Jurisdiction: Pakistan

Firm: RIAA Barker Gillette

Authors: Mayhar Mustafa Kazi, Sara Ansari and Rafia Khatri

1. What are the main reasons foreign investors invest in your jurisdiction? (Please provide a brief introduction to your jurisdiction and some facts and figures related to foreign investment.)

In the recent past, Pakistan has seen strong growth performance and key regulatory reforms which, coupled with a drastically improved security situation and significant investments in power, infrastructure and e-commerce, have led Pakistan's economy to grow by 5.8% in 2017, the highest rate in 10 years. Recent investments, particularly in infrastructure projects being set up under the umbrella of the China-Pakistan Economic Corridor (CPEC), are likely to provide further momentum to GDP growth in the coming years. Pakistan is also currently enjoying its most politically stable period in history with a third consecutive democratically elected government having assumed power.

Pakistan is located at the crossroads between the Middle East, South Asia and Central Asia. Pakistan's strategic geographic location confers a number of economic advantages. The country has the potential to connect oil and gas rich Middle East and Central Asia to China, the engine of global economic growth. Such pipeline, road and rail projects are proposed to be established under the China-Pakistan Economic Corridor (CPEC), part of China's One Belt One Road initiative, entailing projects requiring investment of $ 62 billion. The CPEC also includes power projects which have boosted generation capacity in Pakistan, alleviated the electricity shortfall and brought down the cost of electricity

Aside from an abundance of human capital, with its population estimated at around 200 million, and a growing middle class, Pakistan is rich in natural resources. In terms of fossil fuels, aside from oil and gas, which fulfil a significant proportion of Pakistan's domestic demand, Pakistan is home to one of the largest coal deposits in the world. These reserves, when converted into crude equivalent, are greater than oil reserves of Saudi Arabia and the gas reserves of neighbouring Iran. Pakistan has immense untapped hydroelectric potential and is home to the world's largest earth-filled dam. Investment in wind and solar power is also on the rise and a number of private sector wind power projects have been commissioned in recent years. Pakistan also has considerable deposits of copper, gold, marble, limestone, salt and various other minerals. In terms of agriculture, Pakistan is home to the world's largest irrigation system, and is the fourth-largest producer of cotton, fifth-largest producer of sugar cane and milk, and tenth-largest producer of rice. For a number of years, including in 2016, Pakistan's stock exchange has been among the top three best performing in the world.

The Investment Policy 2013 (the "Policy") has been framed to encourage foreign investment into Pakistan. The Policy prescribes removal of minimum foreign equity requirement across all sectors of the economy open to foreign investment, freedom to repatriate profits, dividends, and disinvestment proceeds subject to procedural requirements set by the State Bank of Pakistan (the "SBP") and no upper limit on the extent of the share of foreign equity except in specified sectors such commercial aviation, banking and agriculture.

It is also easy to set up legal entities in Pakistan. Limited liability companies are generally incorporated within 2–4 working days from the day the requisite documentation for incorporation is submitted to the Securities and Exchange Commission of Pakistan (the "SECP"). Our response to Question 4 details the process by which companies are incorporated in Pakistan.

Various multi-national companies have invested in Pakistan and are running successful operations in the country. Unilever Pakistan is the largest fast-moving consumer goods company in Pakistan, as well as one of the largest multinationals operating in Pakistan, and generated revenue worth US$ 660 million in 2015.

Pakistan has bilateral and multilateral trade agreements with several nations and is a member of the World Trade Organization, South Asia Free Trade Area and has a free trade agreement with China.

2. What foreign investment legislation is in place in your jurisdiction (e.g. Foreign Investment Law or Foreign Investment Catalogue)? Please provide a brief overview of such legislation.

In Pakistan, the Protection of Economic Reforms Act 1992 ("PERA") and the Foreign Private Investment (Promotion and Protection) Act 1976 ("FPIA") provide legal cover for protection of foreign investors and foreign investment in Pakistan.

PERA prohibits the Government of Pakistan from nationalizing any enterprise owned by a foreign investor or any share or equity held by a foreign investor. It also prevents financial obligations and contractual commitments of the government from being amended to the disadvantage of the beneficiaries of such financial obligations and contractual commitments.

FPIA requires equal treatment to be given to foreign and domestic private investment. Pursuant to the FPIA, foreign private investment will not be subject to taxes on income other than those applicable to investments made in similar circumstances by the citizens of Pakistan. Further, industrial undertakings having foreign private investment are to be granted the same treatment as is granted to similar industrial undertakings having no such investment, in the application of laws relating to importation and exportation of goods.

For enforcement of foreign arbitral awards in Pakistan, please see our response to Question 16.

3. What restrictions are placed on foreign investment? Does this differ at local levels of government?

a. Specific restrictions on investment:

All sectors and activities are open for foreign investment unless specifically prohibited or restricted for reasons of national security and public safety. Specified restricted industries include arms and ammunitions, high explosives, radioactive substances securities, currency, mint and consumable alcohol.

b. Restrictions on foreign shareholders/directors in Pakistani companies:

Pursuant to a directive issued by the Ministry of Interior (the "MOI") (the "Directive"), foreign shareholders and directors of Pakistani companies are required to obtain security clearance/approval from the MOI. Ordinarily it takes up to 2 years to obtain clearance from the MOI. However, the SECP has clarified that foreign shareholders and directors may proceed with the incorporation of companies and with the registration of statutory returns prior to the MOI approval being granted, provided that the requisite documents for MOI approval are submitted by the foreign shareholders/directors, including an undertaking whereby the foreign shareholders and directors commit that in case of refusal of security clearance, the shareholder shall take immediate steps for transfer of his shares to another party or in the case of a director, such director will resign from his position as director in the company, and each shall be replaced by a person who has obtained security clearance, or will submit an application for security clearance, or does not require security clearance. Companies having shareholders/ officers of Afghan or Indian nationality or origin are only incorporated after receipt of security clearance from the MOI.

c. Foreign Exchange Restrictions:

Pakistan is a foreign exchange regulated environment that prohibits, except with the general or special permission of the SBP, payments made to or for the credit of non-residents, including by way of dividend and the issuance or transfer of shares to non-residents under the Foreign Exchange Regulation Act, 1947 ("FERA") ss 5 and 13. The SBP has granted general permission for the issue or transfer of shares on repatriation basis (both with regard to dividends and disinvestment proceeds) to non-residents subject to conditions as set out in Chapter XX of the Foreign Exchange Manual of the SBP. Subject to the terms and conditions of such permission any issue of shares must be intimated by the company to the SBP through its bank within thirty (30) days of the issuance/ transfer on the prescribed form. Such form is required to be accompanied by an encashment certificate or a proceeds realization certificate showing that payment for the shares has been received in Pakistan, constitutional documents of the company, and particulars of the shareholders.

Such restrictions placed on foreign investments are equally applicable at local levels of government.

4. What are the most common business vehicles for foreign investors? How long do they take to be set up? What are the key requirements for the establishment and operation of these vehicles?

Following are the most common business vehicles for foreign investors:

a. Limited Liability Company:

It may be incorporated as a private or public limited company under the Companies Act 2017 and are registered with the SECP.

A private limited company is a company limited by shares and is required to have at least two directors and two shareholders. A public limited company is required to have at least three directors and three shareholders.

Limited liability companies are heavily regulated in Pakistan. They are required to maintain books of account and in many cases are also required to regularly file audited financial statements with the SECP. Companies must also file statutory returns with the SECP to report various types of decisions or activities, such as change in company officers, transfer of shares by members and increase in share capital. Filings made by companies are recorded in public registers maintained by the SECP which are open to public inspection.

The process of incorporation is fairly simple and quick. As mentioned above, incorporating a company generally takes between 2–4 working days from the day the requisite documentation for incorporation is submitted to the SECP.

b. Branch or liaison office:

The process for establishing such place of business involves: (i) obtaining permission from the Board of Investment ("BOI") to set up a branch office or liaison office, and (ii) filing of documents with the SECP. Companies having such offices are required to submit various documents to SECP and are also required to file a list of Pakistani members and debenture holders, and audited financial statements of the branch on an annual basis. In comparison to companies established in Pakistan, foreign companies having a branch or liaison office have minimal reporting requirements to comply with. In case of a branch office, remittance of profits etc. is allowed subject to fulfillment of certain requirements of the SBP.

5. Under what circumstances are foreign investments subject to government approvals? What is the process and timeline for such approvals?

Please refer to our response to Question 3 for discussion on MOI security clearance and restrictions imposed by FERA on a person in Pakistan from issuing and transferring shares to a person resident outside Pakistan.

6. What sectors are heavily regulated or restricted in your jurisdiction, if any? Conversely, what are some of the more open or unrestricted sectors, if any?

The power and the pharmaceutical sectors are heavily regulated in Pakistan.

Conversely, some of the more open or unrestricted sectors, are listed as follows:

a. Construction;

b. Agriculture;

c. Infrastructure;

d. Manufacturing;

e. Education; and

f. Health.

7. Are there any restrictions on doing business with certain countries or territories in your jurisdiction? (For example, sanctions.)

The Government of Pakistan under the United Nations (Security Council) Act 1948 gives effect to the decisions of United Nations Security Committee (UNSC) whenever the Consolidated United Nations Security Council Sanctions List maintained by the UNSC is updated.

Pakistan does not recognize Israel as a state. Pakistan also has constrained relationships with India, Afghanistan and Bangladesh.

In Pakistan, import and exports of goods are regulated by the Ministry of Commerce under the Imports and Exports (Control) Act 1950 (the "Import and Export Act") and the notifications issued thereunder. No import and export is permissible from Israel or from any other country, which may be notified by the Ministry of Commerce. Import of goods originating from any of these countries/ sources is also prohibited.

Imports from and exports to India are regulated as notified by the Ministry of Commerce from time to time. Although Pakistan allows goods to be imported from India, Pakistan has a negative list approach in relation thereto, which comprises items that are prohibited from being imported by Pakistan from India. Currently there are 1209 items on the negative list, and any items not on the list may be imported from India.

8. What grants or incentives are on offer to foreign investors, if any?

Pakistan has entered into taxation treaties with 65 countries offering investors relief against double taxation on account of taxes on income. While Pakistan is a foreign exchange regulated environment, the SBP has granted general permission for all inward remittances that may be made by foreign investors into Pakistan. With respect to outward flows, the SBP has granted permissions for various forms of outward remittances, including remittance of loans and interest, subject to the restrictions prescribed in the Foreign Exchange Manual of the SBP. Furthermore, foreign investors may lease land without limitation subject to compliance with applicable rules and regulations of the relevant authority. Foreign real estate developers are subject to the same rules and treatment as domestic real estate developers.

As discussed in our response to Question 2, there are specific laws to protect foreign investors, such as FPIA and PERA.

9. Are there any free trade, special economic or industrial zones in your jurisdiction and what are their requirements?

Yes, there are special economic zones in Pakistan.

Special Economic Zones ("SEZ") are set up by the Federal and Provincial Governments themselves or in collaboration with the private sector under different modes of public-private partnership or exclusively through the private sector under the Special Economic Zone Act 2012.

The fiscal benefits under the SEZ law include a one-time exemption from custom duties and taxes for all capital goods imported into Pakistan for the development, operations and maintenance of a SEZ (both for the developer as well as for the zone enterprise) and exemption from all taxes on income for a period of ten years. The provincial SEZ authorities, set up under the law, are required to move the applications received from developers to the Federal Board of Investment which is to act as the secretariat to the Board of Approvals and the Approval Committee. Unless otherwise decided by the Board of Approval with respect to a particular SEZ or type of SEZ, any entity shall be eligible as a developer which is incorporated under the laws of Pakistan.

The Government of Pakistan established an Export Processing Zones Authority (EPZA) in 1980. The Export Processing Zones Authority Rules 1981 regulate the planning, developing, managing and operating of Export Processing Zones (EPZs) in Pakistan. EPZA undertook an extensive industrial program for setting up a chain of Export Processing Zones (EPZs) in Pakistan. These EPZs are set up in close cooperation or under joint venture arrangement with Private Sector/Provincial Governments, including the Karachi Export Processing Zones (KEPZ) and the Gwadar Export Processing Zones in Balochistan.

To be eligible to invest in an EPZ one has to be either of the following:

a. Foreign investor;
b. Non-resident Pakistani;
c. Resident Pakistani; or
d. Joint venture between the above in any proportion of investment.

All investment in EPZs are made in convertible foreign currencies.

10. What are the main taxes that could apply to foreign investors in your jurisdiction? (For example, Personal Income Tax, Corporation Tax, Value Added Tax and Social Security Payments.)

There are various types of taxes applicable to a foreign investors, including:

a. Income tax Ordinance 2001

Pursuant to the Income Tax Ordinance 2001 ("ITO") s 4, income tax is liable to be paid at the rates prescribed thereunder, by every person who has taxable income for the year. Pursuant to the ITO s 9, the taxable income of a person for a tax year is the total income after reduction by the total of any deductible allowances under the ITO. In accordance with the ITO s 11, the income of a non-resident person under any head of income is computed by only taking into account amounts which are Pakistan-sourced income. The total income of a person for a tax year is the sum of the person's income under each head of the following heads of income namely, salary, income from business, income from property, and capital gains and income from other sources.

Capital gain on disposal of immovable property

Under the ITO s 37, a gain arising on the disposal of a capital asset by a person in a tax year, other than a gain that is exempt from tax under the ITO, shall be chargeable to tax in that year under the head of 'Capital Gains'.

Capital gain on disposal of securities

Pursuant to the ITO s 37A, the capital gain arising on or after the first day of July 2010, from disposal of securities (other than a gain that is exempt under the ITO), shall be chargeable to tax at the rates specified in the schedule to the ITO.

Capital gain on disposal of other capital asset

The gain arising on the disposal of any other capital asset (calculation whereof is prescribed in the ITO) will be included in the general pool of income generation by such person and will be charged to tax based on whether such person is an individual, a company or otherwise.

b. Sales Tax Act 1990

Sales tax on goods in Pakistan is governed by Federal statute being the Sales Tax Act 1990. Sales tax is levied at the rate of 17% of the value of taxable supplies made by a registered person in the furtherance of any taxable activity carried on by him and goods imported into Pakistan irrespective of their final destination in territories of Pakistan. Such sales tax is a value added tax.

c. Sales Tax on Services

Sales tax on services is governed by provincial legislation: the Sindh Sales Tax on Services 2011, the Punjab Sales Tax on Services 2012, the Khyber Pakhtunkhwa Finance Act 2013 and the Balochistan Sales Tax on Services 2015. The foregoing statutes have substantially similar provisions. Sales tax on services is charged, levied and collected on the value of a taxable service at the rate specified in the relevant provincial legislation. A taxable service is a service listed in the schedule to such law, which is provided by a registered person from his registered office or place of business in a particular province, in the course of an economic activity, including in the commencement or termination of the activity. Sales tax on services is a value added tax. The capital territory of Islamabad is governed by Islamabad Capital Territory (Tax on Services) Ordinance 2001 which is slightly different in application than the aforementioned provincial laws.

11. What are some of the employment regulations in your jurisdiction that foreign investors should be aware of? Is it possible to secure residency permits or work visas for foreign nationals under investment?

Employment Regulations:

In 2010, the power to legislate on the matter of labour law was devolved to the provinces, which have enacted laws largely mirroring the provisions of the previous federal laws. Where the provincial assemblies of any province have not promulgated labour laws yet, the earlier federal laws shall apply.

Labour laws regulate the employment of workmen (persons employed in any industrial or commercial establishment to do any skilled or unskilled, manual or electrical work for hire or reward other than a person employed in a managerial or administrative capacity) and employees (employees other than workers, up to the cadre of managers). Employees belonging to the cadre of managers or above are regulated solely by the terms of their employment contract. The applicable labour laws regulate the terms of employment such as probation, working hours, annual leaves, overtime and termination.

Other relevant laws include:

a. The Factories Act 1934 (applicable in Punjab and Balochistan), the KPK Factories Act 2013 and the Sindh Factories Act 2015, which regulate inter alia the working conditions in factories; and

b. The Industrial Relations Act 2012 (applicable in KPK and Balochistan), the Punjab Industrial Relations Act 2010 and the Sindh Industrial Relations Act 2013 which deals with the formation of trade unions and improvement of relations between employers and workers.

12. Can foreign investors acquire real property and land in your jurisdiction? Are there any restrictions or limitations?

Yes, foreign investors can acquire real property and land in Pakistan. There are no restrictions or limitations imposed on foreign investors in this regard.

13. Are there any processes in your jurisdiction that can block foreign investment under specific circumstances?

Pakistan has an open-admission system that does not require pre-screening and approval for new entrants. However, foreign companies are required to fulfil the conditions of corporate registration under company law. Please refer to our response to Question 3 for MOI security clearance requirements and restrictions imposed by FERA on a person in Pakistan from issuing and transferring shares to a person resident outside Pakistan.

14. What foreign currency or exchange controls should foreign investors be aware of?

The provisions of Foreign Exchange Regulation Act 1947 ("FERA") outline a framework of currency controls and foreign exchange regulations. Pursuant to FERA s 4, the general or special permission of the SBP is required for any dealing in foreign exchange. Further, FERA s 5 states that, save as may be provided in accordance with any general or special exemption which may be granted conditionally or unconditionally by the SBP, no person in, or resident in, Pakistan shall: (a) make any payment to or for the credit of any person resident outside Pakistan, or (b) acknowledge any debt so that a right (whether actual or contingent) to receive a payment is created or transferred in favour of any person resident outside Pakistan.

Pursuant to FERA s 13, no person shall, inter alia, take or send any security to any place outside Pakistan, or transfer any security or create or transfer any interest in a security to or in favor of a person resident outside Pakistan, except with the general or special permission of the State Bank. Please see our response to Question 3 above.

In addition to FERA, there are exchange controls under the Foreign Exchange Manual, which is a compilation of various statutory notifications and circulars issued by the SBP pursuant to FERA. For example, pursuant to the Foreign Exchange Manual Paragraph 6 of Chapter XX, the SBP has granted a general exemption from the provisions of FERA in connection with the issue, transfer and export of securities of repatriation basis to certain non-residents specified therein.

15. Are there any restrictions, approval requirements or potential penalties if a foreign investor withdraws their investment in your jurisdiction?

There are no statutory penalties or approval requirements if a foreign investor withdraws their investment in Pakistan. However, the repatriation of any investment is subject to approval of the SBP. As discussed above the SBP has granted various general permissions which allow foreign investors to make investments on a repatriable basis subject to the conditions prescribed by the SBP. Further investors withdrawing from their commitments may be liable for breach of contract if they had entered into agreements obligating them to make an investment in Pakistan prior to withdrawing such investment.

16. What contract enforcement and investor protection mechanisms are in place in your jurisdiction, if any?

a. Contract Enforcement

i. Courts of Pakistan

Disputes arising between parties pertaining to contract enforcement can be brought before the courts of Pakistan. Such courts are organized into three tiers: the bottom tier is formed by subordinate courts and tribunals which include civil courts, criminal courts, and specialized courts and tribunals; these court exercise original jurisdiction and ordinarily serve as the court of first instance; the second tier comprises of the High Courts of each province and of Islamabad who exercise supervisory jurisdiction over other courts in their territories and also exercise special constitutional jurisdiction; the Supreme Court of Pakistan forms the third tier being the ultimate court of appeal which exercises jurisdiction over all other courts.

ii. Arbitration

Arbitration is a common recourse for parties in Pakistan for resolution of commercial disputes, both local and foreign. Arbitration has a well-developed structure in Pakistan set out under the Arbitration Act 1940. In a court of law, the time taken for the resolution of a dispute can take anywhere between a year and ten years. However, arbitration proceedings are comparatively much quicker. Interim relief can be sought from courts for the duration of arbitration proceedings.

iii. Enforcement of Foreign Awards

Pakistan has given effect to the provision of the New York Arbitration Convention by enacting the Recognition and Enforcement (Arbitration Agreements and Foreign Arbitral Awards) Act 2011, which allows foreign arbitral awards to be enforced in Pakistan as if they were an order of the High Court in Pakistan and limits the possible challenges to such awards. This ensures that such foreign arbitral awards can be enforced in Pakistan with minimal interference.

The Arbitration (International Investment Disputes) Act 2011 incorporates the 'International Convention on the Settlement of Investment Disputes between States and Nationals of Other States'. This Act allows a party aggrieved by the Government of Pakistan to seek relief from a court of their own jurisdiction. Any person seeking enforcement of an award rendered pursuant to the Convention is entitled to have such award registered in any High Court of Pakistan, following which, for the purposes of execution, such award shall be of the same force and effect as if it had been a judgment of a High Court of Pakistan.

iv. Enforcement of Foreign Decrees

The courts in Pakistan recognize and enforce decrees passed by courts of certain foreign jurisdictions. The Code of Civil Procedure 1908 s 44A, provides that a decree of a superior court of the United Kingdom or any reciprocating territory (i.e. territories notified by the Federal Government) may be executed in Pakistan as if it were a decree of a District Court in Pakistan.

b. Investor Protection Mechanism

The Board of Investment is Pakistan's premier investment promotion body and has formulated the Policy to create an investor-friendly environment with a focus on growing the economy, attracting foreign direct investment and providing equal treatment to foreign and local investors.

The Policy provides that all foreign investors will be accorded fair and equitable treatment without discrimination in relation to the establishment, expansion, management, operation and protection of their investments and have the right to due process of law. All foreign investors in relation to the establishment, expansion, management, operation, and protection of their investments will be entitled to treatment 'no less favorable' than that granted to national investors in like circumstances as per applicable law. Please also refer to our response to Question 2 on foreign investment legislation and benefits thereunder for foreign investors.

Pakistan has signed Bilateral Investment Treaties with 48 countries, which offer foreign investors from such countries stronger protections of their investments.

17. Does your jurisdiction have any bilateral or multilateral investment protection treaties with Asia-Pacific jurisdictions that are commonly used for investing into the country?

Pakistan has signed Bilateral Investment Treaties with the followings Asia-Pacific jurisdictions:

a. Australia;

b. Bangladesh;

c. Cambodia;

d. China;

e. Indonesia;

f. Japan;

g. South Korea;

h. Malaysia;

i. Singapore; and

j. Sri Lanka

Pakistan has not entered into multilateral investment protection treaties with Asia-Pacific jurisdictions.

18. What intellectual property rights protections are available in your jurisdiction to foreign investors?

There are four types of protections under the law relating to intellectual property in Pakistan, namely copyrights, patents, trademarks and registered design. Each of these protections is granted under separate legislations.

Patents are protected under the Patents Ordinance 2000. An invention under this law may be patented, if it is new, involves an inventive step, and is capable of industrial application.

The law relating to trademarks is the Trade Marks Ordinance 2001. Under this Ordinance, an application for registration of a trade mark is required to be made in the prescribed manner and the Trade Marks Registrar may register a mark subject to the requirements under the Ordinance being fulfilled. The proprietor of a registered trademark is entitled to initiate proceedings in case of infringement.

Registered designs are protected under the Registered Designs Ordinance, 2000. The nature of the right is that the design can consist of three-dimensional features, such as the shape or surface of an article, or of two dimensional features, such as patterns, lines or colours. Such designs need to be registered with the Patent Office, and are protected for a period of ten years form the date of registration – the protection being renewable for a further period of ten years. Under such law claims for infringement can be raised, and the remedies that can be sought are damages and injunctions.

There is also the protection under the Copyrights Ordinance 1962. Copyright is a form of protection provided to the authors of original works of authorship, including literary, dramatic, musical, artistic, and other intellectual works, such as software. Though such work is copyrighted from inception, it needs to be registered with the Copyright Office, and thereafter the copyright owner can bring action for infringement for remedies such as damages and injunctions. Copyrights are protected for the length of the author's life and for a further fifty years after his death.

Additionally, the Plant Breeders' Rights Act 2016 ("PBRA") allows persons to protect new plant varieties of genera or species by seeking registration with the Federal Government where such plant varieties meet the criteria of novelty, distinctness, uniformity, stability, and designated by an acceptable denomination prescribed under the PBRA.

19. Are there any environmental policies and regulations that (potential) foreign investors should be aware of prior to or throughout the investment process in your jurisdiction?

Environmental protection in Pakistan is regulated by provincial laws promulgated by the provincial assemblies (the "Environmental Laws"):

a. Sindh Environmental Protection Act 2014, applicable to Sindh;
b. Balochistan Environmental Protection Act 2012, applicable to Balochistan;
c. Punjab Environmental Protection Act 1997, applicable to the Punjab;
d. Khyber Pakhtunkhwa Environmental Protection Act 2014, applicable to Khyber Pakhtunkhwa; and
e. Pakistan Environmental Protection Act 1997, applicable to the Islamabad Capital Territory

Each of the Environmental Laws has established a provincial environmental protection agency, which is responsible for the protection, conservation, rehabilitation and improvement of the environment and has the power to inter alia review and approve initial environmental examinations and environmental impact assessments with respect to projects, issue licenses for the handling of hazardous substances and pass environmental protection orders.

Pursuant to the Environmental Laws, no person shall discharge or emit or allow the discharge or emission of any effluent or waste or air pollutant or noise in an amount, concentration or level, which is in excess of the National Environmental Quality Standards. A pollution charge may be levied on any person who contravenes or fails to comply with the foregoing provision, to be calculated in accordance with such procedure as may be prescribed. Any person who pays the pollution charge levied as prescribed, shall not be charged with an offence with respect to that contravention or failure.

20. Are there any government agencies or non-governmental bodies that (potential) foreign investors can turn to for more information on investment in your jurisdiction?

Yes.

- The SBP is the central bank of Pakistan and its operations include regulation of the monetary and credit system of Pakistan and the regulation of the banking sector.

  A: I.I Chundrigar Road, Karachi, Pakistan
  E: info@sbp.org.pk
  T: +92–21–111–727–111

- The BOI established pursuant to Section 3 of the BOI Ordinance, 2001 assists companies and investors who intend to invest in Pakistan and facilitates the implementation and operation of their projects.

  A: Ataturk Avenue, G–5/1, Islamabad, Pakistan
  E: investpak@pakboi.gov.pk
  T: +92–51–922–4101
  F: +92–51–921–554

- The SECP regulated companies in Pakistan and has investigative and enforcement powers.

  A: NIC Building, 63 Jinnah Avenue, Islamabad, Pakistan
  T: +92–51–92–7091
  F: +91–51–910–00471

- The Pakistan Business Council was established by the country's leading corporations and business groups as an advocacy forum to improve the general business environment of the country and to present proposals for policy to the Government of Pakistan.

  A: 8th floor, Dawood Center, M.T. Khan Road, Karachi, Pakistan
  T: +92–213–563–0528
  F: +92–213–563–053

21. Have there been any recent proposals for reforms or regulatory changes that will impact foreign investment in your jurisdiction?

Pursuant to the Finance Act 2018, the rate of tax on the taxable income of a company was reduced from 30% to 29% for the tax year 2019, 28% for 2020, 27% for 2021, 26% for 2022 and 25% for 2023 and onwards. Such reduction in tax liability is an incentive for foreign investors wishing to set up a company in Pakistan.

22. Are there any other features regarding foreign investment in your jurisdiction or in Asia that you wish to highlight?

Pakistan's general elections took place on 25 July 2018 and resulted in Pakistan Tehreek – I – Insaaf ("PTI") forming Government, with Imran Khan being elected as Prime Minister. The new government has announced its intention to bring about reforms in the tax and investment policies in Pakistan, with the aim of improving the ease of doing business in Pakistan and strengthening revenue collection to reduce fiscal deficit. A proposal for reforming the Federal Board of Revenue by separating the functions of tax policy on one hand and tax administration and collection on the other is in the process of being brought to the Federal Cabinet for approval. The new government has also announced that they intend to reform inefficiently managed state owned enterprises, which currently are a drain on the national exchequer, and then to privatize them where required.

About the Authors:

Mayhar Mustafa Kazi
Partner, RIAA Barker Gillette
E: mayhar.kazi@riaabg.com

Sara Ansari
Associate, RIAA Barker Gillette
E: sara.ansari@riaabg.com

Rafia Khatri
Trainee Associate, RIAA Barker Gillette
E: khi.corporate@riaabg.com

W: www.riaabarkergillette.com
A: D 67/1, Block 4, Clifton, Karachi
T: +921 35836308