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**Act**

**No. 8 of 2024**

I assent

DR. LAZARUS MCCARTHY CHAKWERA
PRESIDENT
31st January, 2024

ARRANGEMENT OF SECTIONS

SECTIONS


PART I—PRELIMINARY

1. Short title and commencement
2. Interpretation
3. Objects of the Act

PART II—ADMINISTRATION

4. Designation of Special Economic Zones Authority
5. Functions of the Authority
6. Powers of the Authority
7. Special Economic Zones Committee
8. Delegation by the Authority

PART III—DECLARATION AND OBJECTS OF SPECIAL ECONOMIC ZONES

9. Objects of special economic zones
10. Type and nature of special economic zones
11. Criteria for declaring special economic zones
12. Declaration of special economic zones
13. Prohibition of private use of special economic zone land

PART IV—LICENSING OF SPECIAL ECONOMIC ZONES

14. Licensing of special economic zones developers
15. Licensing of special economic zones operators
16. Licensing of special economic zones enterprises
17. Amendment of licences
18. Suspension and revocation of licences

SECTIONS

19. Transfer of licences
20. Assignment of rights or interests in licences
21. Registrar of licenses, etc
22. Notice to minister responsible for finance Commissioner General of Malawi Revenue Authority and
23. Publication of licences

PART V—SPECIAL ECONOMIC ZONES LAND AND SITE DEVELOPMENT

24. Allocation of land for special economic zones
25. Land use
26. Dedicated desk officers
27. Special economic zones facilities
28. Rights and obligations of a special economic zone developer

PART VI—TAX AND NON-TAX RELATED RIGHTS AND BENEFITS OF SPECIAL ECONOMIC ZONE ENTITIES

29. Tax-related benefits
30. Additional fiscal and non-fiscal benefits
31. Non-tax related benefits of special economic zone enterprises
32. Non-tax related rights and benefits of special economic zone developer

PARTVII—CUSTOMS AND EXCISE

33. Goods to be considered exported from, and imported into, Malawi
34. Goods and services within special economic zones
35. Handling of goods in special economic zones
36. Movement of goods within special economic zone premises
37. Application to remove goods from special economic zone premises
38. Date removal of goods from special economic zones
39. Missing dutiable goods
40. Determination of duty and rules of origin
41. Exemptions from quotas or other restrictions on imports or exports
42. Sell or export of goods imported for licensed activities
43. Certain goods not to be taken into special economic zone

PART VIII—WORK PEMITS, RESIDENCY AND OTHER OPERATIONS WITHIN SPECIAL ECONOMIC ZONES

44. Special economic zones one-stop centre

SECTIONS

45. Special economic zones employment permits
46. Special economic zone residency and business operations by non- special economic zone enterprises
47. Regulation of retail trade in special economic zones
48. Essential facilities in special economic zones
49. Disposal of abandoned property

PART IX—BANKING AND INSURANCE SERVICES

50. Banking activities
51. Restrictions on borrowing and movement of money
52. Payments for goods or services
53. Foreign currency denominated accounts and payments in foreign currency
54. Insurance business

PART X—SPECIAL ECONOMIC ZONES FUND

55. Establishment of Special Economic Zones Fund
56. Object of the Fund
57. Application of the Fund

PART XI—MISCELLANOUS

58. Licensee to notify the Authority on failure to implement investment
59. Annual reports
60. Fees
61. Levy
62. Prohibition of unauthorized disclosure of information
63. Protection from liability
64. Power to request for documentation
65. Identity cards
66. Administrative penalties
67. Some special economic zones to be exempted from application of the Act
68. Liability of directors of bodies corporate
69. Offences and penalties
70. General penalties
71. Penalties for continuing offences
72. Regulations

SCHEDULE

**An Act to make provision for the declaration, designation, promotion, establishment, development, operation and regulation of special economic zones; promotion and facilitation of foreign and local investment in special economic zones; designation, powers and duties of a special economic zones Authority; and matters incidental thereto**

ENACTED by the Parliament of Malawi as follows—

## Part I—Preliminary

Short title and commencement

**1.** This Act may be cited as the Special Economic Zones Act, 2024, and shall come into operation on such date as the Minister may appoint by notice published in the *Gazette*.

Interpretation

**2.** In this Act, unless the context otherwise requires—

"Authority" means the Malawi Investment and Trade Centre established under section 3 of the Investment and Export Promotion Act;

Act No...of 2023

"company" has the meaning ascribed to that term under the Companies Act and includes a foreign-registered company;

Cap. 46:03

"customs territory" means the geographical area of Malawi but does not include a special economic zone;

"duty" has the meaning ascribed to that term under the Customs and Excise Act;

Cap. 42:01

"Fund" means the Special Economic Zones Fund established under section 55;

"goods" means all kinds of wares, articles, merchandise, animals, matter, baggage, stores, materials, and includes—

(*a*) postal items other than personal correspondence; and

(*b*) the proceeds of sale of any goods sold under this Act;

"infrastructure" means a road, power plant, water plant, drainage system, telecommunication plant, sanitation and water treatment plant, networks and a building and other facilities, necessary for the development and operation of a special economic zone;

"Malawi Revenue Authority" means the Malawi Revenue Authority established under section 8 of the Malawi Revenue Authority Act;

Cap. 39:07

"Registrar" means the Registrar of Financial Institutions appointed under the Financial Services Act; Cap. 44:05

"services" means tradable services which are covered under the General Agreement on Trade in Services annexed as Annex 1B to the Agreement establishing the World Trade Organisation concluded at Marrakesh on the 15th day of April, 1994, and any successor agreements or amendments thereto;

"special economic zone" means a special economic zone declared as such under section 12;

"special economic zone developer" means an entity licensed as a special economic zone developer under section 14;

"special economic zone enterprise" means an entity licensed as a special economic zone enterprise under section 16;

"special economic zone operator" means an entity licensed as a special economic zone operator under section 15;

"special economic zone resident" means a person—

(*a*) whose principal place of residence is within the boundaries of a special economic zone; or

(*b*) who has been issued a residence permit allowing the person to take up residence in a special economic zone; and

"tax officer" has the same meaning as ascribed to that term under the Tax Administration Act. No. 13 of 2021

Objects of the Act

**3.** The objects of this Act are to provide for—

(*a*) an enabling environment for the development of special economic zones including—

(i) development of integrated infrastructure; and

(ii) creation of incentives for economic and business activities in areas designated as special economic zones, and

(*b*) the regulation and administration of activities within special economic zones with due regard to the principles of openness, competitiveness and transparency.

## Part II—Administration

Designation of Special Economic Zones Authority

**4.**—(1) The Malawi Investment and Trade Centre (hereinafter referred to as the "Authority") is hereby designated as the Special Economic Zones Authority.

(2) The Authority shall—

(*a*) perform its functions and exercise the powers provided for under this Act independent of the direction, influence or interference of any person or entity; and

(*b*) for the purposes of discharging its functions under this Act, develop its own rules and procedure for the conduct of its business and the business of the Special Economic Zones Committee established under section 7.

Functions of the Authority

**5.**—(1) The Authority shall facilitate implementation and regulation of special economic zones.

(2) Notwithstanding the generality of subsection (1), the Authority shall—

(*a*) make recommendations to the Minister on all aspects of declaration, approval, establishment, operation and regulation of special economic zones;

(*b*) implement policies and programmes of the Government with regard to special economic zones;

(*c*) regulate, implement, monitor and supervise all aspects of the special economic zones;

(*d*) co-ordinate the development, operation and maintenance of appropriate infrastructure within special economic zones;

(*e*) facilitate the processing of developer master plans, building plans and associated applications, and issue relevant approvals and permits, in accordance with this Act;

(*f*) maintain a register of enterprises and residents domiciled in special economic zones;

(*g*) maintain data on the performance of special economic zones and enterprises;

(*h*) regulate access of service providers from the customs territory in order to provide service to enterprises within special economic zones;

(*i*) produce annual reports with regard to implementation of this Act; and

(*j*) perform any other functions as are necessary or incidental to the implementation of this Act.

Powers of the Authority

**6.**—(1) The Authority shall have powers necessary for the proper performance of its functions under this Act.

(2) Notwithstanding the generality of subsection (1), the Authority shall—

(*a*) receive grants, gifts or donations and make disbursements therefrom;

(*b*) issue, review, approve, suspend or revoke licences and permits;

(*c*) open such bank accounts for the Fund as may be necessary;

(*d*) with prior written approval of the Secretary to the Treasury, invest any monies of the Fund not immediately required for its purposes under this Act; and

(*e*) do and perform all things or acts that are necessary or expedient for the execution of its functions, duties and powers under this Act.

Special Economic Zones Commitee

**7.**—(1) There shall be a committee of the Authority to be known as the Special Economic Zones Committee.

(2) The Authority may delegate functions to the Committee as it considers necessary.

(3) The Committee established under subsection (1) shall comprise—

(*a*) one member of the Authority;

(*b*) one member of a business association;

(*c*) the Secretary to the Treasury or his or her designated representative;

(*d*) the Secretary responsible for trade or his or her designated representative;

(*e*) the Secretary responsible for agriculture or his or her designated representative;

(*f*) the Solicitor General or his or her designated representative; and

(*g*) the Director General of the National Planning Commission.

(4) The members of the Committee shall hold office for a period as the Authority may determine.

(5) The Authority shall appoint the chairperson of a Committee from amongst its members.

(6) The Committee shall act in accordance with any directions given to it, in writing, by the Authority.

(7) The Authority may amend or rescind any decision of the Special Sconomic Sones Committee.

(8) The Authority may, where necessary, taking into account the nature of the matter to be deliberated, invite any person who is not a member of the Special Economic Zones Committee to attend its meeting and participate in the deliberations or to make a

presentation or to be asked questions on any matter, but the person so invited shall not be entitled to vote

Delegation by the Authority

**8.** The Authority may delegate to a member of the special economic zones committee, officer, member of staff, agent, of the Authority or to any government institution, the exercise of any of the powers or the performance of any of the functions or duties, of the Authority under this Act.

## Part III—Declaration and Objects of Special Economic Zones

Objects of special economic zones

**9.**—(1) The objects of a special economic zone under section 12 shall be to—

(*a*) facilitate the creation of an industrial complex that has strategic national economic advantage for targeted investments and industries in the manufacturing sector and tradable services;

(*b*) develop infrastructure required to support the development of targeted industrial activities;

(*c*) attract foreign and domestic direct investment;

(*d*) provide location for establishment of targeted investments;

(*e*) enable beneficiation of mineral and natural resources;

(*f*) take advantage of existing industrial and technological capacity, promote integration with local industry and increase value-added production;

(*g*) leverage urbanisation and population growth to promote dynamic and creative hubs of growth and orderly urban expansion;

(*h*) promote and facilitate the creation of smart, well-planned and serviced secondary cities that are anchored on sustainable agricultural, tourism, mining and industrial economic activities;

(*i*) promote regional development; and

(*j*) create employment opportunities and other economic and social benefits in the area in which it is located, including the broadening of economic participation by—

(i) promoting small, micro and medium enterprises and co-operatives;

(ii) promoting skills and technology transfer; and

(iii) generating new and innovative economic activities.

(2) For purposes of this section—

(*a*) "regional development" means linkages to, or integration with, the host region's growth strategies, local economic development of the host local authority and any other relevant national or cross-regional economic initiatives; and

(*b*) "targeted investments" includes investments in support of government's economic and industrial development policies.

Type and nature of special economic zones

**10.**—(1) The Minister may declare a special economic zone under section 12 as a single sector or multi-sector special economic zone.

(2) A special economic zone may include—

(*a*) agriculture and food zone;

(*b*) business services park;

(*c*) dry port;

(*d*) export promotion zone;

(*e*) information communication technology park;

(*f*) industrial park;

(*g*) science and technology park;

(*h*) secondary city;

(*i*) tourist and recreational zone; and

(*j*) urban centre.

Criteria for declaring special economic zones

**11.** The Authority shall, in evaluating a special economic zone proposal, take into account findings and recommendations of feasibility studies, including—

(*a*) nature of the proposed special economic zone;

(*b*) demand by enterprises;

(*c*) geographical location;

(*d*) size of the proposed special economic zone;

(*e*) availability of land;

(*f*) topography, land use, zoning and development plans;

(*g*) environmental assessments, standards, safeguards and associated assessments;

(*h*) proximity to any natural resources required by potential investors and users;

(*i*) infrastructure and other utility requirements such as water, power, sewage, telecommunication and waste management services;

(*j*) proposals regarding onsite medical, recreational, security, fire safety, customs, and administrative facilities;

(*k*) social impact assessments and plans;

(*l*) impact on off-site infrastructure, utilities and services; and

(*m*) such other criteria as may be prescribed by this Act.

Declaration of special economic zones

**12.**—(1) The Minister may, on the recommendation of the Authority and after consulting the minister responsible for finance and the minister responsible for the sector, by notice published in the *Gazette*, declare an area as a special economic zone.

(2) The Authority may, on its own volition or upon application by an entity interested in developing the special economic zone, make the recommendation under subsection (1).

(3) The Authority shall carry out, or cause to be carried out, a detailed social, environmental and economic feasibility study to determine the viability of an area before making a recommendation to the Minister to declare the area a special economic zone.

(4) A declaration of a special economic zone under subsection (1) shall—

(*a*) define the boundaries of the special economic zone;

(*b*) specify the nature and purpose of the special economic zone; and

(*c*) remain in force until revoked by the Minister, on the recommendation of the Authority and after consulting the minister responsible for finance.

(5) Where a recommendation for declaration of a special economic zone is not approved—

(*a*) the Minister shall give reasons for the rejection in writing; and

(*b*) the Authority may re-submit the recommendation to the Minister after addressing the matters contained in the communication from the Minister.

Prohibition of private use of special economic zone land

**13.**—(1) A person shall not alienate land designated for special economic zone for private use.

(2) Notwithstanding subsection (1), a—

(*a*) special economic zone developer;

(*b*) special economic zone operator;

(*c*) special economic zone enterprise;

(*d*) special economic zone resident; or

(*e*) other bodies established within the special economic zone,

may alienate land in a special economic zone for licensed special economic zone activities.

(3) A person who contravenes subsection (1) commits an offence and shall, upon conviction, be liable to a fine of K10,000,000 and to imprisonment for two years.

## Part IV—Licensing of Special Economic Zones

Licensing of special economic zones developers

**14.**—(1) A person shall not develop a special economic zone unless licensed by the Authority.

(2) A person who intends to develop a special economic zone shall, submit an application for a licence, in the prescribed form, to the Authority and the application shall be accompanied by the prescribed fee.

(3) The Authority shall, within forty-five days of receipt of the application under subsection (2), and after consultation with the minister responsible for finance, if—

(*a*) satisfied that the applicant has met the prescribed requirements for a licence, register the applicant and issue a licence in the prescribed form; or

(*b*) not satisfied that the applicant has met the prescribed requirements for a licence, reject the application and give reasons for the decision.

(4) A special economic zone developer shall, in addition to such other criteria and requirements as may be prescribed—

(*a*) be a body incorporated in Malawi, for the purpose of undertaking special economic zone activities; and

(*b*) have the financial capacity, technical expertise, managerial expertise and experience, in the development and operation of a special economic zone.

(5) A person who contravenes subsection (1) commits an offence and shall, upon conviction, be liable to—

(*a*) in the case of a natural person, a fine of K10,000,000 and to imprisonment for two years; or

(*b*) in the case of a legal person, a fine of K100,000,000.

Licensing of Special economic zones operators

**15.**—(1) A person shall not operate a special economic zone unless licensed by the Authority.

(2) A person who intends to operate a special economic zone shall submit an application for a licence, in the prescribed form, to the Authority and the application shall be accompanied by the prescribed fee.

(3) The Authority shall, within forty-five days of receipt of the application under subsection (2), and after consultation with the minister responsible for finance, if—

(*a*) satisfied that the applicant has met the prescribed requirements for a licence, issue a licence in the prescribed form; or

(*b*) not satisfied that the applicant has met the prescribed requirements for a licence, reject the application and give reasons for the decision.

(4) A person who contravenes subsection (1) commits an offence and shall, upon conviction, be liable to—

(*a*) in the case of a natural person, a fine of K10,000,000 and imprisonment for two years; or

(*b*) in the case of a legal person, a fine of K100,000,000.

Licensing of Special economic zones enterprises

**16.**—(1) A person shall not operate an enterprise in a special economic zone unless licensed by the Authority.

(2) A person who intends to operate an enterprise in a special economic zone enterprise shall submit an application for a licence, in the prescribed form, to the Authority and the application shall be accompanied by the prescribed fee.

(3) The Authority shall, within forty-five days of receipt of the application under subsection (2), after consultation with the minister responsible for finance where if—

(*a*) satisfied that the applicant has met the prescribed requirements for a licence and the proposed business enterprise is incorporated in Malawi, issue a licence in the prescribed form; or

(*b*) not satisfied that the applicant has met the prescribed requirements for a licence, reject the application and give reasons for the decision.

(4) A person who contravenes subsection (1) commits an offence and shall, upon conviction, be liable to—

(*a*) in the case of a natural person, a fine of K10,000,000 and imprisonment for two years; and

(*b*) in the case of a legal person, a fine of K100,000,000.

Amendment of a licence

**17.**—(1) The Authority may, on its own volition, or on application by a licensee, amend a licence issued under this Part where the Authority is of the opinion that an amendment to a licence is necessary.

(2) Where the Authority intends to amend a licence on its own volition, the Authority shall—

(*a*) give a licensee a written notice; and

(*b*) request the licensee to, within twenty-one days, show cause why the licence should not be amended.

(3) The Authority may, upon considering the representation of the licensee, and after consultation with the minister responsible for finance, amend the licence.

(4) The Authority shall within seven days of the amendment, notify the licensee of the decision.

(5) A licensee who intends to have a licence amended under subsection (1) shall submit an application to amend a licence, in the prescribed form, to the Authority and the application shall be accompanied by the prescribed fee.

(6) The Authority shall, within twenty-one days of receipt of the application under subsection (5), and after consultation with the minister responsible for finance, if—

(*a*) satisfied that the licensee has cause to have a licence amended, amend the licence; or

(*b*) not satisfied that the licensee has cause to have a licence amended, reject the application and give reasons for the decision.

Suspension and revocation of a licences

**18.**—(1) The Authority may suspend or revoke a licence issued under this Part where—

(*a*) a licensee fails to comply with the conditions of the licence;

(*b*) a licensee contravenes the Act;

(*c*) the licence was obtained by—

(i) fraudulent means;

(ii) misrepresentation of facts; or

(iii) suppression of material facts; and

(*d*) a licensee is convicted of an offence against any written law and sentenced to a term of imprisonment without the option of a fine.

(2) Where the Authority intends to suspend or revoke a licence under subsection (1), the Authority shall—

(*a*) give a licensee notice, in writing, of its intention to suspend or revoke the licence; and

(*b*) request the licensee to, within twenty one days, show cause why the licence should not be suspended or revoked.

(3) The Authority may, upon considering the representation of a licensee, cancel or revoke a licence.

(4) A decision to revoke or suspend a licence shall be in writing and shall—

(*a*) contain reasons for the revocation or suspension; and

(*b*) be delivered to a licensee within seven days of the decision.

(5) The Authority shall, where a licence is suspended or revoked, order the licensee to take such measures as the Authority may determine appropriate.

(6) The Authority shall not suspend or revoke a licence where a licensee takes remedial measures to the satisfaction of the Authority within such period as the Authority may specify.

(7) A licensee shall, where a licence is suspended or revoked, cease to be entitled to the rights or benefits conferred under this Act with effect from the date of the suspension or revocation and—

(*a*) in the case of suspension, for the period of the suspension; and

(*b*) in the case of revocation, surrender the licence to the Authority.

Transfer of licences

**19.**—(1) A licensee shall not transfer a licence to another person without a written approval of the Authority.

(2) A licensee may make an application to the Authority for transfer of a licence.

(3) An application for transfer of a licence shall be—

(*a*) in the prescribed form; and

(*b*) accompanied by the prescribed fee.

(4) The Authority shall, within thirty days of receipt of the application under subsection (2), if satisfied that the applicant has—

(*a*) met the prescribed requirements for transfer of a licence, transfer the licence; or

(*b*) not met the prescribed requirements for transfer of a licence, reject the application and give reasons for the decision.

Assignment of rights or interests in licences

**20.**—(1) A licensee may assign his or her rights or interests in the licence.

(2) A licensee who intends to assign his or her rights or interests in a licence shall submit an application for the assignment to the Authority.

(3) An application for assignment of rights or interests under subsection (2) shall be—

(*a*) in the prescribed form; and

(*b*) accompanied by the prescribed fee.

(4) The Authority shall, within thirty days of receipt of the application under subsection (2), if satisfied that the applicant has—

(*a*) met the prescribed requirements for assignment, assign the rights or interests in a licence; or

(*b*) not met the prescribed requirements for assignment, reject the application and give reasons for the decision.

Register of licences, etc.

**21.**—(1) The Authority shall keep and maintain, in the prescribed form, a register of licences issued under this Act.

(2) A member of the public may, upon request and payment of a prescribed fee, inspect the register kept and maintained under subsection (1) during the working hours of the Authority.

Notice to minister responsible for finance and Commissioner of Malawi Revenue Authority

**22.**—(1) The Authority shall give notice to the minister responsible for finance and the Commissioner of the Malawi Revenue Authority of every special economic zone developer, special economic zone operator or special economic zone enterprise licensed under this Act.

(2) The notice in subsection (1) shall specify—

(*a*) the activities in respect of which the special economic zone developer, special economic zone operator or special economic zone enterprise is licensed to carry out; and

(*b*) any conditions attached to a licence.

(3) The Authority shall give notice to the minister responsible for finance and the Commissioner of the Malawi Revenue Authority of every special economic zone developer, special economic zone operator or special economic zone enterprise that has ceased to carry out its activities for any reason whatsoever, including winding-up.

Publication of licences

**23.** The Minister shall, within three months after the end of each Government financial year, publish in the Gazette, licences issued under this Part during the preceding Government financial year.

## Part V—Special Economic Zones Land and Site Development

Allocation of land for special economic zones

**24.** The minister responsible for land may, on application by the Authority, allocate to the Authority, land for development of a special economic zone.

Land use

**25.**—(1) The minister responsible for land may, by notice published in the Gazette, make regulations for land use in a special economic zone.

(2) The regulations made under subsection (1) shall take into account type and nature of the special economic zone to which the regulations relate.

Dedicated desk officers

**26.** The Minister shall, on recommendation of the Authority and after consulting responsible ministers, designate special economic zones desk officers responsible for land use, health, safety, site inspection and environmental matters within a special economic zone.

Special economic zones facilities

**27.** The Authority may, taking into account type and nature of a special economic zone and a license of a special economic zone developer, require the special economic zone developer to provide and maintain in a special economic zone—

(*a*) specific facilities; and

(*b*) adequate enclosure to separate the special economic zone from the customs territory,

as the Authority may consider necessary for the proper and efficient function of the special economic zone.

Rights and obligations of a special economic zone developer

**28.**—(1) A special economic zone developer shall have the right to—

(*a*) acquire and hold, in its own name, a leasehold title to special economic zone land of up to fifty-years;

(*b*) notwithstanding paragraph (a), and upon application to the minister responsible for land, acquire and hold leasehold title for such longer period as may be permitted by the minister responsible for lands, after consultation with the Authority;

(*c*) in accordance with the Registered Land Act and any other applicable law, let, sublet or sell land or buildings within the special economic zone, to a special economic zone operator, special economic zone enterprise and special economic zone resident, and charge rent or fees for other services that may be provided; 58:01

(*d*) develop, operate and service special economic zone land and other assets in conformity with applicable laws and its licence; and

(*e*) enter into contracts with private third parties for the development, operation, and servicing of special economic zone land and other assets, including on-site and off-site infrastructure.

(2) An application made under subsection (1)(*b*) shall be—

(*a*) in the prescribed form; and

(*b*) accompanied by the prescribed fee.

(3) A special economic zone developer shall, in such manner as may be prescribed—

(*a*) perform physical development works or make improvements to the special economic zone land and its facilities as may be required according to the plans approved by the Authority;

(*b*) provide utilities and other services in the special economic zone, in accordance with a licence of the special economic zone operator, and to charge fees for such services;

(*c*) provide utilities and other services outside the special economic zone in conformity with applicable law;

(*d*) provide or cause to be provided, adequate security on the site, as may be determined by the Authority in its licence; and

(*e*) register, with the Authority, all land transactions carried out in the special economic zone.

(4) A special economic zone developer shall undertake management and administration of a special economic zone or appoint a special economic zone operator to undertake management and administration of a special economic zone on its behalf.

## Part VI—Tax and Non- Tax Related Rights and Benefits of Special Economic Zone Entities

Tax related benefits

**29.**—(1) A special economic zone developer, special economic zone operator and special economic zone enterprise shall be entitled to tax related benefits prescribed in the Schedule.

(2) The minister responsible for finance may, on recommendation of the Authority and after consulting the Minister, by notice published in the *Gazette*, amend the *Schedule*.

Additional fiscal and non- fiscal benefits

**30.** The Authority may, in addition to the tax related benefits under section 29, and subject to the approval of the minister responsible for finance, prescribe special fiscal and non-fiscal benefits to a special economic zone developer, special economic zone operator and special economic zone enterprise.

Non- tax related benefits of special economic zone enterprises

**31.** Subject to this Act, a special economic zone enterprise shall, in relation to the special economic zone activity permitted under its licence, be entitled to—

(*a*) the benefits of an open, free, competitive investment environment;

Cap. 7:07

(*b*) subject to the Financial Crimes Act, repatriate capital, profits and dividends;

(*c*) pay for, and sell, goods and services in any foreign currency acceptable to the parties to a transaction;

(*d*) transact and carry on business with non-special economic zone enterprises;

(*e*) determine prices of its goods or services sold within or outside the special economic zone for which it is licensed;

(*f*) exemption from land rent; and

(*g*) protection of its property against all risks of nationalization or expropriation.

Non-tax related rights and benefits of special economic zone developer

**32.** A special economic zone developer shall be entitled to non-tax related rights and benefits accruing to special economic zone enterprises operating in the special economic zone.

## PART VII—CUSTOMS AND EXCISE

Goods to be considered exported from, and imported into, Malawi

**33.** Unless otherwise provided under this Act, or any other written law—

(*a*) goods which are taken out from any part of the customs territory and brought into a special economic zone or services provided from any part of the customs territory to a special economic zone shall, subject to laws, rules and regulations applicable to exports, be deemed to have been exported from Malawi; and

(*b*) goods which are brought out of a special economic zone and taken into any part of the customs territory for use therein or services provided from a special economic zone to any part of the

customs territory shall be deemed to have been imported into Malawi.

Goods and services within special economic zones

**34.**—(1) Subject to section 33, a person shall not take goods and services out of the special economic zone except for—

(*a*) export into the customs territory or export outside the customs territory, in accordance with this Act and any other relevant laws and regulations and with prior approval of the tax officer;

(*b*) repair and maintenance with prior approval of the tax officer and subject to any conditions as may be imposed by the Authority; or

(*c*) processing or conversion with prior approval of the tax officer and subject to any conditions as may imposed by the Authority.

(2) A special economic zone developer, special economic zone enterprise or special economic zone operator shall clearly indicate the country of origin for goods not manufactured in Malawi but imported for use in the special economic zone.

(3) A special economic zone enterprise may, subject to the approval of the Authority, provide its services to—

(*a*) other special economic zone enterprises; or

(*b*) persons in the customs territory.

Handling of goods in special economic zones

**35.**—(1) A person shall—

(*a*) store, sell, exhibit, break up, repackage, assemble, distribute, sort, grade, clean, mix or otherwise manipulate or manufacture, goods within a special economic zone in accordance with the provisions of this Act;

(*b*) destroy goods, within a special economic zone, with prior approval of, and the supervision of, the tax officer; or

(*c*) remove goods from a special economic zone, with prior approval of, and the supervision of, the tax officer, to another special economic zone or a bonded factory, intheir original package or otherwise.

(2) A person who, without a permit issued under this Act—

(*a*) removes goods or materials from a special economic zone; or

(*b*) is found in possession of goods or materials in the customs territory originating from the special economic zone,

commits an offence and shall, upon conviction, be liable to—

(*a*) in the case of a natural person, a fine of K10,000,000 and to imprisonment for two years and;

(*b*) in the case of a legal person, a fine of K100, 000,000.

(3) The Commissioner-General of the Malawi Revenue Authority may, order a person convicted under subsection (2), to pay duty within thirty days of issuance of the order.

(4) For purposes of this section, "manufacture" means to make, produce, fabricate, assemble, process or bring into existence a new product having a distinctive name, character or use through a manual, mechanical, chemical or biochemical method, and includes a process such as refrigeration, cutting, polishing, blending, beneficiation, re-making and re-engineering.

Movement of goods within special economic zone premises

**36.** A person shall not transfer goods from one premise to another premise within a special economic zone without the approval of a tax officer.

Application to remove goods from special economic zone premises

**37.**—(1) A special economic zone operator or a special economic zone enterprise who intends to remove goods from a special economic zone shall submit an application for removal of goods, in the prescribed form, to a tax officer.

(2) The tax officer shall, after consulting the Commissioner General of the Malawi Revenue Authority, and within fourteen days of receipt of the application, if—

(*a*) satisfied that the applicant has met the prescribed criteria for the removal of the goods from a special economic zone, approve the application and issue a removal permit; or

(*b*) not satisfied that the applicant has met the prescribed criteria for the removal of the goods from a special economic zone, reject the application and give reasons for the decision.

(3) A special economic zone operator or a special economic zone enterprise who is aggrieved by a decision of the tax officer in subsection (2) may, within twenty-one days of receipt of the decision, appeal to the Authority for review of the decision.

Date of removal of goods from special economic zones

**38.** A tax officer shall, in the removal permit issued under section 37, specify the date of the removal for purposes of determining the value, quantity, applicable rates and tariffs of the goods.

Missing dutiable goods

**39.**—(1) Where dutiable goods stored by a licensee in a special economic zone are missing, the licensee shall pay the duty on the goods at the rate in force at the time, if the duty is not exempted under this Act.

(2) The Authority may, in addition to the duty paid under subsection (1), impose a penalty on a licensee.

Determination of duty and rules of origin

**40.**—(1) The Commissioner General of the Malawi Revenue Authority shall deduct the value of local inputs from the appraisal value of goods sold within the customs territory by a special economic zone enterprise for determination of applicable customs duties.

(2) Goods sold by a special economic zone enterprise and to which value has been added within special economic zones shall be considered as originating from the special economic zone, subject to applicable rules of origin.

(3) Goods originating from a special economic zone shall, upon entry into the customs territory, receive treatment no less favourable than similar goods originating from countries with which Malawi has signed a free trade agreement.

Exemptions from quotas or other restrictions on imports or exports

**41.** Subject to applicable international trade agreements, a special economic zone developer, special economic zone operator and special economic zone enterprise, shall be exempted from quotas, trade restrictions or trade prohibitions on import or export trade.

Sell or export of goods imported for licensed activities

**42.**—(1) A special economic zone developer, special economic zone operator or special economic zone enterprise, may, with the approval of a tax officer, sell or export goods imported for licensed activities of the special economic zone, upon payment of import duty, sales tax, excise duty or any other import levy or fee imposed under any relevant law.

(2) A special economic zone developer, a special economic zone operator or special economic zone enterprise may, with the approval of a tax officer, sell to another special economic zone developer, special economic zone operator or special economic zone enterprise, goods imported for licensed activities without payment of import duty, sales tax, excise duty or any other import levy or fee imposed under any relevant law.

(3) A special economic zone developer, special economic zone operator or special economic zone enterprise buying goods under subsection (2) shall be licensed to deal in the goods in question.

(4) For purposes of this section, "import duty" means any customs duty and charges of equivalent effect levied on imported goods.

Certain goods not to be taken into special economic zone

**43.**—(1) A person shall not take into or store the following goods in a special economic zone—

(*a*) firearms and ammunition, except where the person is —

(i) a member of the Malawi Police Service or the Defence Forces; or

(ii) in consultation with the Malawi Police Service, authorized by the Authority.

(*b*) any substance that may cause a dangerous explosion;

(*c*) petroleum, inflammable materials, hazardous cargoes and oil fuels, except in such quantities and on such terms and conditions as may be permitted by the Authority; and

(*d*) such other goods as may be prescribed.

(2) The prohibition under this section shall not apply to special economic zone activities licensed under this Act.

## Part VIII—Work Permits, Residency and Other Operations Within Special Economic Zones

Special economic zones one-stop centre

**44.**—(1) The Authority shall, after consulting the Minister, and within forty-five days from issuing a special economic zone licence, establish a one-stop centre for the special economic zone to facilitate issuance of permits and licences required for licensed special economic zone activities.

(2) The one-stop centre shall comprise officers representing government ministries, departments and agencies required to issue permits and licences for licensed activities of the special economic zone, including all activities and transactions incidental to, or supporting, the licenced activities, as determined by the Authority.

(3) A person working for a one-stop centre in a special economic zone shall be an employee of the public institution he or she represents.

(4) For purposes of the is section, "one-stop centre" means a facility within a special economic zone that facilitates a special economic zone developer, special economic zone operator, special economic zone enterprise and special economic zone resident, to lodge standardized information and documents with a single-entry point, to comply with regulatory requirements for the special economic zone activities.

Special economic zones employment permit

**45.**—(1) The Chief Immigration Officer may issue an employment permit for expatriate personnel employed by a special economic zone developer, special economic zone operator or

special economic zone enterprise for its strategic management functions, supervisory functions, training or other technical functions.

(2) The number of employment permits to be issued under subsection (1) shall be stipulated in the special economic zone licence.

(3) The special economic zone developer, the special economic zone operator or the special economic zone enterprise may submit, in the prescribed form, an application to the Chief Immigration Officer for additional employment permits for specialized sectors.

(4) The Chief Immigration Officer may, after consulting the Authority, and within thirty days,

(*a*) issue the permit; or

(*b*) reject the application and give reasons for the decision.

Special economic zone residency and business operations by non- special economic zone enterprises

**46.**—(1) A natural person, whether a citizen of Malaŵi, resident or foreign national, may, upon application to the Authority, become a special economic zone resident subject to meeting the requirements specified in the regulations made under this Act.

(2) The Authority shall, where the applicant under subsection (1) is a foreign national, refer the matter to the Chief Immigration Officer for approval before issuing the resident permit.

(3) An enterprise incorporated in Malawi, which is not a special economic zone enterprise licensed under this Act, may apply for a permit, in the prescribed form, to the Authority to establish its business operations in a special economic zone.

(4) An enterprise granted permit under subsection (3) shall be exempted from tax and non-tax benefits provided under this Act.

(5) The Authority shall, when considering the application under subsection (3), take into account nature of the business of the enterprise, and in particular, if the business involves—

(*a*) manufacturing; and

(*b*) exportation.

(6) The Authority shall, within forty-five days of receipt of the application under subsections (1) and (3), if —

(*a*) satisfied that the application has met the prescribed criteria, issue a permit; or

(*b*) not satisfied that the application has met the prescribed criteria, reject the application and give reasons for the decision.

Regulation of retail trade in a special economic zones

**47.**—(1) A person intending to conduct retail trade in a special economic zone shall make an application for approval to the Authority.

(2) The Authority may grant approval under subsection (1) subject to the terms and conditions as the Authority may impose.

Essential facilities in a special economic zone

**48.** A special economic zone developer, special economic zone operator or special economic zone enterprise may, with the approval of the Authority, provide for its staff, essential facilities not licensed under this Act within the special economic zone.

Disposal of abandoned property

**49.**—(1) Where a special economic zone developer, special economic zone operator, special economic zone enterprise or a special economic zone resident abandons property in a special economic zone for a period exceeding six months, the Authority may dispose of such property by destruction, sale or otherwise.

(2) Subject to subsection (1), the Authority may, in the case of disposal by sale, apply the proceeds of the sale against any fees or other expenses incurred in connection with the disposal process.

(3) Where there is balance after settlement of the fees and expenses referred to in subsection (2), the Authority shall deposit the balance into the Special Economic Zones Fund.

## PART IX—BANKING AND INSURANCE SERVICES

Banking activities

**50.**—(1) A bank shall not conduct business within special economic zone without the approval of the Authority.

(2) A bank intending to operate in a special economic zone shall submit an application for approval, in the prescribed form, to the Authority.

(3) The Authority shall, within forty-five days of receipt of the application, if —

(*a*) satisfied that the bank has met the prescribed criteria for approval, issue a permit for the bank to operate in the special economic zone; or

(*b*) not satisfied that the bank has met the prescribed criteria for approval, reject the application and give reasons for the decision.

(4) The Authority shall not issue a permit the approval under subsection (3), unless the bank is registered in Malawi under the Banking Act and has obtained all necessary approvals under the Exchange Control Act.

Cap.44:01
Cap.45:01

(5) A bank granted approval under subsection (3) shall—

(*a*) keep records, in the prescribed form; and

(*b*) prepare and submit reports to the Authority and to the Registrar as may be required by the Authority after consultation with the Registrar.

(6) The Authority and the Registrar, or any authorized person in their behalf, may inspect and examine the records and any relevant documentation at any time.

(7) A bank licenced to operate in a special economic zone shall ensure that its operations are in compliance with applicable laws and applicable banking practice.

Restrictions on borrowing and movement of money

**51.**—(1) A special economic zone developer, special economic zone operator or special economic zone enterprise—

(*a*) may move money necessary for its licensed activities into, and out of, a special economic zone without having to obtain permission under the Exchange Control Act:

Cap. 45:01

Provided that the special economic zone developer, the special economic zone operator or the special economic zone enterprise, as the case may be, complies with reporting requirements of the Reserve Bank of Malawi; and

(*b*) except for the purposes of borrowing working capital, shall not, without approval under the Exchange Control Act, borrow funds for use for its licensed activities from any bank, building society, financial institution or other source, situated in the customs territory.

Cap. 45:01

(2) A special economic zone developer, special economic zone operator or special economic zone enterprise that employs persons within a special economic zone may pay the emoluments of such persons in foreign currency.

Payments for goods and services

**52.**—(1) A special economic zone enterprise may, after supplying goods or services to a customer within the customs territory, receive payment for the goods or services in foreign currency.

(2) A person within the customs territory shall, after supplying goods or services to a special economic zone developer, special economic zone operator or special economic zone enterprise, receive payment for the goods or services in foreign currency.

Foreign currency accounts and payments in foreign currency

**53.**—(1) A special economic zone developer, special economic zone operator, special economic zone enterprise may, subject to any approval required under the Exchange Control Act, operate a foreign currency denominated account with any banking institution

within a special economic zone or in a customs territory and, subject to Reserve Bank of Malawi reporting requirements, such funds shall be repatriable.

(2) A person, who has any interest in an approved activity within a special economic zone, may, subject to the Exchange Control Act, receive payment of interest, dividend or profits in foreign currency.

Cap. 47:01

Insurance business

**54.**—(1) An insurance company shall not operate an insurance business within a special economic zone without the approval of the Authority.

(2) An insurance company intending to operate an insurance business within a special economic zone shall submit an application for approval, in the prescribed form, to the Authority.

(3) The Authority shall, within forty-five days of receipt of the application, if—

(*a*) satisfied that the insurance company has met the prescribed criteria for approval, issue a permit for the insurance company to operate an insurance business in a special economic zone; or

(*b*) not satisfied that the insurance company has met the prescribed criteria for approval, reject the application and give reasons for the decision.

(4) The Authority shall not issue a permit under subsection (3), unless the insurance company is registered under the Insurance Act and licensed by the Registrar.

Cap. 47:01

(5) An insurance company issued a permit under subsection (3) shall—

(*a*) keep records, in the prescribed form and; and

(*b*) prepare and submit reports to the Authority and the Registrar, as may be required by the Authority after consultation with the Registrar.

(6) The Authority and the Registrar or any authorized person in their behalf, may inspect and examine such records and any relevant documentation at any time.

(7) An insurance company licenced to operate in a special economic zone shall ensure that its operations are in compliance with applicable laws and applicable insurance practice.

## Part X—Special Economic Zones Fund

Establishment of Special Economic Zones Fund

**55.**—(1) Subject to the Public Finance Management Act, the Secretary to the Treasury shall establish a fund to be known as the Special Economic Zones Fund (in this act referred to as the "Fund").

(2) The Fund shall consist of—

(*a*) sums of money as appropriated by the National Assembly from time to time;

(*b*) sums of money or other assets received for the purposes of the Fund, by way of voluntary contributions or donations;

(*c*) sums paid by way of proceeds of sale of abandoned property;

(*d*) sums paid by way of fees or other penalties in respect of licenses and permits issued under this Act;

(*e*) fees charged by the Authority under section 60; and

(*f*) levies charged by the Authority under section 61.

Object of the Fund

**56.** The object of the Fund is to promote the development of special economic zones.

Application of the Fund

**57.** Without derogation from the generality of section 56, the Fund shall be used for activities related to special economic zones, including—

(*a*) feasibility studies for special economic zone projects;

(*b*) payment of transaction advisors' fees for special economic zone projects;

(*c*) provision of viability gap finance for special economic zone projects that are economically viable but cannot be implemented in the absence of financial support from the Government;

(*d*) payment for contingent liabilities arising from a special economic zone project; and

(*e*) the acquisition of land, equipment, materials and other assets in order to promote the objects of this Act.

## Part VI—Miscellaneous

Licensee to notify the Authority on failure to implement investment

**58.**—(1) A licensee shall, where for any reason, is unable to implement the investment under his or her licence, notify the Authority of his or her failure to implement the investment, stating the reasons for the failure.

(2) A licensee shall give the notice under subsection (1) within ninety days after the period of commencement of the investment, as specified in the licence, has elapsed.

Annual reports

**59.**—(1) The Authority shall cause to be prepared and submitted to the Minister, within three months after the end of each Government financial year, an annual report on the general conduct of the affairs of the Authority and the activities carried out during that Government financial year.

(2) The report submitted under subsection (1) shall be in the format prescribed by the Minister and there shall be appended to the report—

(*a*) an audited statement of financial position;

(*b*) an audited statement of income and expenditure; and

(*c*) such other information as the Minister may consider appropriate.

(3) The Minister shall, as soon as practicable, but not later than six months after the end of the Government financial year, lay before Parliament a copy of the annual report.

Fees

**60.** The Authority may charge fees in respect of publications, seminars, documents and other services provided by the Authority under this Act.

Levy

**61.**—(1) The Minister may, on recommendation from the Authority, by Order published in the *Gazette*, prescribe a levy on a special economic enterprise and may impose different amounts or rates of levy for different classes of business and may, in such order, prescribe the manner of collecting such levy.

(2) An Order made under this section may provide for the time at which any amount payable by way of the levy shall become due but, in any case, after commencement of commercial production.

(3) Monies received in respect of the levy shall be paid to the Fund.

(4) A special economic zone enterprise that fails to pay the levy on or before the date prescribed by the Order, shall pay a sum equal to five per centum of the amount due for each month or part thereof during which the amount due remains unpaid.

Prohibition of unauthorized disclosure of information

**62.** Subject to the provisions of the Constitution or any other written law, a person shall not, without written consent of the Authority, publish or disclose to any person, other than in the course of his or her duties, contents of any document, communication or information which relates to and which has come to his or her knowledge in the course of his or her duties under this Act.

Protection from liability

**63.**—(1) A person shall not bring a court action or other proceedings personally against any member of the Authority, a member of a committee of the Authority or a member of staff of the Authority in respect of any act or omission done in good faith in the course of carrying out the provisions of this Act.

(2) Where, in any proceedings, a question arises on whether or not an act or omission was done in good faith in the course of carrying out the provisions of this Act, the burden of proving that the act or omission was not done in good faith in the course of carrying out the provisions of this Act shall be on the person alleging that it was not so done.

Power to request for documentation

**64.** The Authority may direct any organisation or person engaged in matters related to special economic zones to produce any document or information, or submit any returns which it reasonably considers necessary for the proper performance of its functions under this Act.

Identity cards

**65.**—(1) A person, whether employed or residing or required to be present in a special economic zone, shall be provided with an identity card by the special economic zone operator.

(2) A person who enters or leaves a special economic zone may be subject to inspection by a person authorized by the Authority to do so.

(3) The identity card referred to in subsection (1) shall be in such form and contain such particulars as may be prescribed.

Administrative penalties

**66.**—(1) Notwithstanding any criminal sanction imposed under this Act, the Authority may, if it is satisfied that a special economic zone developer, special economic zone operator, special economic zone enterprise or a special economic zone resident has contravened or is likely to contravene any provision of this Act, impose an administrative penalty.

(2) An administrative penalty shall include one or more of the following—

(*a*) a written warning;

(*b*) directing the person to do a specified act, or refrain from doing a specified act, in order to—

(i) remedy the effects of the contravention; or

(ii) compensate persons who have suffered loss because of the contravention;

(*c*) ensure that the person does not commit further contraventions; and

(*d*) requiring the person to pay a monetary penalty not exceeding K50,000,000.

(3) The Authority shall, when conducting a hearing under this section, observe rules of natural justice and accord a person a right to be heard.

(4) Where pursuant to this section, the Authority orders a person to pay compensation to an aggrieved person or imposes a monetary penalty and the person fails to pay the compensation or monetary penalty for a period exceeding thirty days from the date the penalty is imposed or order of compensation is made, the Authority may recover the compensation or penalty as a civil debt due to the aggrieved person or the Authority, as the case may be.

(5) A person who fails or refuses to comply with an administrative penalty, commits an offence and shall, upon conviction, be liable to—

(*a*) in the case of a natural person, a fine of K10,000,000 and to imprisonment for two years; and

(*b*) in the case of a legal person, a fine of K100,000,000.

Some special economic zones to be exempted from application of this Act

**67.** The Minister may, on the recommendation of the Authority, and by notice published in the *Gazette*, exempt the application of this Act or any provision of this Act to a secondary city, or any other open geographical area, designated as special economic zone under this Act.

Liability of directors of bodies corporate

**68.** Where an offence under this Act is committed by a body corporate, in addition to a fine imposed on the body corporate under this Act, each director of the body corporate commits the same offence and shall, upon conviction, be liable to the same penalty applicable to convicted natural persons, unless, unless the director proves that the offence was committed without his or her consent or connivance and that he or she took reasonable precaution and exercised due diligence to avoid the commission of the offence.

Offences and penalties

**69.**—(1) A person who—

(*a*) wilfully resists, obstructs, impedes or hinders a tax officer in the exercise of his or her powers or the performance of his or her duties under this Act;

(*b*) contravenes or fails to comply with any of the provisions of this Act or of any order or direction made or given to him or her under this Act;

(*c*) on being required to do so, fails or refuses to produce to a tax officer a permit, licence or other documents which he or she is required to have in accordance with this Act;

(*d*) without reasonable cause, fails or refuses to give information to a tax officer when required to do so in accordance with this Act or knowingly gives false or incomplete information;

(*e*) for the purpose of obtaining, whether for himself or herself or any other person, a licence, permit, licence or any other document, makes a declaration or statement which he or she knows to be false in any material particular or does not know or believe to be true or knowingly makes use of a declaration, statement or document containing the same; or

(*f*) furnishes to the Authority any information or produces any document which is false or misleading in any material particular,

commits an offence.

General penalties

**70.** A person who commits an offence under this Act for which a penalty has not been specified shall be liable to—

(*a*) in the case of a natural person, a fine of K10,000,000 and to imprisonment for two years; and

(*b*) in the case of a legal person, a fine of K100,000,000.

Penalties for continuing offences

**71.** Where a person is convicted of an offence under this Act and the person has not taken any action to remedy the action constituting the offence, the person shall be liable, for each continuing day, to a fine of—

(*a*) in the case of a natural person, K100,000; and

(*b*) in the case of a legal person, K1,000,000.

Regulations

**72.**—(1) The Minister may, on recommendation of the Authority and by notice published in the *Gazette,* make regulations for the better carrying out or giving effect to the provisions of this Act.

(2) Without prejudice to the generality of subsection (1), the Minister may make regulations for—

(*a*) application process, criteria, conditions, terms and procedures, for declaration of special economic zones and licensing of special economic zone developers, special economic zone operators and special economic zone enterprises;

(*b*) issuance, duration, renewal, cancellation, surrender, transfer, assignment, suspension or amendment, of any licence, permit, approval, licence or other documents required under this Act and the conditions which may be attached thereto;

(*c*) forms of licences and permits to be issued under this Act, and the form and manner of application thereof;

(*d*) general conditions of entry of persons into a special economic zone;

(*e*) required information from special economic zone developers, special economic zone operators and special economic zone enterprises;

(*f*) procedures pertaining to the establishment and operations of the special economic zones one-stop centre;

(*g*) investment rules for special economic zones;

(*h*) fees which may be charged for any activity relating and incidental to the declaration, promotion, e, development, operation and regulation of special economic zones; and

(*i*) after consulting the minister responsible labour, labour procedures applicable to employees within a special economic.

(3) Notwithstanding section 21 (*e*) of the General Interpretation Act, the regulations made under this section may create offences in respect of any contraventions of the regulations and may, for the offences, impose a fine of up to K2,000,000 and to imprisonment for six months.

SCHEDULE

EXEMPTIONS

1. A Special economic zone developer, special economic zone operator and special economic zone enterprise licensed under this Act shall be exempted from—

(*a*) import duties and taxes on equipment, tools and commercial vehicles exclusively for production purposes;

(*b*) import duties and taxes on specific spare parts for imported equipment for production purposes up to an amount equal to 15% of the value of the equipment's insurance and freight cost;

(*c*) registration for VAT unless the special economic zone developer, special economic zone operator or special economic zone enterprise sells an annual level of VAT-able goods above the VAT registration threshold into the customs territory;

(*d*) payment of any duty payable on raw materials brought into a special economic zone for value addition and processing if production shall be exclusively for the export market out of Malawi;

(*e*) payment of withholding tax on dividends paid to foreign investors;

(*f*) payment of withholding tax on loans;

(*g*) payment of stamp duty on the execution of any instrument relating to business activities;

(i) wholesaler's or retailer's licence from local authorities under the B usiness Licensing Act;

(ii) trading licence under the Business Licensing Act; and

(iii) billing and business permit fees levied by local government authorities;

(*h*) payment for an Investment Certificate; and

(*i*) payment of corporate income tax for five years after commencement of commercial production.

2. All benefits conferred under this Act shall be cumulative of all benefits conferred under the Taxation Act, the Priority Industry Status under the Taxation (Priority Industries) Regulations 2013 and any other witten laws adopted by the Government of Malawi.

Passed in Parliament this sixth day of December, two thousand and twenty three.

FIONA KALEMBA
*Clerk of Parliament*