

INCENTIVES FOR DEVELOPMENT OF LOCAL COAL

(Approved by ECC ON 15TH October, 2010)

- (i) Thar coalfield declared as Special Economic Zone, and the projects of development of Thar (also including coal mining and power generation) declared as "Project of National Security".
- (ii) 20% (\$ based) IRR to firms which achieve Financial close before 31st December 2015 for Mining & Power Projects based on indigenous coal and additional half a percentage IRR i.e. 20.5% IRR for firms which financial close by or before 31st December, 2014.
- (iii) Zero percent customs duties on import of coal mining equipment and machinery including vehicles for site use.
- (iv) Exemption on withholding tax to shareholders on dividend for initial 30 years.
- (v) Exemption on withholding tax on procurement of goods and services during project construction and operations.
- (vi) Exemption for 30 years on other levies including special excise duty, federal excise duty, WPPF and WWF.
- (vii) In addition to the final aforesaid incentives, Coal based Power Projects and coal Mining Projects in Sindh shall have the same incentives, concessions, Protections and security package as that available to IPPs developed pursuant to Power Generation Policy 2002 (as amended from time to time).
- (viii) TCEB to function as the Coal Pricing Agency.