

## **Salient Features of Investment Policy for Corporate Agriculture Farming (CAF)**

- 100% foreign equity allowed (only in CAF on case to case basis)
- Minimum \$ 0.3 foreign equity investment
- Remittance of 100% capital, profits, dividends allowed
- Only such local and foreign companies will be entitled to Corporate Agriculture Farming that are incorporated in Pakistan under the Companies Ordinance, 1984.
- No upper ceiling on land holding. The size of the proposed corporate farm may be left to be determined by the prospective investor.
- State land can be purchased, or leased for 50 years through open auction, extendable for another 49 years
- All banks and financial institutions will earmark separate credit share for Corporate Agriculture Farming (CAF)
- Labor laws may not be presently applicable to Corporate Agriculture Companies. Due to special circumstances of the agriculture sector however appropriate labor laws be developed for this sector within five year.
- Agriculture Income Tax regime applicable in provinces, on income from agriculture, would be applicable to Corporate Agriculture Farming

## **Fiscal Incentives for Corporate Agriculture Farming (CAF)**

- 0% custom duty and sales tax on import of agricultural machinery, equipment and implements under SRO 575(I)/2006 dated 5<sup>th</sup> June, 2006
- Exemption of duty on transfer of land for CAF
- Tax relief; Initial depreciation allowance @ 50% of machinery cost.
- Dividends from corporate agriculture farms are not subject to tax
- Farm income given more favourable treatment than income from other sources

## **The areas of Investment for Corporate Agriculture Farming (CAF)**

- i. Land development / reclamation of barren land, desert and hilly areas for agriculture purpose and crop farming.
- ii. Reclamation of water Front Areas/ Creeks.
- iii. Crops, Fruits, Vegetables, Flowers Farming / Integrated Agriculture (Cultivation and processing of crops).
- iv. Processing of agriculture products.
- v. Modernization and development of irrigation facilities and water management.
- vi. Plantation/ Forestry.
- vii. Dairy, small ruminants (sheep, goat) and other livestock farming.

**Subject: CORPORATE AGRICULTURE FARMING (CAF)**

**Background:**

In view of the importance of the Agriculture Sector in the economy, the Government decided to introduce Corporate Agriculture Farming (CAF) in the country with the following objectives:

- (i). To seek efficiency of production and increased incomes/revenues by bringing together agricultural production, processing and marketing activities at one place under management of a corporate entity.
- (ii). To improve agricultural productivity and profitability through the use of latest production technology and adequate expertise particularly for exports.
- (iii). To produce high quality agricultural products due to favourable resource base.
- (iv). To achieve/maintain internationally competitive unit cost of production for all major crops, fruits and vegetables

**Incentive Package for the foreign/local Investors from the MINFAL:**

The Ministry of Food and Agriculture (MINFAL), with a view to facilitate foreign & local investors in the Agriculture Sector, developed a policy package for CAF (**Annex-I**). The President of Pakistan conveyed the approval of this policy in 2002 and directed MINFAL to coordinate with the concerned Ministries/Divisions and Provincial Governments to expedite its implementation. To pursue the implementation of the CAF policy package, the Prime Minister, in a meeting held on October 29, 2004 at PM Secretariat with

Minister for Food, Agriculture and Livestock, directed that status of implementation of CAF policy package be placed for the consideration of the Cabinet. The Cabinet approved the proposed policy package.

- No government sanction required to undertake CAF except registration with Securities and Exchange Commission of Pakistan (SECP) instead of BOI.
- Foreign equity under Corporate Agriculture Farming (CAF) has been raised from 60% to 100%.