Doing business in Pakistan

2021

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Contents

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Introduction

Created during the partition of India in 1947, Pakistan is strategically located to become Asia's premier trade, energy and transport corridor. It is also the gateway to the energy rich Central Asian States, the financially liquid Gulf States and the economically advanced Far Eastern tigers. This strategic advantage alone makes Pakistan a marketplace teeming with possibilities. Apart from this, fifty five percent of Pakistan's population is below the age of 19, which bodes well for long- term sustainable economic growth. Pakistan has a strong middle class. A large part of the workforce is proficient in English, hardworking and intelligent. Pakistan possesses a large pool of trained and experienced engineers, bankers, lawyers and other professionals with many having substantial international experience. The consumer market in Pakistan is growing at a very fast pace as reflected by tele-density which has now reached more than 150 million. Interestingly in the global financial crisis, Pakistan's economy has shown resilience to the shocks and has maintained global and regional patterns and has performed better than some of the neighbouring countries. International Reports of repute have shown that Pakistan ranks ahead of regional countries.

Geography

Located in **South Asia**, Pakistan shares an eastern border with India and a north-eastern border with China. Iran makes up the country's south-west border and Afghanistan runs along its western and northern edge. The Arabian Sea is Pakistan's southern boundary with 1,064 km of coastline.

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Population

Rank	City	Population (2017 Census)	Province
1	**Karachi**	14,916,456	Sindh
2	**Lahore**	11,126,285	Punjab
3	**Faisalabad**	3,204,726	Punjab
4	**Rawalpindi**	2,098,231	Punjab
5	**Gujranwala**	2,027,001	Punjab
6	**Peshawar**	1,970,042	Khyber Pakhtunkhwa
7	**Multan**	1,871,843	Punjab
8	**Hyderabad**	1,734,309	Sindh
9	Islamabad	1,009,832	Islamabad

Exchange Rates

The Currency of Pakistan is Pak Rupee. The table below illustrates the prevailing exchange rates:

mittance	Symbol	Buying	Selling
US Dollar DD	USD-DD	170.3	171.55
US Dollar TT	USD-TT	170.3	171.55
Currency	**Symbol**	**Buying**	**Selling**
Australian Dollar	AUD	123	124.5
Bahrain Dinar	BHD	386.75	388.5
Canadian Dollar	CAD	135	137
China Yuan	CNY	23.75	23.9
Danish Krone	DKK	23.45	23.75

Euro	EUR	195	197
Hong Kong Dollar	HKD	16.65	16.9
Indian Rupee	INR	2.03	2.1

Political System

The **politics of Pakistan** (سیاسیاتِ پاکستان) takes place within the framework established by the constitution. The country is a federal parliamentary republic in which provincial governments enjoy a high degree of autonomy and residuary powers. Executive power is vested with the national cabinet which is headed by Prime Minister of Pakistan (Imran Khan; 2018-), who works coherently along with the bicameral parliament and the judicature. Stipulations set by the constitution provide a delicate check and balance of sharing powers between executive, legislative, and judicial branches of the government.

The head of state is the president who is elected by the electoral college for a five-year term. Arif Alvi is currently the president of Pakistan (2018-). The president was a significant authority until the 18th amendment, passed in 2010, stripped the presidency of its major powers. Since then, Pakistan has been shifted from a Semi-presidential system to a purely parliamentary government. Since the amendment, the president's powers include the grant to pardon, and the ability to suspend or moderate any sentence passed by any court or authority.

The Government consists of three branches: executive, legislative and judicial. The Executive branch consists of the Cabinet and is led by the Prime Minister. It is totally independent of the legislative branch that consists of a bicameral parliament. The Upper House is the Senate whilst the National Assembly is the lower house. The Judicial branch forms with the composition of the Supreme Court as an apex court, alongside the high courts and other inferior courts. The judiciary's function is to interpret the Constitution and federal laws and regulations.

Pakistan is a multiparty democracy where several political parties compete for seats in the National and Provincial assemblies. However, as an aftermath of the Fall of Dhaka in 1971, a two-party system was inculcated between the Peoples Party and Muslim League.

Foreign Relations of Pakistan

The **Islamic Republic of Pakistan** maintains a large diplomatic network across the world. Pakistan is the second largest Muslim-majority country in terms of population (after Indonesia) and is the only Muslim majority nation to have possession of nuclear weapons.

Pakistan's economy is integrated into the world with strong trade ties to the EU and economic alliances and agreements with many Asian nations.

Pakistan enjoys a highly strategic geopolitical location, being situated at the corridor of major maritime and land-based transit routes reaching from energy-rich Central Asia and the Middle East to the population centers of South and East Asia, as well as having geostrategic hotspots such as Afghanistan, China, India and Iran as immediate neighbors. Pakistan maintains a tense relationship with the Republic of India due to the Kashmir conflict, close ties with the People's Republic of China, Turkey, Russia and Gulf Arab states and a fluctuating relationship with the United States of America due to overlapping interests during the Cold

War and War on Terror. Pakistan is a member of the Shanghai Cooperation Organisation (SCO) and Organisation of Islamic Cooperation (OIC). Pakistan is named by the US as a major non-NATO ally in the war against terrorism and is one of founding members of IMCTC.

Climate

Pakistan has a continental type of climate, characterized by extreme variations in temperature, both seasonally and daily, because it is located on a great landmass north of the Tropic of Cancer (between latitudes 25° and 36° N).

Very high altitudes modify the climate in the cold, snow-covered northern mountains; temperatures on the Balochistan plateau are somewhat higher. Along the coastal strip, the climate is modified by sea breeze. In the rest of the country, temperatures reach great heights in the summer; the mean temperature during June is 38 °C (100 °F) in the plains, the highest temperatures can exceed 47 °C (117 °F). During summer, hot winds called Loo blow across the plains during the day. Trees shed their leaves to avoid loss of moisture. Pakistan recorded one of the highest temperatures in the world, 53.7 °C (128.66 °F) on 28 May 2017, the hottest temperature ever recorded in Pakistan and also the second hottest measured temperature ever recorded in Asia.

The dry, hot weather is broken occasionally by dust storms and thunderstorms that temporarily lower the temperature. Evenings are cool; the daily variation in temperature may be as much as 11 °C to 17 °C. Winters are cold, with minimum mean temperatures in Punjab of about 4 °C (39 °F) in January, and sub-zero temperatures in the far north and Balochistan.

Economy

Pakistan is a developing country, with a semi-industrial economy. Primary export commodities include textiles, leather goods, sports goods, chemicals and carpets/rugs.

The growth poles of Pakistan's economy are situated along the Indus River; the diversified economies of Karachi and major urban centers in the Punjab, coexisting with lesser developed areas in other parts of the country. The economy has suffered in the past from internal political disputes, a fast-growing population, and mixed levels of foreign investment. Foreign exchange reserves are bolstered by steady worker remittances, but a growing current account deficit – driven by a widening trade gap as import growth outstrips export expansion – could draw down reserves and dampen GDP growth in the medium term. Pakistan is currently undergoing a process of economic liberalization, including privatization of all government corporations, aimed to attract foreign investment and decrease budget deficits.

As of May 2021, the Pakistani government has predicted that future growth rates will be 5%, one of the highest in South Asia. According to the World Bank, poverty in Pakistan fell from 64.3% in 2002 to 2.3% in 2018. The World Bank has projected Pakistan's poverty rate to ease from current **4.8% to 4.4%** in Fiscal year 2021-22 and 4.0% in next fiscal year (2022-23).The country's improving macroeconomic position has led the Moody's Investors Service to upgrade Pakistan's debt outlook to "stable".

In 2017, Pakistan's GDP in terms of purchasing power parity crossed $1 trillion. By May 2019, the Pakistani rupee had undergone a year-on-year depreciation of 30% vis-a-vis the US dollar. In 2020, CPEC Phase 2 has been started, with new billion dollar agreements.

The **economy of Pakistan** is the 26th largest in terms of purchasing power parity (PPP), and 46th largest in terms of nominal gross domestic product. Pakistan has a population of over 220 million people (the world's 5th-largest), giving it a GDP per capita (nominal) of $1543 which ranks 181st, and giving it a GDP per capita (PPP) of $5,964 which ranks 174th in the world.

Currency	• Pakistani rupee (PKR, Rs)
Fiscal year	• 1 July – 30 June
Trade organisations	• ECO, SAFTA, WTO, AIIB, ADB and others
Country group	• Developing/Emerging • Lower-middle income economy
Statistics	
Population	• ▲ 207.68 million (5th) (2017 national census)
GDP	• ▲ $299 billion (nominal; Jun 2021) • ▲$1.36 trillion (PPP; Jun 2021)
GDP rank	• 46th (nominal; 2020) • 22th (PPP; Jun 2021)
GDP growth	• 5.5% (17/18) 1.9% (18/19) • −0.4% (19/20) 3.9% (20/21e)
GDP per capita	• ▲ $1,543 (nominal; Jun 2021) • ▲ $5,964 (PPP; Jun 2021)
GDP per capita rank	• 181st (nominal; Jun 2021) • 174th (PPP; Jun 2021)
GDP by sector	• Agriculture: ▼ 19.19% • Industry: ▼ 19.12% • Services: ▲ 61.68% • (2021 est)
Inflation (CPI)	• ▼ 8.4% (July 2021)
Base borrowing rate	• ▼ 7.00% (September 2020)
Population below poverty line	• 35.1% on less than $3.20/day (2015) • — 0.5% in extreme poverty (December 2020) • (World Poverty Clock estimate)
Gini coefficient	• 31.6 medium (2018, World Bank)

Human Development Index	• ▲ 0.557 medium (2019) (154nd) • ▲ 0.384 low IHDI (2019)
Labour force	• ▲ 75,862,533 (2020) • 48.9% employment rate (2018)
Labour force by occupation	• Agriculture: ▲ 39.2% • Industry: ▼ 23.0% • Services: ▬ 37.8% • (2018–19)[18]
Unemployment	• ▲ 6.9% (2018-19) • ▼ 5.8% (2017–18)
Main industries	• Textiles • Apparel • Food processing • Pharmaceuticals • Surgical instruments • Construction materials • Fertilizer • Shrimp • Paper products
Ease-of-doing-business rank	• ▲ 108th (medium, 2020)
External	
Exports	• ▲ $25.630 billion (FY 2021)
Export goods	• Textiles: $14,409 million • Food: $4,503 million • Chemical and pharmaceutical products: $1,146 million • Leather manufacturers: $559 million • Sports goods: $470 million • Petroleum: $235 million
Main export partners	• United States 19.6% • China 8.0% • United Kingdom 8.0% • Germany 5.9% • United Arab Emirates 5.8% • Netherlands 4.4% • Afghanistan 3.8%

Imports	▲ $53.785 billion (FY 2021)
Import goods	• Petroleum: 9,747 million • Agriculture and other chemicals: $8,409 million • Machinery: $8,322 million • Food: $7,244 million • Textile: $4,756 million • Metal: $4,583 million • Transport: $2,745 million • Plastic material: 2,459 million
Main import partners	• China 24.7% • United Arab Emirates 12.9% • Singapore 5.8% • United States 4.5% • Saudi Arabia 4.4% • Japan 2.8% • Indonesia 2.4%
FDI stock	▲ $34.798 billion (FY 2019)
Current account	▲ -1.827 billion US$ (FY 2021)
Gross external debt	$122.3 billion (June 2021)
Public finances	
Public debt	▼ 83.5% of GDP (June 2021)
Budget balance	▲ −7.1% of GDP (FY 2021)
Revenues	▼ 14.5% of GDP; 6,903 billion PKR or $43 billion (FY 2021)
Expenses	▼ 21.6% of GDP; 10,307 billion PKR $64 billion (FY 2021)
Foreign reserves	▲ $27.622 billion (Sep 2021). (60th)
Main data source: ***CIA World Fact Book*** *All values, unless otherwise stated, are in US dollars.*	

Pakistan Legal System

Pakistan is an Islamic Republic. Islam is the state religion, and the Constitution requires that laws be consistent with Islam. The country has an area of 310,527 square miles and a population of 170 million. Official figures on religious demography, based on the most recent census taken in 1998, showed that approximately 97 percent of the population is Muslim. The majority of Muslims in the country are Sunni, with a Shi'a minority ranging between 10 to 20 percent.

The Penal Code incorporates a number of Islamic law (Shari'a) provisions. The judicial system encompasses several different court systems with overlapping and sometimes competing jurisdictions that reflect differences in civil, criminal, and Islamic jurisprudence. The Federal Shari'a Court and the Shari'a bench of the Supreme Court serve as appellate courts for certain convictions in criminal court under the Hudood Ordinances; judges and attorneys in these courts must be Muslim. The federal Shari'a court may overturn any legislation judged to be inconsistent with the tenets of Islam. In March 2005, however, the Supreme Court Chief Justice ruled that the Federal Shari'a Court had no jurisdiction to review a decision by a provincial high court even if the Federal Shari'a Court should have had initial appellate jurisdiction.

The legal system is derived from English common law and is based on the much-amended 1973 constitution and Islamic law (sharia). The Supreme Court, provincial high courts, and other courts have jurisdiction over criminal and civil issues. The president appoints the Supreme Court's chief justice and formally approves other Supreme Court justices as well as provincial high court judges on the advice of the chief justice. The Supreme Court has original, appellate, and advisory jurisdiction, and high courts have original and appellate jurisdiction. The Federal Shariat Court determines whether laws are consistent with Islamic injunctions. Special courts and tribunals hear particular types of cases, such as drugs, commerce, and terrorism. Pakistan's Penal Code has limited jurisdiction in tribal areas, where law is largely derived from tribal customs.

The 1973 constitution guarantees freedom of speech, press, and religion as well as the right to bail, counsel, habeas corpus, representation, appeal, and numerous other protections. However, the government has constitutional authority to limit civil liberties in accordance with Islamic doctrine, national security, and other circumstances. Pakistani courts can impose the death penalty, and some crimes are punishable by stoning, lashing, or amputation, although these punishments rarely occur outside of tribal areas. The judiciary has limited independence from the executive branch, and the legislative and executive branches often attempt to remove themselves from judicial oversight. The judiciary also suffers from low public credibility, large case backlogs, corruption, and a lack of resources.

Pakistan's Rule of Law development has suffered from decades of military rule with only short lived and intermittent experience with democratic governance. Since much of the law derives from the British colonial system, it is seen by many as lacking legitimacy. There is also tension between the inherited common law system and the Islamic law based on the Quran, especially in outlying provinces and regions. Questions about legitimacy are compounded by the low level of efficiency, the prevalence of delays, the inferior quality of legal training, corruption, and the perception that the court system is a tool for the delay of justice, manipulated by rich and/or powerful interests in the society.

Foreign Investment in Pakistan

Pakistan has an open foreign investment regime. Protections afforded to foreign investors are no less than the treatment to national investors. The Board of Investment (BOI) is the apex agency to promote, encourage and facilitate foreign investment. The general approach of the government is reflected in the Investment Policy 2013, which consolidates the major requirements under several laws regarding foreign investment across all sectors. The BOI has declared food and beverages, auto and auto parts, information technology and IT-enabled services, logistics and value-added textiles as priority sectors. All sectors and activities are open for foreign investment except for restricted industries, including arms and ammunition, high explosives, radioactive substances, securities, currency and mint, and consumable alcohol. Policies provide a regulatory framework for investments in the specific sectors and specify incentives including tariff and tax incentives, limits on foreign control and the right to private ownership, etc.

As per currency control, transfer of securities (including shares of a company incorporated in Pakistan) to a non-resident requires the permission of the State Bank of Pakistan (SBP). However, no prior SBP permission is required if a purchase of securities is made through funds credited to what are called special convertible rupee accounts (SCRAs). SCRAs may be opened by a non-resident with any bank operating in Pakistan. Funds transferred in foreign currency from outside Pakistan to an SCRA are credited in Pakistani rupees. The SCRA can be used not only to remit funds into Pakistan but also to repatriate overseas dividends, capital gains and the proceeds of disinvestments. The most common business vehicle used by foreign companies to conduct the business of investing in Pakistan is a branch office in Pakistan along with an SCRA as the channel for fund transfers.

Foreign companies that want to set up their business in Pakistan are required to obtain registration with the BOI and the Securities and Exchange Commission of Pakistan (SECP) depending on the nature of business being set up in Pakistan.

The main laws regulating acquisition and investments by foreign nationals and investors are as follows:

- Foreign Exchange Regulation Act 1947 (FERA 1947);
- Foreign Private Investment (Protection and Promotion) Act 1976 (FIPPA 1976);
- Protection of Economic Reforms Act 1992;
- Foreign Exchange Manual (the FE Manual);
- Companies Act 2017 (CA 2017);
- Competition Act 2010 (CA 2010);
- Securities Act 2015 (SA 2015);
- Banking Companies Ordinance 1962 (BCO);
- Public Private Partnership Act 2017;
- Special Economic Zones Act 2012;

- the Listed Companies (Substantial Acquisition of Voting Shares and Takeovers) Regulations 2017; and
- the Competition (Merger Control) Regulations 2016 (the Merger Control Regulations).

The main laws are discussed below:

- Foreign Exchange Regulation Act 1947

  The objective of the FERA 1947 is to regulate, in the economic and financial interest of Pakistan, certain payments, dealings in foreign exchange, securities, and the import and export of currency and bullion. Under the Act, basic rules and regulations are issued by the government of Pakistan and the SBP in the form of notifications, which are published in the Official Gazette. The Act provides certain restrictions on payments by persons residing in Pakistan to persons residing outside Pakistan; however, these restrictions are subject to the general and special exemptions granted by the SBP. The Act further provides an enabling framework that empowers the SBP to permit any person to deal in foreign exchange, such as money changers and exchange companies.

- Foreign Private Investment (Protection and Promotion) Act 1976

  As its name reflects, the FIPPA 1976 deals with the protection and promotion of foreign private investment. This Act serves as an enabling statute for the government of Pakistan as it empowers the government to authorise investment in any industrial undertaking that does not exist in Pakistan or that is not being carried on in Pakistan on a scale adequate to the economic and social needs of the country. Furthermore, the government may, for the promotion of foreign private investment, authorise investment in an industrial undertaking that will contribute to the resources of Pakistan. The Act further empowers the government to grant tax concession, etc., and also provides for repatriation by foreign investors.

- Protection of Economic Reforms Act 1992

  The purpose of this Act is to create a liberal environment for savings and investments, and provide further legal protection to economic reforms to create confidence in the establishment and continuity of the liberal economic environment. The Act entitles all citizens of Pakistan and all other persons to bring, hold, sell, transfer and take out foreign exchange within or out of Pakistan. The Act further provides immunity to all persons who hold foreign currency accounts in Pakistan against any inquiry from the Income Tax Department or any other taxation authority as to the source of financing of the foreign currency accounts.

Legal and Regulatory Environment

Overview of Statutory Framework for Accounting and Auditing

The accounting and financial reporting framework for all companies in Pakistan is stipulated in the Companies Act of 2017 (formerly Companies Ordinance of 1984). The Act outlines the requirements for the presentation of financial statements, establishes standard-setting procedures as well as other financial reporting obligations. All companies are required to prepare financial statements.

Under the Act, ICAP is also responsible for adopting and issuing auditing standards.

Accounting Framework

Under the Companies Act of 2017, accounting standards are approved for use as adopted by the Securities and Exchange Commission of Pakistan (SECP). The SECP, however, has delegated the responsibility of developing and adopting accounting standards to the Institute of Chartered Accountants of Pakistan (ICAP). ICAP has adopted the International Financial Reporting Standards (IFRS). Under the Companies Act, listed companies (including foreign companies listed in Pakistan), public interest companies (including public sector companies, public utility companies, financial institutions, and companies in the process of being listed), and large-sized non-listed companies (companies with paid-up capital exceeding 200 million rupees or with an annual turnover exceeding 1 billion rupees) are required to apply IFRS in the preparation of their financial statements.

Medium-sized companies, defined in Pakistan as all companies other than listed, public interest, large-sized, and small-sized can either choose to use IFRS for SMEs or full IFRS.

Small-sized entities, defined as companies with paid-up capital not exceeding 25 million rupees and with turnover not exceeding 100 million rupees, can choose to use Accounting and Financial Reporting Standards for Small-Sized Entities (AFRS for SSEs), IFRS for SMEs, or full IFRS.

Member Organizations

- Institute of Chartered Accountants of Pakistan
- Institute of Cost and Management Accountants of Pakistan
- Pakistan Institute of Public Finance Accountants

The Constitution of Pakistan contains a range of provisions with regards to labour rights found in Part II: Fundamental Rights and Principles of Policy.
• Article 11 of the Constitution prohibits all forms of slavery, forced labour and child labour;
• Article 17 provides for a fundamental right to exercise the freedom of association and the right to form unions;
• Article 18 proscribes the right of its citizens to enter upon any lawful profession or occupation and to conduct any lawful trade or business;
• Article 25 lays down the right to equality before the law and prohibition of discrimination on the grounds of sex alone;
• Article 37(e) makes provision for securing just and humane conditions of work, ensuring that children and women are not employed in vocations unsuited to their age or sex, and for maternity benefits for women in employment.

Labour Legislation

Pakistan's labour laws trace their origination to legislation inherited from India at the time of partition of the Indo-Pak subcontinent. The laws have evolved through a continuous process of trial to meet the socio-economic conditions, state of industrial development, population and labour force explosion, growth of trade unions, level of literacy, Government's commitment to development and social welfare. To meet the above-named objectives, the government of the Islamic Republic of Pakistan has introduced a number of labour policies, since its independence to mirror the shifts in governance from martial law to democratic governance.

Under the Constitution labour is regarded as a 'concurrent subject', which means that it is the responsibility of both the Federal and Provincial Governments. However, for the sake of uniformity, laws are enacted by the Federal Government, stipulating that Provincial Governments may make rules and regulations of their own according to the conditions prevailing in or for the specific requirements of the Provinces. The total labour force of Pakistan is comprised of approximately 37.15 million people, with 47% within the agriculture sector, 10.50% in the manufacturing & mining sector and remaining 42.50% in various other professions.

Contract of Employment

While Article 18 of the Constitution affords every citizen with the right to enter upon any lawful profession or occupation, and to conduct any lawful trade or business, the Industrial and Commercial Employment (Standing Orders) Ordinance was enacted in 1968 to address the relationship between employer and employee and the contract of employment. The Ordinance applies to all industrial and commercial establishments throughout the country employing 20 or more workers and provides for security of employment. In the case of workers in other establishments, domestic servants, farm workers or casual labour engaged by contractors, their labour contracts are generally unwritten and can be enforced through the courts on the basis of oral evidence or past practice.

Every employer in an industrial or commercial establishment is required to issue a formal appointment letter at the time of employment of each worker. The obligatory contents of each labour contract, if written, are confined to the main terms and conditions of employment, namely nature and tenure of appointment, pay allowances and other fringe benefits admissible, terms and conditions of appointment.

Termination of the Contract

The services of a permanent worker cannot be terminated for any reason other than misconduct unless one month's notice or wages in lieu thereof has been furnished by the employer or by the worker if he or she so chooses to leave his or her service. One month's wages are calculated on the basis of the average wage earned during the last three months of service. Other categories of workers are not entitled to notice or pay in lieu of notice.

Working Time and Rest Time

Working hours

Under the Factories Act, 1934 no adult employee, defined as a worker who has completed his or her 18th year of age, can be required or permitted to work in any establishment in excess of nine hours a day and 48 hours a week. Similarly, no young person, under the age of 18, can be required or permitted to work in excess of seven hours a day and 42 hours a week. The Factories Act, which governs the conditions of work of industrial labour, applies to factories, employing ten or more workers. The Provincial Governments are further empowered to extend the provisions of the Act, to even five workers.

Further information on the web is provided by Labour Laws Pakistan - APFUTU (labourunity.org)

Scope of FDI in Pakistan

Since the last decade, Pakistan has been receiving a healthy and consistent stream of foreign investment from Asia, America, Australia, Africa, and Europe.

In July 2021, the SECP reported 1,949 registrations of new companies, with a total quantity ranging at 147,842. Within these registrations, the construction and real estate sector has topped the list.

Lastly, for the promotion of FDI, the government assures optimal treatment towards foreign investment. The Protection of Economic Reforms Act of 1992 and the Foreign Private Investment (Promotion & Protection) Act 1976 provide for "No Less Favourable" treatment to the foreign investors compared to the National Investors in similar circumstances. With rising trends in investment as SECP incorporates more and more companies, now is the perfect time to invest in Pakistan's real property.

Specifications

- **Upper Limit**
  Apart from media, banking, agriculture, and airlines, the government imposes upper limits on investment.
- **Lower Limit**
  There is no 'minimum' amount set for investment in equity ownership in all the permitted sectors.
- Foreigners can acquire **100% foreign ownership** in all sectors except for the areas mentioned in the upper limit.
- According to the sixth clause of the **Foreign Private Investment Act 1976,** for promotion and protection of investment and the procedural requirements set out by the **State Bank of Pakistan's (SBP) Foreign Exchange Manual 2002**, foreign investors retain the right to repatriate their funds, be it profits acquired or their dividends, in the original currency of the respective state from where the investment was made.
- Foreigners can appoint authorised banks or dealers to conduct repatriation of profits/disinvestments proceeds/dividends through a proper banking channel.

- Regarding portfolio investment, foreigners are required to open a Special Convertible Rupee Account (SCRA) in any local bank to extract their dividends and sales proceeds. They can invest in all securities displayed on Pakistan's Stock Exchange.
- As per the regulations of the SBP and SECP, foreigners can gain access to domestic borrowing as per the Debt-Equity Ratio.

Regulations for investment in Land by Foreigners

In Pakistan, the land is a provincial subject with different regulations administering land acquisition in each province. In general, any foreign national who has received permission from the Ministry of Interior (Federal) and the respective provincial government can acquire land within their capacity. Furthermore, if a company is incorporated in the Security and Exchange Commission of Pakistan (SECP), a foreigner can own land.

Business Structures

To start a business in Pakistan one may opt for any one or more than one business structures

- Limited Liability Company
- Private Limited Company
- Single Member Company
- Public Limited Company
- Guarantee Limited Company
- Not For Profit/Association/Foundation
- Limited Liability Partnership (LLP)
- Partnership Firm
- Sole Proprietorship

Comparison of different kind of businesses in Pakistan:

Table below shows a comparison of different kind of businesses in Pakistan. This will help in selecting a suitable form of business. The information provided below is for reference purposes only. However, it is always advisable to get proper legal advice to take a decision.

	Sole Proprietor	**Partnership**	**Not For Profit Company**	**Limited Liability Company (Private Limited and Public Limited)**
Formation	Registration with Tax Authorities Required	Registration with Registrar of Firms Required	Licensing and Registration with SECP is Required	Registration with SECP is Required
Periodic Compliance / Filing	No filing except Annual Tax Return	Annual Tax Return of All Partners and Firm is required	Periodic SECP filings required	Periodic SECP filings required
Limited personal liability	No	No	Yes	Yes
Transferability of interest	No	Allowed, But Partners have to visit in Person.	Yes, Often Limited	Allowed
Duration	Until withdrawal or death of owner	At Will	Unlimited	Unlimited
Pass-through taxation	Yes	Yes	Tax Exemption may be obtained	Yes Corporate Tax Apply

Ability to raise capital	Not as separate entity	Yes, from partners only	Yes, through donations and grants	Yes
Limitations on number of owners	Yes. Only One Owner.	Maximum 20 partners	No	For Pvt. Limited: 50 For Public Limited: None

The above represents general requirements and comparison among various forms of company registration in Pakistan by foreigners / Non Pakistanis and how foreign companies can set up their offices in Pakistan. A company which is incorporated or formed outside Pakistan which establishes its place of business within Pakistan is called a 'Foreign Company'. SECP also stated in one of its guide that it is advisable to consult a professional for detailed guidance. The relevant provisions of law are contained in Part XIV of the Companies Ordinance, 1984 (the Ordinance) and Rules 22 & 23 of the Companies (General Provisions and Forms) Rules, 1985 (the Rules).

A place of business includes branch, management, share transfer or registration office, factory, mine or fixed place of business but does not include an agency unless the agent exercises a general authority to negotiate and conclude contract or maintains stock of merchandise on behalf of the company. Following are the exceptions: 1. Company shall not be deemed to have an established place of business in Pakistan merely because it carries on business dealings in Pakistan through a bona fide broker or general commission agent acting in the ordinary course of his business. 2. The fact that a company has a subsidiary which is incorporated, resident, or carrying on business in Pakistan, shall not of itself constitute the place of business of that subsidiary an established place of business of the company.

A foreign company is required to obtain a permission letter from the Board of Investment with a specific validity period for opening and maintaining of its branch/liaison office in Pakistan. Copy of such permission letter is required to be furnished with the documents meant for registration. Renewal/ extension of the permission to open/maintain a branch/liaison office is also required to be obtained from the Board of Investment on the expiry of the validity period of the permission originally granted. Whenever such renewal/extension is granted, a copy must be furnished to the registrar concerned.

Ease of doing Business in Pakistan

The World Bank Group's Doing Business project provides a measure of the "Ease of Doing Business" through a set of objective indicators that focus on the impacts of laws, regulations and their enforcement across 190 economies. Pakistan has been consistently making efforts to improve business environment in the country. Since 2016, almost 300 reforms have been implemented to improve investment climate in the country. Resultantly, Pakistan improved 39 positions in EODB ranking in the last two years and was placed at 108th position. Pakistan was recognized as the top reformer in South Asia and sixth reformer in the world Saudi Arabia, Jordan, Togo, Bahrain, Tajikistan, Kuwait, China, India, and Nigeria.

DB20 recognized the following six major reforms in Pakistan:

- Company can now be registered in one day with SECP& FBR. Data is transferred to Labour Dept, PESSI, SESSI and EOBI in real time. Only SECP portal is used. End to End integration of 9 departments has been made.

- Getting construction permits now takes 108 days in Lahore and 134 days in Karachi as opposed to 266 and 261 days originally.

- Commercial property can now be registered in 22 days in Lahore and 149 days in Karachi instead of 25 and 208 days previously.

- Commercial electricity connection can now be obtained in 73 days in Lahore and 134 days in Karachi as opposed to 117 and 185 days in previous report. Online portals of LESCO and K-Electric have been launched. Tariff changes are announced in advance.

- Online payment of Taxes has been introduced. The numbers of payments are now measured at 34 from 47 and time for paying taxes has reduced substantially. Tax rates for small companies reduced from 25% to 24%.

- WEBOC Customs software has reduced time to export for border compliance from 75 hours to 58 hours and time for Imports for documentary compliance from143 hours to 96hours.

Ease of Doing Business Report 2021: The EODB-2021 report, which was earlier supposed to launch in October 2020, will be released in December 2021 and the government is confident Pakistan will achieve its global ranking in the range of 90s [90 to 99]. The delay was due to Covid-19 pandemic. Interestingly, in December this year, two EODBs for year 2021 and 2022 will be launched.

Grants and incentives

Various tax incentive and exemptions to attract foreign investment into debt securities.

Income Tax Ordinance, 2001 brought through Tax Laws (Second Amendment) Ordinance, 2019 contains several salient features to attract foreign investments.

The existing foreign exchange framework of the country allows non-residents to invest in debt securities and Government securities through Special Convertible Rupee Accounts (SCRA's) maintained with banks in Pakistan.

There is no restriction on repatriation of funds from SCRA's which incentivizes investment in the local debt market by non-resident investors.

To encourage investment in the local debt market and simplifying the tax regime for non-resident companies have been introduced which are summarized hereunder:-

(i) Capital gains emanating from the disposal of debt instruments and government securities (including treasury bills and Pakistan Investment Bonds) to non-resident companies (not having a permanent establishment in Pakistan)who have made investments in such debt instruments/securities exclusively through a Special Convertible Rupee Account (SCRA) maintained with a bank in Pakistan shall be subject to withholding tax @ 10 percent by banks/financial institutions which shall constitute final discharge of tax liability.

(ii) Enhanced rate of withholding tax for persons not appearing on the active taxpayers list under the Tenth Schedule to the Ordinance shall not apply to capital gains and profit on debt earned by non-resident companies, not having a permanent establishment in Pakistan, which invest in local debt instruments/securities through SCRA maintained with a bank in Pakistan.

(iii) Special Convertible Rupee Accounts (SCRA) being maintained by non-resident companies having no permanent establishment in Pakistan shall be exempt from collection of advance tax on banking transactions otherwise than through cash under section 236P of the Ordinance.

(iv) A non-resident company having no permanent establishment in Pakistan investing debt instruments and government securities through SCRA shall not be required to pay advance tax under section 147 of the Income Tax Ordinance, 2001 in respect of capital gains arising to it.

(v) Requirement for filing a statement of final taxation under section 115(4) of the Income Tax Ordinance, 2001 and registration under section 181 of the Ordinance shall not apply to a non-resident company having no permanent establishment in Pakistan solely by reason of Capital Gain or Profit on Debt earned from investments in debt securities and Government securities through Special Convertible Rupee Account maintained with a banking company or financial institution in Pakistan.

Zonal incentives

The Law of Special Economic Zones has been made to meet the global challenges of competitiveness to attract FDI. The law allows to create industrial cluster with liberal incentives, infrastructure, investor facilitation services to enhance productivity and reduce cost of doing business for economic development and poverty reduction. The Law further envisages to reduce processes through SEZ in Pakistan.

Special Economic Zone

- One-time Custom Duty exemption on import of Capital Goods (Zone Developers/Co-Developers).

  The zone developer / Co-developers are allowed one-time exemption from all custom-duties and taxes on capital goods imported into Pakistan except the items listed under Chapter 87 of the Pakistan Customs Tariff, for the setting up of an SEZ subject to verification by the BOI.

  Income Tax exemption for 10 years from the date of signing of Development Agreement (Zone Developers/Co-Developers).
  The zone developer/ Co-developer is allowed exemption from all taxes on income, including from minimum turnover tax, accruable in relation to the development and operation of the SEZ for a period of ten years, starting from the date of signing of the development agreement.

- One-time Custom Duty exemption on import of Capital Goods (Zone Enterprises).

  The zone enterprise is allowed one-time exemption from all custom-duties and taxes on capital goods imported into Pakistan except the items listed under Chapter 87 of the Pakistan Customs Tariff, for the setting up of an SEZ subject to verification by the BOI.

- Income Tax exemption for 10 years from the date of commencement of commercial operation (Zone Enterprises).

  The zone enterprise is allowed exemption from all taxes on income, including minimum turnover tax accruable in relation to its commercial production/operation for a period of 10 years, starting from the date of commencement of its commercial operation.

Special Technology Zones

- Exemption of Income tax for Zone Developers.

  Exemption is available from taxes on income accruable in relation to the development and operations of the zones for a period of ten years, starting from the date of signing of the development agreement.

- Exemption of Income Tax for Zone Enterprises.

  Exemption is available from income taxes for a period of ten years from the date of issuance of license by the Authority to the Zone Enterprise.

- Customs duties exemption on import of Capital goods for Zone Developers.

  Custom duties are exempt for a period of ten years from the date of signing of development agreement, on capital goods imported into Pakistan for consumption within zones by Zone developers.

- Customs duties exemption on import of Capital goods for Zone Enterprises.

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Custom duties are exempt for a period of ten years from the date of issuance of license by the Authority, on capital goods imported into Pakistan for consumption within zones by Zone Enterprises.

- Sales Tax exemption on import of goods, plant & machinery, and equipment within zones.

  Exemption is available from Sales Tax on goods and services, on import of plant & machinery, equipment, and raw materials for the consumption of these items within zones by zone developers, and zone enterprises.

- Exemption from tax on Dividend income and Capital gains for venture funds investing in Special Technology Zones.

  Dividend income and long-term capital gains of a venture capital undertaking from investments in zone enterprises, are exempt from Income tax for 10 years commencing from issuance of license by the authority to the zone enterprise.

- Property Tax exemption for Zone Enterprises.

  As per Special Technology Zones Authority Ordinance 2020, exemption from property tax for a period of ten years for Zone Enterprises in Special Technology Zones is available, from the date of issuance of license by the Authority.

Export Processing Zone

- Duty-free import of machinery, equipment, and materials.

  The investors are allowed duty- and tax-free import of all goods for setting up and operations of their units including machinery, equipment, and materials. Moreover, similar facility of getting duty and tax-free goods from tariff areas of Pakistan is also available.

- Duty-free vehicles allowed under certain conditions.

  Businesses in the zone are allowed to import vehicles without payment of duties & taxes in accordance with the entitlement.

- Reduced rate of Income Tax @ 1%.

  The normal Income Tax Regime is not applicable to zone businesses instead, presumptive Income Tax @1% is charged by EPZA, which is the final discharge of the liability.

- Freedom from national import regulations.

  Imports by businesses in the zone do not face general restrictions which are applicable to tariff areas of Pakistan under the Import Policy Order, except for specified conditions.

- Exchange control regulations of Pakistan not applicable.
  The businesses established in zones have been exempted from regulations relating to Foreign Exchange, which allows businesses to undertake foreign currency transactions with ease and flexibility.

- Domestic market available to the extent of 20% or higher in specified cases.

Goods produced in the Zone can be sold into domestic market of Pakistan to the extent of 20% of their production or higher in specified cases.

- Obsolete/old machines can be sold in domestic market of Pakistan.
The Export Processing Zone Authority permits sale of obsolete/old machines in domestic market of Pakistan after payment of applicable duties & taxes.

- EPZ units allowed to supply goods to Custom manufacturing bonds in Tariff area.

To create additional commercial opportunities for the Investors in Zones, the facility of sub-contracting by units based in tariff area to the units in the Export Processing Zone, is allowed.

'B' Grade goods/used materials can be sold in domestic market.
Manufactured goods of lower quality as well different types of used materials etc. can be sold in tariff area of Pakistan on payment of duty/taxes. Developed land on competitive rates for 30 years. EPZA offers developed land on competitive rates for 30 years to zone enterprises.

Gwadar Free Zone

- 100 % ownership for foreign investors in specific sectors.

  100% ownership is allowed to foreign investors in the Gwadar Free Trade Zones as is allowed throughout Pakistan as per the Investment Policy of Pakistan 2013, except for investment in certain sectors including airline, banking, agriculture and media.

- Tax holiday for 23 years for businesses related to the Gwadar Free Trade Zone.

  A 23-year income tax holiday is available to the operators, contractors, sub-contractors, lenders, and the investors in the free zone area.

- Exemptions of sales tax on certain goods for Zone/Port businesses etc.

  No Sales Tax applicable on supplies of materials and equipment, plant and machinery, for zone and on vehicles for specified companies related to the zone.

- 100 % exemption on customs duties for construction and operation.

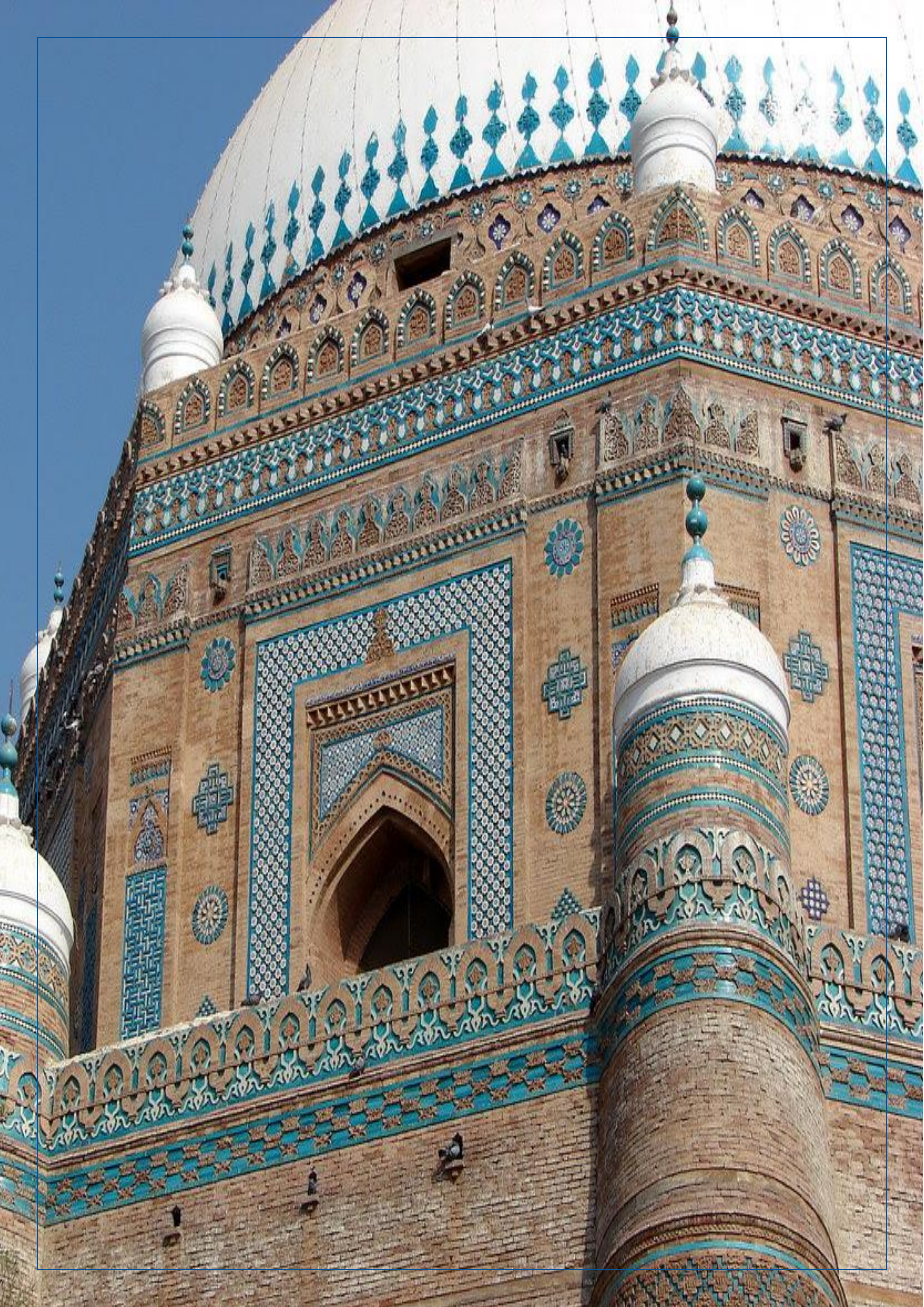
  100% Custom duty exemption on certain imports for construction, development, and operations of Gwadar Free Zone, subject to certain conditions.

- Availability of land/plots with lease period of 99 years.

  The investors in Gwadar Free Trade Zone are provided plots in the zone on leases for a period of 99 years from the FZ Effective Date.

- Exemptions of sales tax on certain goods for Zone/Port businesses etc.

  No Sales Tax applicable on supplies of materials and equipment, plant and machinery, for zone and on vehicles for specified companies related to the zone.



Tax laws in Pakistan

The regulatory body for taxes in Pakistan is the Federal Board of Revenue, a department of the Ministry of Finance in Pakistan. The main charges companies are subject to corporate income tax and sales tax.

In Pakistan, the Sales Tax is a form of the Value-Added Tax. The Sales Tax Act, 1990 regulate sales tax on goods. Provincial tax laws govern the sales tax.

The Income Tax Ordinance, 2001 governs the income tax in Pakistan. Income tax differs for types of legal entities and individuals and is amended each year.

Tax year in Pakistan

The Normal Tax Year in Pakistan is from 1 July to 30 June. Any income year ending other than on 30 June is considered a Special Tax Year and needs permission from the Federal Board of Revenue beforehand.

The due date for filing an income tax return for the Normal Tax Year is 31 of December. If your tax year ends between 1 July and 31 December, the due date for filing a tax return for the preceding tax year is 30 September.

Corporate taxes in Pakistan

Corporate Income Tax

Pakistan imposes three different rates of Corporate Income Tax, depending on the size and type of the company.

Corporate Income Tax (CIT) rates in Pakistan

Type of company	*CIT in 2018*	*CIT in 2019**	*CIT in 2023**
Banking company	35%	35%	35%
Public and private company	30%	29%	25%
Small company	25%	24%	20%

What is a small company in Pakistan?

Since 1 July 2005, an entity needs to meet the following requirements to classify as a small company:

paid up capital and undistributed reserves don’t exceed PKR 25 million (~$US200,000)

has less than 250 employees

is not formed by splitting up or reconstruction of a company already in existence

annual turnover below PKR 250 million (~$US 2 million)

Sales Tax in Pakistan

Sales Tax is a charged tax to consumers. The basis of it is the purchase price of goods and services. Since 2014, the standard rate for Sales Tax is 17%.

Under the Sales Tax Act, 1990, all locally produced and imported goods not including computer software, poultry feeds, medicines and unprocessed agricultural produce of Pakistan are chargeable to Sales Tax.

These sectors need to get registration and charge Sales Tax on their supplies and services:

Manufacturing

Import

Services

Distribution, Wholesale and Retail

Payroll taxes in Pakistan

Personal Income Tax

Personal Income Tax rates are progressive in Pakistan, varying based on the annual income of the individual.

Personal Income Tax (PIT) rates in Pakistan

Annual salary	Tax rate
Up to Rs. 400,000 (3,300 USD)	0%
Rs. 400,001 to 800,000 (3, 300- 6,600 USD)	Flat rate of Rs. 1,000 on the excess amount above Rs, 400,001
Rs. 800,001 to Rs. 1,200,000 (6,600- 9,900 USD)	Flat rate of Rs. 2,000 on the excess amount above Rs. 800,001
Rs. 1,200,001 to Rs. 2,400,000 (9, 900- 20,000 USD)	5% of the amount exceeding Rs. 1,200,000

Rs. 2,400,001 to Rs. 4,800,000 (20,000- 39,400 USD)	Flat rate of Rs. 60,000 on annual salary exceeding Rs. 2,400,001.+ 10% of the amount exceeding Rs. 2,400,000
Exceeding Rs. 4,800,000	Flat rate of Rs. 300,000 on annual salary exceeding Rs. 4,800,00 + 15% of the amount exceeding Rs. 4,800,000

The employer acts as the withholding agent, and deducts the tax from the salary.

The FBR requires submission of income taxes every month. As for the employee, he/she needs to report the withheld tax to the FBR annually.

Employee benefits in Pakistan

Pakistan employment laws set several benefits for employees, namely:

Type of benefit	**Paid by the employer**	**Deducted from the employee's salary**
Employees Old Age Benefit	5%	1%
Social Security	6%	0%
Gratuity or Provident Fund	Based on the length of service and the latest salary 8.33%	N/A 8.33%
Bonus	Paid once a year if the company has been profitable	N/A

#1 Employees Old-Age Benefits

The Employees Old Age Benefit is a retirement plan for the employees paid by the employer to the government. This benefit is applicable if the employer has 5 or more employees.

As prescribed by the Federal Government, 6% is calculated on the minimum wage. By which, the employers pay the 5% while they also deduct the remaining 1% to the employee's salary.

The minimum wage prescribed by the Federal Government in 2018 is PKR 13,000 (~106 USD). Minimum wages vary in different provinces but this benefit is calculated only on the minimum wages specified by the Federal Government.

This benefit keeps accumulating irrespective if the employee has changed job (in which case new employer will submit this contribution to the government). The employee can avail this benefit on a monthly basis after 65 years of age (retirement).

#2 Social Security

The employee and his dependent (spouse and children) are entitled to this benefit. It covers the following areas in:

- Health
- Maternity
- Injury
- Death

Other related issues of the employees

This benefit is paid entirely by the employer and is calculated as 6% on the net salary of the employees. However, there is an upper cap which is PKR 22,000 (~178 USD). For employees with an income of PKR 22,000 or above, the Social Security will be the same.

#3 Gratuity or Provident Fund

These are two separate schemes, and the employer must choose at least one. The employer can also opt for both if he wants but the minimum requirement is one.

This is more like a severance package and here's how to calculate:

A) Gratuity

The employer deposits one salary for each year worked by the employee. The latest salary is the basis for this.

For example, if the employee started with PKR 50,000 salary, worked for seven years with that employer and has accumulated higher salary of PKR 100,000 over the time, he will receive a gratuity of PKR 700,000. (100,000 X 7 *years* = PKR 700,000).

B) Provident Fund

In this scheme, the employer contributes 8.33% of the employee's salary and 8.33% is deducted from the employee's salary and at the time of leaving of the job, the employee will receive all the accumulated money.

#4 Bonus

By law, the employer gives the employee a bonus once a year if the company has been profitable in the last year. Any employee whose employment period is 90 days above can receive the profit bonus.

Here's the calculation of a bonus according to the law:

- if profit is less than the total monthly wage of all employees, 15% of the profit is distributed to the qualified employees
- if profit is equal to the total monthly wage of all employees, 30% of the profit is distributed to the qualified employees
- if profit is greater than the total monthly wage of all employees, at most 30% of the profit is distributed to the qualified employees
- Also, take note that foreign employees do not qualify to receive Employees Old-Age Benefit nor Social Security.

Other taxes for companies in Pakistan

The following are the major taxes the companies are subject to:

- Income Tax on Profits
- Sales Tax on Goods
- Sales Tax on Services
- Excise Duty
- Import Duty
- Note that a withholding tax can either be an income or sales tax.

How to report taxes in Pakistan?

You need to report your taxes in Pakistan through Tax Returns. Sales taxes and withholding taxes must be reported on a monthly basis. Income tax is reported annually.

Tax reporting can be time-consuming especially in emerging markets like Pakistan. However, to keep your record straight, it is highly recommended to ensure your tax planning and outsource expertise from tax consultants.

Mazars Tax practice covers services on accounting and tax compliance in Pakistan such as:

- Tax reporting and compliance
- Accounting and Bookkeeping
- Payroll management
- What are the consequences of non-compliance?
- Non- compliance of taxes leads to several consequences such as:
- Imprisonment
- Fines
- Penalties
- Tax Surcharge

About Mazars

Mazars is headquartered in France; a worldwide partnership that is fully owned and managed collectively by its partners. It is run as a one-firm organization, with one management structure comprising representatives from the principal practice and geographical units elected by their peers.

This structure enables the Group to think, decide, and act collectively, and hence provides it with significant competitive advantages which are reflected in the quality of coordination and management of the professional services it can offer.

Mazars is an international, integrated and independent organization, specializing in audit, accountancy, tax, legal and advisory services. Mazars is an international, integrated and independent firm, specializing in audit, accountancy, advisory, tax and legal services.

11 July 2019: Mazars, the international audit and advisory firm, today announces the creation of Mazars North America Alliance.

"THE ALLIANCE EXPANDS MAZARS' PRESENCE IN THE REGION, GIVING CLIENTS ACCESS TO 42,000 PROFESSIONALS ACROSS THE GLOBE".

Mazars North America Alliance substantially enhances Mazars' on the ground coverage in North America, giving international clients access to an additional 16,000 professionals from five major accounting and consulting firms in the U.S. and Canada.

"As CEO and Chairman, I am proud to say that Mazars is fully on track to achieve all the strategic objectives we have set ourselves. Today, Mazars is present in 91 countries and territories, where our 24,400 talented professionals, backed up by an additional 16,000 via the Mazars North America Alliance, are dedicated to delivering bespoke services. We have grown year after year and in 2018/2019, our global revenues were up 10.4%, and have now reached €1.8bn. We believe these achievements and the acceleration of our transformation confirm the technical excellence of our people and the relevance of our strategy." says Hervé Hélias, CEO & Chairman of Mazars Group.

Our History

Mazars still bears the name of its original founder, Robert Mazars, who started its practice near Rouen, in Western France, in 1940. The firm quickly grew to establish itself as a highly reputable practice, rapidly acquiring new clients and becoming well-known for its focus on technical excellence and quality of service.

From its humble beginning to the international Group that it is today, Mazars has always remained true to its founder's spirit and values of deep ethical commitment, responsibility and belief that technical excellence is the key to success.

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It is based upon these values that the generations which inherited Mazars managed to grow the organization, through the co-optation of new partners, in Europe and beyond, and through mergers with firms that share the same values, vision, and objectives.

Sevices Portfolio of Mazars

Mazars has a comprehensive array of consulting services that support our clients' needs, encompassing major market segments. As a trusted advisor to central, regional and local governments, as well as donor institutions around the world, Mazars has delivered projects for governments across the spectrum of maturity — from sophisticated infrastructures to post-conflict environments.

Figure 1 - Helping Large Enterprises, Federal Governments and Donor Agencies

We are helping Large Enterprises, Federal Governments and Donor Agencies in:

- **Consulting Practice:** Mazars' Consulting services helps organisations take control by offering strategic and innovative solutions. With unprecedented levels of disruption and new regulations, we know how important it is to rely on a trusted partner. We help clients navigate through business issues, find opportunities, and most importantly – let you focus on your core business. Whether its advice on the GDPR, internal audit services or transforming your finance function into a high achieving and strategic function, we have you covered.
- **Privately Owned Business:** Running a successful privately owned business is never straightforward. There are new challenges around every corner and while we all love a

challenge, too many can take your focus off growing the value of your business. A partnership with Mazars reduces the complexity of managing your business and helps you make the right decisions, at the right time, to improve performance, drive growth and enhance shareholder value.

- **Financial reporting audit & advisory:** The increase in demand for reliable financial information has put audit and assurance services in the spotlight. Here at Mazars, our main aim is to give our clients a clear insight into their corporate strategy, business processes and financial reports. We provide a range of audit, reporting, corporate governance and risk management services.
- **Global Infrastructure Finance team:** has deep sector knowledge and a highly experienced advisory team to support complex infrastructure transactions throughout the complete project lifecycle. The team provides services in the energy, PPP, and infrastructure sectors and has operated in over 30 countries including developing countries, emerging markets and developed countries. We provide financial advisory, modelling and training services to the global infrastructure market, with advisory services on PPP initiatives in size up to $5bn on five continents, and at all stages of the project lifecycle: from early feasibility studies, pre-procurement preparation and procurement through implementation and operations. In addition to infrastructure advisory, Mazars are leaders in the provision of model assurance services for the infrastructure sector, having audited more than 400 such models in the past year on bid and financial closes.
- **Infrastructure Advisory and Valuation:** the team provides comprehensive service throughout the transaction process, from initial feasibility to financial close and beyond. We focus on supporting clients across all sectors including energy, transport, urban infrastructure, and social infrastructure across various jurisdiction. As lead financial advisors, we take a central role in managing transactions through to close, bringing together financial, sector and geographic experts to manage the entire transaction process both on the buy-side and sell-side. Our local sector knowledge is critical here in allowing us to interpret technical, legal and other due diligence findings and we use this to provide detailed advice to our clients both on the pricing or mitigating of risks and on capturing and negotiating potential upsides. We have an excellent track record of driving forward transactions successfully to close.
- **Financial Modelling and Analysis:** A financial model must serve the needs of developers, investors and financiers and allow them to evaluate an opportunity from their own specific perspective. Corality Financial Modelling™ gives clients clarity and confidence in a world of uncertainty. We believe Excel is an exceptionally powerful platform for financial forecasting and scenario analysis if coupled with guiding rules to create consistency, transparency and flexibility. Our financial models are designed to aid business decision making.
- **Model Audit Services:** Mazars Global Infrastructure Finance team was ranked #1 in the Global Model auditors InfraDeals rankings for 2016 in both in terms of deal value and numbers of transactions. We have undertaken more transactions (98 transaction valuing of over $31M USD) than any other firm in each of the EMEA, Americas and Asia Pacific regions clearly positioning us as a global leader in financial model audit. In addition to supporting transactions on the model audit side, we have successfully been the lead financial advisory for numerous transactions across Europe and the emerging markets. Therefore we have excellent relationships with lenders, investors, project sponsors and have a solid understanding of how projects are structured and successfully delivered.
- **Training:** Mazars' Corality Training Academy provides specialised global training solutions based on the real life experience of over 120 consulting and investment professionals, global industry credentials and the Corality Financial Modelling™ methodology. The training course portfolio ranges from Excel capability development programs and industry specific modules in project finance, valuations, renewable energy, power, mining and transport infrastructure*/ PPP/P3. Mazars is currently a framework

contractor with the EU and has also carried out projects for multiple other IFIs including the EBRD, AfDB, USAID, EIB and the WB.

- **Grants Audit:** In today's regulated grant funding market, challenges exist for both funders and grant recipients in respect to accuracy of costs, reliability of grant audit systems, compliance with terms and conditions of grant awards and overall grant governance. At Mazars, we provide a range of grant audit services to both grant award bodies and grant recipients in higher education, science, research and development, peace and reconciliation, health, transport and other sectors.
- **Financial sector strengthening:** Our work involves monetary policy, bank and non-bank financial sector regulation and supervision, asset management, private pension and insurance sector development, commercial bank restructuring and capacity building, and establishing lending and credit institutions. We provide practical operational advice and hands-on assistance to central banks, regulatory agencies, self-regulatory organizations and commercial lending institutions

Mazars in Pakistan

We have a strong presence in Pakistan with offices in Karachi, Lahore and Islamabad which are run by six partners including four who previously served the Big4 firms. The head office is based in Karachi and we have branch offices in Lahore and Islamabad. Our team comprises of a large number of skilled and qualified audit and advisory consultants, all of them having vast experience in a range of industries and solution areas.

Mazars, a different player in auditing, accounting, tax and advisory services in Pakistan. Mazars M.F. & Co. has achieved satisfactory QCR rating from the Institute of Chartered Accountants of Pakistan (ICAP). Mazars has also been enlisted on the panel of auditors approved by the State Bank of Pakistan since 2020.

LOCATIONS	PARTNERS	ADDRESS
KARACHI	4	C-44, 3rd Floor, Badar Commercial Street 10, Phase V, DHA, Karachi.
LAHORE	1	1st Floor, Room No. 108, Sadiq Plaza, Shahrah-e-Quaid-e-Azam, Lahore
ISLAMABAD	1	2nd Floor, Evacuee Trust Complex, Sir Agha Khan Road, F-5/1, Islamabad

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Islamabad: 2nd Floor, Evacuee Trust Complex, Sir Agha

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