children Education Cess etc. need to be updated after consulting the regulatory organizations concerned; Provincial Labour Department, Employees' Social Security Institution, WWF and EOBI.</td>
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| 2.  | What is the business law environment applicable to mines and minerals sector in Pakistan? | Constitutionally, all minerals other than nuclear substances are Provincial subject. The followings are specific business laws governing mines and minerals sector in Pakistan:  
  - National Mineral Policy-2013;  
  - Regulation of Mines & Oil-fields and Mineral Development (Government Control) Act, 1948 and Provincial rules/regulations framed thereunder for grant of mineral concessions; |
3. **Does Pakistan permit 100% foreign owned companies to extract minerals, ore etc and export them out of the country?**

   As per National Mineral Policy-2013, foreign companies are free to apply for mineral titles, however; no mineral title would be given until the foreign company is incorporated locally. Detailed terms & conditions, procedural formalities are laid down under the Provincial Mineral Concession Rules. Export of minerals/ores may be governed by trade policy and internal requirements of Pakistan.

4. **What are the laws relating to open pit mining and underground mining?**

   Same laws as mentioned at S. No.2 above govern the open pit and underground mining operations.

5. **What are the laws on use of chemicals (arsenic, cyanide or other leaching chemicals to extract minerals from ore)?**

   Precautionary measures/restrictions on use of hazardous chemicals may be prescribed under the environmental laws and occupational safety & health regulations.

6. **Any restriction on the types of ores, minerals that may be extracted?**

   Minerals/ores can be extracted only on the authority of a valid mineral title granted for the purpose thereby specifying the mineral/ore type. In the event of discovery of any radioactive mineral and/or minerals required for generation of nuclear energy, the concessionaire shall have no right over the mineral(s) so discovered and it shall comply with such instructions as may be given by the authority concerned.

7. **What are the environmental rules, regulations and procedures applicable in Pakistan?**

   The environmental concerns in mineral operations are regulated under Pakistan Environmental Protection Act, 1997 and subordinate rules/regulations by the federal & provincial environmental protection agencies.

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