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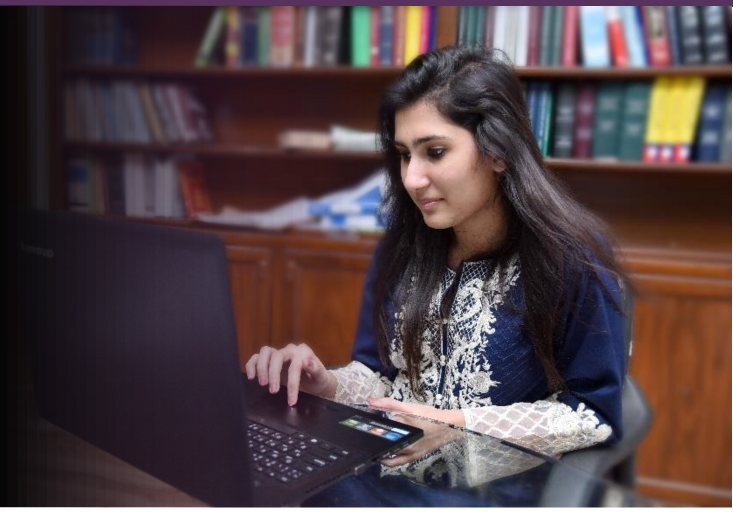
Doing business in... A multi-jurisdictional Q&A session

Pakistan



What are the key recent developments affecting doing business in your jurisdiction?

Business in Pakistan is being affected by the following:

- A deteriorating law and order situation.
- A severe energy crisis.
- Circular debt in the power sector.

However, for the first time in Pakistan's history a democratic government completed its term in 2013 and the new elected government will complete two years in May 2015. This indicates an improvement in the political stability of the country which should encourage foreign direct investment in Pakistan.

Legal system

What is the legal system based on (for example, civil law, common law or a mixture of both)?

The legal system in Pakistan is based on the English common law system.

Foreign investment

Are there any restrictions on foreign investment (including authorisations required by central or local government)?

There are general restrictions and sector specific restrictions which include:

- Obtaining permission or a licence from the relevant government body.
- Fulfilling requirements of the relevant sector laws or investment policy.
- Obtaining government permission for investment in specified industries (such as arms and ammunitions, currency and minting and high explosives).
- Obtaining permission from the State Bank of Pakistan in relation to various exchange control and currency restrictions under the Foreign Exchange Regulation Act 1947.

Are there any restrictions on doing business with certain countries or jurisdictions?

The Import Policy Order 2013 (IPO) and the Export Policy Order 2013 (EPO) provide a list of goods which can be imported and exported, and also set out the prohibitions and restrictions on the import and export of goods.

Under the IPO, imports of all goods are allowed from worldwide sources, unless otherwise specified as banned, prohibited and/or restricted in the IPO. For example, the import of goods from India or of Indian origin is restricted to the items in Appendix G to the IPO.

Under the EPO the export of all goods is allowed except those specified in Schedule-I to the EPO, and the export of goods specified in Schedule II to the EPO is subject to the conditions stated in it. Items specified in Schedule IV of the EPO are subject to minimum export price restrictions. The IPO and EPO are available at the official website of the Ministry of Commerce.

Are there any exchange control or currency regulations?

There are exchange controls under both the:

- Foreign Exchange Regulation Act 1947.
- Foreign Exchange Manual, which is a compilation of various statutory notifications and circulars issued by the SBP pursuant to the Foreign Exchange Regulation Act, 1947.

What grants or incentives are available to investors?

The following grants and incentives are available to investors:

- Tax concessions.
- Double tax treaty (exemption from various taxes and duties).

- Low interest loans.
- Research and development.

There are specific laws to protect foreign investors, such as the Foreign Private Investment (Promotion and Protection) Act 1976 and the Protection of Economic Reforms Act 1992.

Business vehicles

What are the most common forms of business vehicle used in your jurisdiction?

The main business vehicles used in Pakistan are private companies, public companies and partnerships.

Under Pakistan law, a trust is not recognised as a legal entity and is, therefore, precluded from entering into contracts or owning property in its own name. However, a trust may be created under the Pakistani Trusts Act 1882 for any lawful purpose (as defined in the Act). Charitable foundations, called associations not for profit, may be registered and licensed under the Companies Ordinance 1984 (CO).

The most common form of business vehicle used by foreign companies is a private limited company as the procedure for incorporating such company is fairly simple and does not take long. Moreover, as compared to a public limited company, a private limited company has fewer corporate governance requirements.

Foreign companies wanting to commence business in Pakistan often establish a place of business (branch) in Pakistan and register it with the Securities and Exchange Commission of Pakistan under the Companies Ordinance 1984.

In relation to the most common form of corporate business vehicle used by foreign companies in your jurisdiction, what are the main registration and reporting requirements?

Registration and formation

Private limited company

To incorporate a private limited company in Pakistan, an application must be made to the SECP to confirm the availability of the company's proposed name. If the name is available, the SECP issues a Confirmation of Availability of Name. The following documents and prescribed forms must then be submitted to the SECP:

- The memorandum and articles of association of the company.
- Copies of national identity cards (for resident subscribers).
- Copies of passports duly certified and attested by the Pakistan embassy of the relevant country (for non-resident subscribers).
- A declaration of compliance with the requirements of registration on the prescribed form (Form 1).
- Notice of situation of the Registered Office, the address where the company's registered office is likely to be situated (Form 21).
- Particulars of directors and other officers of the company (Form 29).
- A special power of attorney, duly notarised by a notary public and signed by all the subscribers to the company's memorandum and articles of association, authorising an attorney to procure incorporation on behalf of the subscribers (if the subscribers are not doing so themselves).
- Registration/filing fee, a copy of the original paid challan (that is, the receipt evidencing payment of registration fee).

When the SECP is satisfied with the submitted documents, the SECP issues a certificate of incorporation of the company. The process of incorporation of a private limited company generally takes two weeks from the day the requisite documentation is submitted to the SECP.

In the case of incorporation of a company in the name of foreign shareholders, additional steps are required. The Ministry of Interior (MOI) is primarily concerned with homeland security. It required that before the incorporation or registration of shares with the Securities and Exchange Commission of Pakistan (SECP) involving non-residents, details relating to the companies and connected individuals be processed by the MOI to receive a mandatory No Objection Certificate.

However, this requirement has been revised by the SECP, the MOI, and Board of Investment and Overseas Chambers of Commerce and Industry. The SECP's Instruction No. 3 on 18 March 2013, provides that the policy for obtaining prior security clearance has been relaxed by the MOI to the effect that obtaining a security clearance is no longer a prerequisite for the registration of:

- Companies seeking incorporation with foreign investment in Pakistan; or
- Foreign nationals intending to invest in local companies.

The delay in obtaining security clearance was considered a major deterrent for foreign investment and also led to many complaints.

The MOI, SECP, Board of Investment and Overseas Chambers of Commerce and Industry have determined that the SECP will proceed with the:

- Incorporation of companies with foreign investment/directors.
- Registration of statutory returns of companies with foreign investment/directors.
- Appointment of foreign directors.

It will be mandatory to file all relevant documents for security clearance with an undertaking that if there is a refusal of security clearance, the relevant returns will become unregistered and the directorship will be terminated. Further, all foreign shareholders are required to undertake that in the event they do not receive the necessary security clearance from the MOI, they will forthwith transfer their shares.

The official website of the SECP (www.secp.gov.pk) provides for information about registration in the companies' register.

Reporting requirements

Annual returns in the prescribed form are required to be filed with the Registrar within 30 days from the date of the annual general meeting held in that year

(PKR600 for online filing and PKR1500 for offline).

Share capital

A private limited company must issue a minimum of a single share. Under the CO, a private limited company means a company which, in its articles, limits the number of company members to 50 and prohibits any invitation to the public to subscribe for shares or debentures of the company.

Non-cash consideration

Shares can be issued for non-cash consideration subject to necessary approvals.

Rights attaching to shares

Each class of share in a company has different rights and privileges attached which are detailed in the articles of the company.

Restrictions on rights attaching to shares

These are provided for in the:

- CO (for example, section 91 of the CO states that companies cannot issue partly paid shares).
- Company's articles.
- Shareholders' agreement (if any).

Automatic rights attaching to shares

Examples of rights attaching to shares include:

- Voting rights.
- Entitlement to a dividend, right shares or bonus shares.
- Entitlement to receive notice of, and to attend, general meetings.
- Rights and privileges for indefinite, limited or specified periods.

In relation to the most common form of corporate business vehicle used by foreign companies in your jurisdiction, outline the management structure and key liability issues.

Management structure

A private limited company is managed by its board of directors who are appointed for a three-year term. A private limited is required to have a minimum number of two directors. In addition, a company must appoint a chief executive officer (CEO) by a board resolution or at a general meeting. The CEO is a deemed director, and has all the rights, privileges and liabilities of that office.

Management restrictions

Certain decisions must be approved by the shareholders in a general meeting such as:

- The election of directors.
- Appointment of auditors.
- Investment in associated entities.
- Alteration of memorandum and articles.
- Increase in the company's share capital.

Directors' and officers' liability

Directors and officers can be penalised for failing to ensure compliance by the company with the CO.

Parent company liability

Parent companies are not automatically liable for the debts or other liabilities of their subsidiaries.

Employment: laws, contracts and permits

What are the main laws regulating employment relationships?

The main employment statutes include:

- The Workmen's Compensation Act 1923.
- The Payment of Wages Act 1936.
- The Employer's Liability Act 1938.
- The Minimum Wages Ordinance 1961.
- The WP Industrial and Commercial Employment (Standing Orders) Ordinance 1968.
- The Factories Act 1934.
- The West Pakistan Shops and Establishment Ordinance 1969.
- The Industrial Relations (Revival and Amendment) Act 2010 (applicable in the Sindh province only).
- The Punjab Industrial Relation Act 2010 (applicable in the Punjab province only).
- The Khyber Pakhtunkhwa Industrial Relations Ordinance 2010.
- The Baluchistan Industrial Relations Act 2010.
- Industrial Relations Act 2012 (deals with trans-provincial labour matters and Islamabad Capital Territory)
- The Contract Act, 1872

There is secondary legislation covering:

- Maternity (West Pakistan Maternity Benefit Ordinance 1958).
- Social security and welfare (Provincial Employees Social Security Ordinance 1965).
- Unskilled workers (Minimum Wages for Unskilled Workers Ordinance 1969).
- Bonded labour (Bonded Labour System (Abolition) Act 1992).

These laws will apply to foreigners working in Pakistan if the statute applies in the specific case. If a labour statute applies, then a right conferred by the statute cannot be contracted out of and the right must apply, regardless of any choice of law.

Is a written contract of employment required? If so, what main terms must be included in it? Do any implied terms and/or collective agreements apply to the employment relationship?

Terms are implied into the employment relationship by:

- Statute.
- Case law.

Employment contracts can be oral or written, except in the case of a workman to whom the Industrial and Commercial Employment (Standing Orders) Ordinance 1968 (Standing Orders Ordinance) applies, in which case an industrial or commercial establishment must issue a formal appointment letter containing the terms and conditions of service.

The conditions of the employment of workmen in every commercial or industrial establishment are required to be regulated in accordance with the Orders contained in the Schedule to the Standing Orders Ordinance (Standing Orders). The Standing Orders can only be modified by a collective agreement, provided that a collective agreement cannot be used to take away or diminish any right or benefit available to workmen under the Standing Orders.

Do foreign employees require work permits and/or residency permits?

Foreign employees require a work visa to work in Pakistan, unless there is a visa abolition agreement in place between Pakistan and the employee's home country. An application must be submitted to the Board of Investment Pakistan. The process takes four weeks and the processing fee is USD 25 for one year and USD 50 for two years.

Pakistan also issues fast-track business visas within 24 hours to businessmen of the 66 countries on the business visa list. They are valid for five years (multiple-entry) and the duration of each stay is restricted to three months. The documents required and the business visa list of countries is available at the official website of the Pakistan Board of Investment (www.pakboi.gov.pk).

Employment: termination and redundancy

Are employees entitled to management representation and/or to be consulted in relation to corporate transactions (such as redundancies and disposals)?

Unless otherwise stated in the employment contract, employees are not entitled to management representation or to be consulted in relation to corporate transactions.

How is the termination of individual employment contracts regulated?

The termination of individual employment contracts is regulated by the:

- Doctrine of master and servant relationship, given in case law.
- Any specific employment legislation, if applicable.
- The terms of the contract itself.

Whether an employee can be terminated at will depends on the applicability of labour legislation in the specific case and the terms of the employment contract. For instance, in case of the West Pakistan Shops and Establishments Ordinance 1969 (Shops and Establishments Ordinance), a permanent employee cannot be terminated at will, and for termination a month's notice or payment in lieu of this notice has to be given to the employee.

Under the Standing Orders Ordinance, terminating employment for any reason other than misconduct would require one month's notice or one month's wages in lieu of this notice. However, if a workman is found guilty of misconduct, he may be dismissed without payment of any compensation, and may be liable to punishment under the Standing Orders Ordinance.

If the employment is not terminated in the manner prescribed by the Standing Orders Ordinance or in the case of an unfair dismissal, an employee can initiate action in the labour courts.

Are redundancies and mass layoffs regulated?

Mass redundancies and mass layoffs (more than 50%) of workmen are regulated under the Standing Order No.11-A of the Standing Orders Ordinance. Termination of the employment of more than 50% of the workmen or a closedown of the whole of the establishment requires prior permission of the Labour Court.

Mass redundancies and lay-offs are also regulated under the provincial statutes, namely:

- The Punjab Industrial Relations Act 2010.
- The Khyber Pakhtunkhwa Industrial Relations Ordinance 2010.
- Baluchistan Industrial Relations Act 2010.
- The Industrial Relations (Revival and Amendment) Act 2010 (applicable to the Sindh province).
- Industrial Relations Act 2012 (deals with trans-provincial labour matters and Islamabad Capital Territory)

A contravention of Standing Order No.11-A is an unfair labour practice under the above provincial statutes.

Tax: taxes on employment

In what circumstances is an employee taxed in your jurisdiction and what criteria are used?

An individual is considered resident for a tax year if he is either:

- Present in Pakistan for a period of, or periods amounting in aggregate to, 183 days or more in a tax year.
- An employee or official of the federal government, or a provincial government, posted abroad in a tax year.

What income tax and social security contributions must be paid by the employee and the employer during the employment relationship?

Tax resident employees: the income of a resident person under a head of income is calculated in accordance with the Income Tax Ordinance 2001 (ITO), by taking into account amounts that are Pakistan-source income and amounts that are foreign-source income. A person's total income for a tax year is divided under various heads, including salary, and tax is deducted from salary at the rates specified in Division I of Part I of the First Schedule to the ITO.

Non-tax resident employees: non-resident individuals are liable to pay tax only on Pakistan-source income. Salary is deemed Pakistan-source income where the salary is received from an employment exercised in Pakistan or is paid by, or on behalf of, federal, provincial, or local government in Pakistan. A person paying royalties or fees for technical services and other services as specified under the ITO to non-tax resident persons must deduct tax from the gross amount paid.

Employers: employers must make contributions in respect of their employees if the Employees' Old-Age Benefits Act 1976, the Provincial Employees' Social Security Ordinance 1965, or the Companies Profits (Workers' Participation) Act 1968 applies to them.

Tax: taxes on business vehicles

When is a business vehicle subject to tax in your jurisdiction?

Tax resident business: a company is considered a resident company for a tax year if any of the following apply:

- It is incorporated or formed under any law in force in Pakistan.
- The control and management of the company's affairs is situated wholly in Pakistan at any time in the year.
- It is a provincial government or local authority in Pakistan.

Non-tax resident business: a non-tax resident business vehicle can be taxed if it is found to have a permanent establishment in Pakistan. If a non-tax resident business does not have a permanent establishment in Pakistan, it can still be taxed on income sourced from Pakistan if the income falls within the definition of Pakistan source income (section 101, ITO). For example, business income of a non-resident person is Pakistan source income to the extent it is directly or indirectly attributable to any business connection in Pakistan.

What are the main taxes that potentially apply to a business vehicle subject to tax in your jurisdiction (including tax rates)?

Income chargeable to tax for a tax year is the total income of the person reduced by deductibles allowed, if any (section 9, ITO). The income of a resident person under a head of income is calculated by taking into account amounts that are Pakistan source income and amounts that are foreign source income. Electronic filing of income tax returns is mandatory for companies.

Taxes in Pakistan include:

Corporate tax: the tax liability of a company varies according to the sector in which it operates. The rate of tax imposed on a company's taxable income is 34% in 2014, and 33% in 2015.

Sales tax: under the Sales Tax Act 1990 (STA), sales tax is chargeable at the rate of 17% of the value of taxable supplies made by a registered person (registered under the STA) in Pakistan, in course of or furtherance of any taxable activity carried on by him, and on goods imported into Pakistan.

Sales Tax On Services: each of the provinces of Pakistan have enacted separate laws, providing for sales tax on different forms of services, which include but are not limited to, hotel, clubs, travel, advertisement, carriage of goods, telecommunications and insurance services (the complete list provided in the first schedule to each of the provincial laws). The rate at which such taxes are calculated are provided in the relevant schedules of the respective laws. Corporate gains tax. A gain arising on the disposal of a capital asset or by a person in a tax year (unless exempt under the ITO) is liable to tax. For example:

- the rate of tax on the disposal of securities held for a period of less than 12 months is 12.5% (section 37A, ITO);
- the rate of tax on the disposal of securities held for between 12 and 24 months is 10% (section 37A, ITO);
- where a security is held for more than 24 months, it is taxable at 0% (section 37A, ITO)

For the purposes of section 37A of the ITO, 'security' means shares of public companies including the vouchers of Pakistan Telecommunication Corporation, modaraba certificates or any instrument of redeemable capital, debt securities and derivative products.

Capital value tax: this is levied and collected by the respective provinces of Pakistan. A percentage of the recorded value of immovable property is charged, depending on the property's size.

Dividends, interest and IP royalties

How are the following taxed?

Dividends paid to foreign corporate shareholders?

Every company paying a dividend must deduct tax at 10% from the gross amount of the dividend paid.

Dividends received from foreign companies?

The tax rate imposed on dividends received from a company is 10% and is calculated by applying the relevant rate of tax to the gross amount of the dividend. If foreign income tax has been paid by the resident, they will be entitled to either:

- A tax credit equal to the lesser of the foreign income tax paid.
- The Pakistan tax payable in respect of the income.

The Pakistan tax payable in respect of the foreign-source income derived by a tax payer in a tax year is calculated by applying the average rate of Pakistan income tax for the tax year against the tax payer's net foreign-source income for the tax year.

Interest paid to foreign corporate shareholders?

The payer of the interest must deduct tax at 10% from the gross amount of the interest, subject to any exemption or reduction allowed under the ITO.

Intellectual property (IP) royalties paid to foreign corporate shareholders?

The rate of withholding tax imposed on royalties paid to non-residents is 15% of the gross amount of the royalties.

Groups, affiliates and related parties

Are there any thin capitalisation rules (restrictions on loans from foreign affiliates)?

Thin capitalisation rules are covered under section 106 of the ITO. If the foreign-debt to foreign-equity ratio of a foreign-controlled resident company (other than a financial institution or a banking company) or a branch of a foreign company operating in Pakistan is in excess of 3 to 1 at any time during a tax year, no deduction is allowed for the interest on debt paid by the company in that year on the part of the debt exceeding the 3 to 1 ratio.

Must the profits of a foreign subsidiary be imputed to a parent company that is tax resident in your jurisdiction (controlled foreign company rules)?

There are no specific controlled foreign companies tax rules in Pakistan. However, Pakistan law does contain anti-avoidance rules which, among other things, allow the Commissioner of Income Tax to re-characterise a transaction or an element of a transaction that was entered into as part of a tax avoidance scheme (section 109, ITO).

The ITO defines a tax avoidance scheme as a transaction where one of the main purposes of entering into the transaction is the avoidance or reduction of any person's liability to tax under the ITO.

Further, the Commissioner of Income Tax can, in respect of any transaction between persons who are associates, distribute, apportion or allocate income, deductions or tax credits between the persons, as is necessary to reflect the income that the persons would have realised in an arm's length transaction (section 108, ITO).

Are there any transfer pricing rules?

Transfer pricing rules are covered under Chapter VI of the Income Tax Rules 2002.

Customs duties

How are imports and exports taxed?

Imports and exports are subject to the following taxes:

- **Sales tax**: this is payable on all goods imported into Pakistan by the person making the taxable supply. For example, in a sale from a manufacturer to a distributor, the sales tax is payable by the manufacturer.
- **Customs duty**: goods imported into and exported from Pakistan are liable to rates of customs duty prescribed by the Pakistan Customs Tariff.
- **Federal excise duty**: Imports are liable to Federal Excise duty. Exports are exempt from Federal Excise duty.
- **Income tax on imports**: an advance tax is collected from every importer of goods on the value of the imported goods, unless exempted by the Federal Board of Revenue.

Double tax treaties

Is there a wide network of double tax treaties?

Pakistan has entered into full scope double tax treaties with 63 countries, including Austria, Germany, Japan, China, the US, the UK, France and Mauritius.

Competition

Are restrictive agreements and practices regulated by competition law? Is unilateral (or single-firm) conduct regulated by competition law?

Competition authority: The Competition Commission of Pakistan (CCP) is the main competition authority. The official website of the CCP is www.cc.gov.pk and this website provides guidance with respect to the competition law and rules.

Restrictive agreements and practices: are prohibited in Pakistan under the Competition Act 2010 (Competition Act). The Competition Act applies to all undertakings, actions or matters that take place in Pakistan and which distort competition within Pakistan.

Unilateral conduct: section 3 of the Competition Act prohibits abuse of a dominant position, which includes practices which prevent, restrict, reduce, or distort competition in the relevant market.

The CCP can impose penalties on undertakings that fail to comply with any provision of the Competition Act. Failure to comply with an order of the CCP constitutes a criminal offence punishable with imprisonment for up to one year, or with a fine of up to PKR 25 m.

Are mergers and acquisitions subject to merger control?

Where an undertaking intends to acquire the shares or assets of another undertaking and meets the pre-merger notification thresholds stipulated in Regulation 4 of the Competition (Merger Control) Regulations, 2007, the undertaking must apply for clearance from the CCP.

The thresholds include but not are limited to the following:

- The value of the gross assets of the undertaking, excluding value of goodwill, is PKR 300m or more and/or the combined value of shares which are the subject of the transaction is PKR 1b or more.
- The annual turnover of the undertaking in the preceding year is PKR 500m or more and/or the combined turnover of the undertaking whose shares will be acquired is PKR 1b or more.
- The transaction relates to the acquisition of shares or assets of PKR 100m or more.
- In case of an acquisition of shares by an undertaking, if an acquirer acquires voting shares which, taken together with voting shares, if any, held by the acquirer, will entitle the acquirer to more than 10% of the voting shares.

Intellectual property

Patents

Nature of right: to be patentable, an invention must:

- Be new.
- Involve an inventive step.
- Be capable of industrial application.
- Not be specifically excluded by statute.

Protection: The Patents Ordinance 2000 sets out the rules on protection.

Enforcement: patents are enforced through the courts. However, an application can also be made to the Controller, who has the powers of a civil court in any proceedings before him under the Patents Ordinance 2000. The courts may grant injunctions, damages and order the disposal of infringing goods.

Length of protection: 20 years, provided renewal fees are paid within the prescribed period.

Trade marks

Nature of right: to be registered as a trade mark, a mark must:

- Be capable of graphical representation.
- Distinguish the goods or services of one undertaking from another.

Protection: The Trade Marks Ordinance 2001 sets out the rules on protection.

Enforcement: trade marks are enforced through the court. The main remedies available are similar to those for patents (see above, Patents).

Length of protection: ten years, renewable for further periods of ten years.

Registered designs

Nature of right: to be registered, a design must:

- Be new and original.
- Have individual character.
- Be unpublished.

Protection: The Registered Designs Ordinance 2000 sets out the rules on protection.

Enforcement: registered designs are protected through the court. The main remedies the court can grant are damages and injunctions.

Length of protection: 30 years, subject to renewal after every ten years.

Unregistered designs

These are not protected under Pakistan law.

Copyright

Nature of right: copyright applies to works of authorship including original literary, dramatic, musical, artistic and audio-visual works.

Protection: protection subsists automatically when the work is created. The Copyright Ordinance 1962 sets out the rules on protection.

Enforcement: copyright is enforced through the court. Civil proceedings and criminal proceedings are available. A person whose copyright has been infringed can:

- Sue for damages.
- Demand an injunction.
- Demand an account of the profits gained through the infringement.
- Request delivery of the infringing articles.

The criminal penalties are one or both of:

- Imprisonment of up to three years.
- A fine of up to PKR100,000.

All offences under the Copyright Ordinance are cognizable and non-bailable.

Length of protection: The period of copyright of a literary, dramatic, musical or artistic work (other than a photograph) is the life of the author plus 50 years. For a cinematographic work or a photograph, copyright subsists until 50 years from the beginning of the calendar year of the work's publication.

Other

Protection of confidential information is based on contractual obligations and common law principles. The information must be:

- Confidential in nature.
- Communicated in circumstances imposing an obligation of confidence.

A court action for breach of confidence would be based on breach of contract or in equity. This right is enforced through the court. The main remedies include damages and injunctions. The length of protection depends on the contractual obligations.

Marketing agreements

Are marketing agreements regulated?

Agency: is governed under the Contract Act 1872.

Distribution: there are no specific laws on distribution in Pakistan.

Franchising: there are no specific laws on franchising in Pakistan. However, it is indirectly regulated through other laws, such as competition laws, the Contract Act 1872 and the Foreign Exchange Regulation Act 1947.

E-commerce

Are there any laws regulating e-commerce (such as electronic signatures and distance selling)?

E-commerce is regulated through the Electronic Transactions Ordinance 2002 (ETO), which recognises and facilitates documents, records, information, communications and transactions in electronic form. The ETO also provides for legal recognition of electronic or digital signatures.

Advertising

Outline the regulation of advertising in your jurisdiction.

There is no legislation dealing specifically with advertising in Pakistan. However, various other laws deal with regulation of advertising in relation to specific areas. Some examples are as follows:

- The Pakistan Electronic Media Regulatory Authority Ordinance 2002 regulates advertising in the electronic media.
- The Prohibition of Smoking and Protection of Non-Smokers Health Ordinance 2002 sets out conditions for advertising tobacco and tobacco products in any media, or in any place and any public service vehicle.
- The Drugs (Licensing, Registering and Advertising) Rules 1976 sets out the conditions for advertising drugs in Pakistan.
- Competition Act, 2010.

Data protection

Are there specific statutory data protection laws? If not, are there laws providing equivalent protection?

There is no legislation currently in force dealing specifically with data protection in Pakistan. However, various laws deal with the protection of confidential information and data in relation to specific areas. Some examples are:

- Qanun-e-Shahadat 1984 (Pakistan law of evidence) which provides for advocate-client confidentiality.
- The Electronic Transactions Ordinance 2002, which provides for confidentiality of information systems.
- Banking Companies Ordinance 1962, which provides for confidentiality of information with respect to customers of banks and financial institutions.

Product liability

How is product liability and product safety regulated?

Laws regulating product liability and product safety include the following:

- Punjab Consumer Protection Act 2005.
- NWFP Consumers Protection Act 1997.
- Balochistan Consumers Protection Act 2003.
- Islamabad Consumers Protection Act 1995.
- The Pakistan Standards and Quality Control Authority Act 1996.
- Sale of Goods Act 1930.
- Drugs Act 1976 (enforced by Drugs Regulatory Authority of Pakistan)

Main business organisations

Pakistan Board of Investment (BOI)

The BOI assists companies and investors who intend to invest in Pakistan, and facilitates the implementation and operation of their projects.

Securities and Exchange Commission of Pakistan (SECP)

SECP is concerned with the regulation of the corporate sector, capital market, insurance companies, non-banking finance companies and private pensions.

State Bank of Pakistan (SBP)

The SBP is the Central Bank of Pakistan, and its operations include regulation of the monetary and credit system of Pakistan and regulation of the banking sector.

Federal Board of Revenue (FBR)

The FBR formulates and administers fiscal policies, collection of federal taxes, and exercises a quasi-judicial function of hearing appeals.

Competition Commission of Pakistan (CCP)

The CCP prohibits abuse of a dominant position in the market, certain types of anti-competitive agreements, and deceptive market practices. It also reviews mergers of undertakings that could result in a significant lessening of competition.

Work permit/residency permit requirements for foreign employees in Pakistan

A work visa is required unless a visa abolition agreement exists between Pakistan and the employee's country.

Application is to be submitted to the Board of Investment Pakistan (BOI).

The visa processing time is around four weeks.

The visa processing fee is USD25 for a one-year work visa.

Pakistan also issues fast track business visas with five years' validity to businessmen of 69 countries on the business visa list. This is available at BOI's website.

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