

# **BOI offers incentives to export-oriented industries**

The Board of Investment (BOI) has offered many concessions to investors whose projects exceed Rs.5 million in value. Tax holidays of upto 20 years are among the important concessions offered by the BOI to these projects. These projects (generally infrastructure development projects), should employ atleast 150 persons to qualify for such a benefit.

Concessions are also offered by the BOI to various export-oriented investment projects which have a minimum value of Rs.50 million. They are: 5 year tax holidays; levy of only 15% income tax for a period of 15 years after this tax holiday expires; exemption of import duty, turnover tax, and excise duty at the point of import of raw materials, plant machinery and equipment, and other project related goods, during the lifetime of the project; exemption from exchange and import control acts; exemption from income tax on capital gains arising from the transfer of shares of an enterprise.

To enjoy these benefits the investor has to meet certain conditions such as the export of atleast 90% of the total production and providing employment to a minimum of 50 persons. An exporter will also be allowed to open a Foreign Currency Banking Unit Account (FCBUA), and salaries of ex- patriate employees would be subject to only 15% income tax.

Non-export-oriented but BOI approved industries would also be free from paying import duties, turnover tax and excise duties, in the import of project-related machinery and equipment, during the implementation period of the project.

Any Board of Investment approved enterprise which creates an additional 100 permanent jobs will also be entitled to import a duty-free vehicle to the value of US\$30,000.