



# The 2008 global executive

Individual tax, social  
security and immigration

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## **Preface**

*The Global Executive* summarizes the personal tax systems and immigration rules for expatriates in more than 140 countries. The content is based on information current to 1 January 2008, unless otherwise indicated in the text of the chapter.

### **Tax and immigration information**

This publication should not be regarded as offering a complete explanation of the tax or immigration matters referred to and is subject to changes in the law. Local publications of a more detailed nature are frequently available, and readers are advised to consult their local Ernst & Young professionals for further information.

Ernst & Young also produces guides on corporate tax regimes and on value-added tax and goods and services tax systems.

### **Directory**

Office addresses, as well as names, direct telephone numbers and e-mail addresses of international executive and expatriate tax and immigration contacts, are provided for the Ernst & Young member firms in each country. Certain countries also list their International High Net Worth Group contacts. These contacts are professionals who focus on specific planning for individuals who have significant personal wealth.

The international telephone country code is listed in each country heading and, if presented as part of a telephone or fax number, is preceded by a plus sign (+). Telephone and fax numbers are presented without the domestic prefix (1, 9 or 0) sometimes used within a country.

### **Internet site**

Further information concerning Ernst & Young may be found at [www.ey.com](http://www.ey.com).

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Your business will only achieve its true potential if you build it on strong foundations and grow it in a sustainable way. At Ernst & Young, we believe that managing your tax obligations responsibly and proactively can make a critical difference. Our global teams of talented people bring you technical knowledge, business experience and consistent methodologies, all built on our unwavering commitment to quality service — wherever you are and whatever tax services you need.

Effective compliance and open, transparent reporting are the foundations of a successful tax function. Tax strategies that align with the needs of your business and recognize the potential of change are crucial to sustainable growth. So we create highly networked teams who can advise on planning, compliance and reporting and maintain effective tax authority relationships — wherever you operate. You can access our technical networks across the globe to work with you to reduce inefficiencies, mitigate risk and improve opportunity. Our 22,000 tax people, in over 130 countries, are committed to giving you the quality, consistency and customization you need to support your tax function. It's how Ernst & Young makes a difference.

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## A. Income tax

**Who is liable.** Taxation in Pakistan is based on an individual's residential status and not on his or her nationality or citizenship. Expatriates who stay in Pakistan for 183 days or more in a tax year (1 July to 30 June) are considered to be residents for tax purposes. Residents of Pakistan are taxed on their worldwide income regardless of where it is received, while nonresidents are taxed on their Pakistan-source income only. Foreign-source income of an individual who is a resident solely by reason of his or her employment in Pakistan and who is present in Pakistan for a period or periods not exceeding in aggregate three years is exempt from tax unless such foreign-source income is brought into or received in Pakistan by the individual. A resident is exempt from Pakistan tax on foreign-source salary if he or she has paid foreign income tax on such salary income.

### Income subject to tax

*Employment income.* Income from salary is Pakistan-source income if it is earned in Pakistan, regardless of where it is received. Consequently, an expatriate is taxable on such income in Pakistan, regardless of his or her residential status. Taxable income includes directors' fees and all remuneration for employment, subject to allowances and additions for certain non-cash benefits.

Employer contributions to recognized retirement benefit funds, including provident funds (up to certain limits), gratuity funds and superannuation pension funds, do not constitute taxable income for an employee. A gratuity is a lump-sum payment made to an employee at the time of separation from the employer. A gratuity fund is a separately administered fund created for the purpose of making gratuity payments to employees. If they exceed certain specified limits, gratuity payments from unapproved gratuity funds are taxable when received by employees.

For employees, the entire salary amount, including allowances and benefits, is subject to tax, with the following exceptions:

- Reimbursement of medical expenses is 100% exempt if paid in accordance with the terms of the employment agreement. If not provided for in the employment agreement, a medical allowance up to a maximum of 10% of basic salary is exempt.

- For employer-provided automobiles that are partly for business and partly for personal use, the amount included in salary is 5% of either of the following:
  - The cost of acquisition of the automobile to the employer.
  - If the automobile is leased by the employer, the fair market value of the automobile at the beginning of the lease.
- For employer-provided automobiles that are solely for personal use, the amount included in salary is 10% of either of the following:
  - The cost of acquisition of the automobile to the employer.
  - If the automobile is leased by the employer, the fair market value of the automobile at the beginning of the lease.
- For employer-provided rent-free accommodation, the notional value of the benefit of accommodation provided by an employer is the amount that would have been paid by the employer if such accommodation was not provided. However, such amount may not be less than 45% of the basic salary of the employee.

*Self-employment and business income.* All individuals who are self-employed or in business are taxed on their business income.

All income received in Pakistan is subject to tax, unless specifically exempt. Residents are taxed on their worldwide income, while nonresidents are taxed on their Pakistan-source income only.

*Investment income.* In general, dividends are subject to a final tax of 10%, which is withheld at source. Dividends paid by power generation companies are taxed at a rate of 7.5%.

Interest and profit/loss sharing income from investments and deposits, unless otherwise exempt from tax, is subject to a 10% withholding tax, which is treated as a final tax. Interest on government securities is taxed at normal rates and is also subject to a 10% withholding tax.

Income from prize bonds is subject to a final withholding tax at a rate of 10%. Income from raffles, lotteries and crossword puzzle games is subject to a final withholding tax at a rate of 20%.

Nonresidents are subject to tax on investment income as described in *Rates*.

**Taxation of employer-provided stock options.** Legislation taxes an employee on stock options granted by an employer or the employer's associate. The grant of an option or a right to acquire shares at a future date does not constitute income at the date of grant. If an option to purchase shares is exercised by the employee, the difference between the market value of the shares on the date of exercise and the amount paid by the employee is subject to tax. If the shares acquired by the employee are subject to a sale restriction, the employee is subject to tax when he or she is free to sell the shares.

**Capital gains and losses.** In general, capital gains resulting from the disposal of capital assets, other than depreciable assets, receive favorable tax treatment if the assets are held longer than 12 months prior to disposal.

For assets held longer than 12 months, only 75% of the capital gain is subject to tax at the normal rates.

These provisions do not apply to capital gains derived from transfers of public company shares or of real property. Capital gains on shares of public companies are exempt from income tax until 30 June 2008. Capital gains on real property are not subject to income tax. However, provincial governments levy stamp duties on transactions involving real property.

Capital losses may be set off against capital gains only.

### **Deductions**

*Deductible expenses.* Muslim taxpayers may deduct *zakat* paid (see Section B).

*Allowances.* An individual may claim a tax credit for charitable donations, including donations in kind, made by him or her to any of the following:

- A board of education or any university in Pakistan established by or under a federal or provincial law
- An educational institution, hospital or relief fund established or run in Pakistan by the federal government, provincial government or a local authority
- A nonprofit organization

To compute the above tax credit, the average rate of tax is applied to the lesser of the following amounts:

- The amount of the donation
- The fair market value of property donated
- 30% of the taxable income of the donor

An individual is entitled to an allowance for investments made in the following shares:

- New shares offered to the public by a public company listed on the stock exchange
- Listed shares sold by the Privatization Commission of Pakistan

Shares acquired by the taxpayer must be held for at least 12 months from the date of acquisition. If the shares are disposed of within 12 months, the tax relief is recaptured in the year when the shares are sold.

To compute the above tax credit, the average rate of tax is applied to the lesser of the acquisition cost of the shares, Rs. 300,000 or 10% of the taxable income of the investor.

Certain resident individuals are entitled to an allowance with respect to premiums paid in an approved pension fund under the Voluntary Pension System Rules, 2005. This allowance is available to individuals who have obtained a valid National Tax Number and are not entitled to benefit under any other approved employment pension or annuity scheme.

To compute the above tax credit, the average rate of tax is applied to the lesser of the following amounts:

- The premium paid; Rs. 500,000
- 20% of the taxable income of the individual

A taxpayer may claim an allowance with respect to any mark-up paid on a loan meeting either of the following conditions:

- It is sanctioned and advanced on or after 1 July 2001 by a scheduled bank under a house finance scheme approved by the State Bank of Pakistan (SBP) or by a non-banking finance institution regulated by the Securities and Exchange Commission of Pakistan.

- It is advanced by the government, a local authority, a statutory body or a public company listed on a Stock Exchange of Pakistan.

To qualify, the following conditions must be fulfilled:

- The loan must be used for the construction or acquisition of a house.
- The mark-up is not claimed as a deduction in computing income from residential property.

To compute the above tax credit, the average rate of tax is applied to the lesser of the mark-up paid, Rs. 500,000 or 40% of the taxable income of the individual.

*Business deductions.* In general, taxpayers may deduct all expenses (excluding personal or capital expenditures) incurred in carrying on a business in Pakistan. Depreciation on fixed assets used in a business is allowed at specified rates.

### Rates

*Residents.* If more than 50% of an individual's income is derived from employment, the following tax rates apply to income other than certain investment income described in *Investment income*.

Total income		Rate of tax %
Exceeding Rs.	Not exceeding Rs.	
0	150,000	0
150,000	200,000	0.25
200,000	250,000	0.5
250,000	300,000	0.75
300,000	350,000	1.5
350,000	400,000	2.5
400,000	500,000	3.5
500,000	600,000	4.5
600,000	700,000	6
700,000	850,000	7.5
850,000	950,000	9
950,000	1,050,000	10
1,050,000	1,200,000	11
1,200,000	1,500,000	12.5
1,500,000	1,700,000	14
1,700,000	2,000,000	15
2,000,000	3,150,000	16
3,150,000	3,700,000	17.5
3,700,000	4,450,000	18.5
4,450,000	8,400,000	19
8,400,000	—	20

For individuals who are self-employed, the following tax rates are applicable to their income other than certain investment income described in *Investment income*.

Total income		Rate of tax %
Exceeding Rs.	Not exceeding Rs.	
0	100,000	0
100,000	110,000	0.5
110,000	125,000	1
125,000	150,000	2
150,000	175,000	3
175,000	200,000	4

Total income		Rate of tax %
Exceeding Rs.	Not exceeding Rs.	
200,000	300,000	5
300,000	400,000	7.5
400,000	500,000	10
500,000	600,000	12.5
600,000	800,000	15
800,000	1,000,000	17.5
1,000,000	1,300,000	21
1,300,000	—	25

A rebate of 50% of the tax payable is available to taxpayers 60 years of age or older whose total income is Rs. 400,000 or less.

Income received by residents in Pakistan for technical or consulting services rendered outside Pakistan under an agreement is exempt from tax.

*Nonresidents.* Nonresidents are taxed on Pakistani-source employment, self-employment and business income at the rates outlined for residents.

Nonresidents are subject to withholding tax at source on income at the following rates.

Type of income	Rate (%)
Salary	Average rate of tax on salary
Dividends	10
Interest on deposits maintained with banking companies, finance societies or corporate bodies (excluding trusts) in Pakistan, on bonds, certificate debentures and instruments issued by banking companies, finance societies, local authorities or corporate bodies (excluding trusts) formed in Pakistan, on securities of the federal or provincial governments, and on securities other than debentures of local authorities, Pakistani corporate bodies (including trusts) or companies formed outside Pakistan	10
Fees for technical services	15
Prizes from prize bonds, raffles, lotteries and crossword puzzles	10 or 20
Payments to nonresidents for	
Execution of contracts or subcontracts for construction, assembly or installation projects, including contracts for rendering supervisory activities with respect to such projects	6
Rendering of services other than under contracts for technical services	6
Execution of services contracts through a permanent establishment	6
Execution of other contracts	6
Brokerage fee or commission	5 or 10
Export sales proceeds, on receipt	1
Imported goods	5



Interest income is taxed at the employment income tax rates described for residents, with the amount withheld allowed as a credit. The other withholding taxes on nonresidents are final taxes.

**Relief for losses.** Business losses, other than losses arising out of speculative transactions, may be carried forward to offset profit in the following six years. Unabsorbed depreciation may be carried forward indefinitely.

## B. Other taxes

**Net worth tax.** Net worth tax has been abolished.

**Zakat.** *Zakat*, an Islamic wealth tax on specified assets, is levied at a rate of 2.5%. This tax applies only to Muslim citizens of Pakistan.

**Estate and gift taxes.** Pakistan does not levy estate and gift taxes.

## C. Social security

Pakistan offers benefits to employees for death, disability, injury, medical expenses and pensions, as well as academic scholarships for workers' children. Employees earning less than Rs. 3,000 a month are generally covered by these benefits, with employers making contributions to the government at the following rates.

Benefit	Employer contribution
Employees' Old Age Benefits	6% on monthly salaries of Rs. 4,600 or less; Rs. 276 per month on monthly salaries in excess of Rs. 4,600
Provincial Employees' Social Security	7% on monthly salaries of Rs. 5,000 or less and Rs. 350 per month on monthly salaries in excess of Rs. 5,000
Workers' Children (Education)	Rs. 100 annually

Employees are also required to contribute Rs 46 (1% of Rs. 4,600) per month for Employees' Old Age Benefits.

Pakistan has not entered into any social security totalization agreements.

## D. Tax filing and payment procedures

The tax year in Pakistan for all individuals is from 1 July to 30 June. Individuals must obtain special permission from the Central Board of Revenue in Pakistan to select a different accounting year-end. All individuals must file tax returns by 30 September following the tax year-end.

Employers must withhold taxes from the salaries of their employees.

Advance tax is payable if total assessed income for the preceding year exceeded Rs. 200,000. Individuals other than employees must pay advance tax in four equal installments on 15 September, 15 December, 15 March and 15 June. The advance tax is based on the amount of tax assessed for the most recent tax year. Tax due after adjustment for both advance tax payments and tax paid at source must be paid with the tax return.

## E. Double tax relief and tax treaties

Under Pakistani tax law, residents are taxed on worldwide income. However, a tax credit is generally granted for income from sources outside Pakistan (from both treaty and nontreaty countries), at the lower of the average foreign tax paid or the average Pakistani tax attributable to the foreign income.

Pakistan has entered into double tax treaties with the following countries.

Austria	Kenya	Saudi Arabia
Azerbaijan	Korea (South)	Singapore
Bangladesh	Kuwait	South Africa
Belgium	Libya	Sri Lanka
Canada	Malaysia	Sweden
China	Malta	Switzerland
Denmark	Mauritius	Tajikistan
Egypt	Nepal	Thailand
Finland	Netherlands	Tunisia
France	Nigeria	Turkey
Germany	Norway	Turkmenistan
Hungary	Oman	United Arab
Indonesia	Philippines	Emirates
Ireland	Poland	United
Italy	Portugal	Kingdom
Japan	Qatar	United States
Kazakhstan	Romania	Uzbekistan

This list does not include treaties that relate only to shipping and air transport.

Most of these treaties exempt from Pakistani tax any profits or remuneration received for personal services performed in Pakistan in an assessment year if one or more of the following conditions are satisfied:

- The individual is present in Pakistan for less than a specified period (usually not in excess of 183 days).
- The services are performed for, or on behalf of, a resident of the other country.
- The profits or remuneration are subject to tax in the other country.
- If self-employed, the individual has no regularly available fixed base in Pakistan.
- The remuneration is paid by, or on behalf of, an employer who is not a resident of Pakistan.
- The remuneration is not borne by a permanent establishment or a fixed base maintained by the employer in Pakistan.

## F. Visas

To promote domestic and foreign investment, enhance Pakistan's international competitiveness and contribute to economic and social development, Pakistan has introduced a new liberal visa policy. The following are significant aspects of the new visa policy:

- The granting of visas on arrival to nationals of 69 countries.
- The granting of business visas for a period up to 5 years to the investors and businesspersons of 120 countries.

- The granting of work visas and the conversion of business visas into work visas (a fee of US\$100 is charged for the conversion of a business visa to a work visa within Pakistan, in addition to the normal multiple-entry visa fee) and family visas without a requirement for registration with the police to nationals of countries other than those on the negative list. The countries currently included on the negative list are Algeria, Bangladesh, Bhutan, India, Iraq, Israel, Libya, Nigeria, Serbia, Somalia, Sri Lanka, Sudan, Tanzania, Uganda and Yemen. The negative list also includes foreigners of Indian origin and members of the Palestinian Liberation Organization.

Pakistan missions abroad have the authority to restrict the grant of visas to nationals of the country where the mission is located. The granting of Pakistan visas to third-country citizens residing in a country and holding valid residence permit for that country can only be decided by the Ambassador, High Commissioner or the Head of Mission or Consulate.

Details regarding the various types of visas issued by Pakistan are provided below.

**Business visas on arrival.** Pakistan recently introduced a policy of granting visas on arrival (nonreporting) at the airports in Pakistan to foreign investors or businesspersons from 69 countries. Single-entry visas are granted for 30 days (extendable) on production of any of the following documents:

- Recommendation letter from the Chamber of Commerce and Industry of the respective country of the visitor
- Invitation letter from a business organization recommended by the concerned trade organization or association in Pakistan
- Recommendation letter by an Honorary Investment Counselor of the Board of Investment posted at Pakistan Missions abroad
- Recommendation letter from a Pakistani Commercial Officer posted in Pakistan High Commissions, Embassies and Consulates-General abroad

The following documents must be submitted for a business visa on arrival:

- Invitation letter from the sponsor
- Two latest passport-size photographs
- Photocopy of passport of visitor or employee, including pages with picture and particulars of passport holder
- Certificate of registration of the employer with the Chamber of Commerce and Industry, if any
- Copy of NTN certificate of sponsor
- Copy of registration certificate of company or firm registered in Pakistan
- Exact travel plan of the visitor, including flight details

Although the visa on arrival is granted based on production of the required documents, it is suggested that the required documents be filed in advance with the immigration authorities at the airport. Individuals should retain the invitation letter from the sponsor and a copy of the certificate from the Chamber of Commerce and Industry, because the immigration authorities may ask for these documents at the time of arrival.

Currently, the following countries are approved for the purpose of visas on arrival.

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Argentina	Iceland	Poland
Australia	Indonesia	Portugal
Austria	Iran	Qatar
Azerbaijan	Ireland	Romania
Bahrain	Italy	Russian Federation
Belgium	Japan	Saudi Arabia
Bosnia- Herzegovina	Jordan	Singapore
Brazil	Kazakhstan	Slovak Republic
Brunei	Korea (South)	Slovenia
Darussalam	Kuwait	South Africa
Canada	Kyrgyzstan	Spain
Chile	Latvia	Sweden
China	Lithuania	Switzerland
Cyprus	Luxembourg	Tajikistan
Czech Republic	Malaysia	Thailand
Denmark	Malta	Turkey
Egypt	Mauritius	Turkmenistan
Estonia	Mexico	Ukraine
Finland	Morocco	United Arab Emirates
France	Netherlands	United Kingdom
Germany	New Zealand	United States
Greece	Norway	Uzbekistan
Hungary	Oman	Vietnam
	Philippines	

Visas are not granted to nationals of countries not recognized by Pakistan. Pakistan does not recognize Israel.

**Tourist visas.** A tourist visa is issued to a foreign national who intends to visit Pakistan for recreational purposes but who intends neither to immigrate to Pakistan nor enter into remunerated activities.

A tourist visa is valid for a maximum period of 90 days. If a foreign national wishes to extend his or her stay in Pakistan beyond this period, to obtain an extension of the visa, he or she must apply to the relevant regional passport office located in their city or the visa desk of the Ministry of Interior (MOI).

Tourist visas generally are not granted to nationals of Algeria, Bangladesh, Bhutan, India, Iraq, Israel, Libya, Nigeria, Serbia, Somalia, Sri Lanka, Sudan, Tanzania, Uganda and Yemen. They are also not granted to members of the Palestinian Liberation Organization. However, temporary visas may be issued to these nationals for certain specific reasons, including visiting relatives or attending weddings or funerals.

### Work visas

*Permissible activities.* A work visa allows the foreign national to exercise employment in Pakistan in the entity for which the visa is granted. Such employment can be exercised for the period for which the visa is valid. A renewal of the visa allows the foreign national to remain employed. The work visa does not entitle the foreign national to work for another employer without submitting a new application and obtaining permission for employment with the other employer. The visa of a foreign national found to be engaged in activities other than employment with the approved employer is cancelled and the foreign national is deported.

No written policy allows a foreign national to begin work in Pakistan while his or her application for a work visa is in process. However, as a result of the liberal policy followed by Pakistan, no serious exception is taken for beginning work before the issuance of a work visa if the foreign national has a valid business visa and if his or her application for a work visa is ultimately approved and business visa conversion instructions are issued by the MOI.

*Documents required.* Five sets of the following documents must be submitted for employees with respect to applications for work visas and work visa extensions:

- Properly completed application signed by the person authorized by the employer.
- Employment contract signed by both parties or job letter stating the term, designation and salary.
- Latest passport-size photographs of employee.
- Photocopy of passport of employee, including pages with the picture and particulars of the passport holder. A copy of the visa page is also required if the person is already in Pakistan. The visa page is not required if the person is not in Pakistan.
- Resume and biography of employee, which must provide the address in country of origin, address in Pakistan (if already in Pakistan), expected address in Pakistan (if not in Pakistan), qualifications and work experience.
- Certificate of incorporation or certificate of registration, if the entity is a local company or a subsidiary of a nonresident company in Pakistan, or a permission letter issued by the Board of Investment (BOI) to a foreign company for opening the branch office where the applicant will be employed.
- National tax number of entity for which the employment will be exercised.
- Power of attorney in favor of the person or firm authorized to represent the entity with respect to the handling of the visa applications.

The following documents must be submitted for an accompanying spouse and children with respect to applications for work visas and work visa extensions:

- Five latest passport-size photographs.
- Five sets of photocopies of passports of spouse and children, including pages with the picture and particulars of the passport holder. Copies of the visa page are also required if the person is already in Pakistan. If the person is outside Pakistan, copies of the visa page are not required.
- Power of attorney in favor of the person authorized to represent the entity with respect to the handling of the visa applications.

*Applications.* Applications for work visas and family visas are initially filed with the BOI in Pakistan by the person authorized by the employer, who could be the principal officer or the head of Human Resources of the employer in Pakistan. After the work visa and family visa are approved by the BOI, if the foreign national is already in Pakistan on a business visa and his family is also already in Pakistan on any visa, a further application is filed with the MOI by the employee and his or her family for the issue of instructions to the concerned Passport Office for endorsement of the visas on the passports. If the foreign national is not in Pakistan, the work visa approval is sent to the concerned

Pakistan Embassy, Mission or Consulate Office located in the country of the foreign national.

Although no requirement exists for the presence of a registered entity in Pakistan for the issuance of a business visa, the presence of a registered entity in Pakistan where the employment will be exercised is essential for the issuance of a work visa.

The BOI takes about six weeks to issue approvals for work visas and work visa extensions. In case of an emergency, the employer may file a request for a provisional work or family visa with the BOI. Such visa may be issued for a term of up to three months with multiple entries.

The MOI takes about two to five days to issue instructions to the Passport Office for endorsement of the visa on the passport if the applicant is already in Pakistan, or to the concerned Pakistan Mission or Embassy abroad if the applicant is not in Pakistan.

The Passport Office normally takes two to five days to complete the stamping of a visa. The Pakistan Mission abroad should stamp the visa as soon as the passport is presented for stamping on receipt of visa approval instructions from the MOI.

### **Business visas**

*Permissible activities.* An approved list of activities that could be carried out by a foreign national visiting Pakistan on a business visa has not been issued. However, the following are permissible activities:

- Attend business meetings
- Negotiate and sign contracts
- Attend exhibitions, displays, conferences, symposiums, workshops and similar events
- Conduct training of short duration
- Deliver lectures, make presentations and engage in similar activities
- Provide technical services of short duration, including removal of faults during the warranty period of equipment supplied by foreign suppliers, installation of software, troubleshooting to correct faults in software, software training and transfer of technical know-how
- Visiting project sites to obtain information, technical specifications or material required for executing a contract for the supply of goods or providing of technical or consultancy services to an entity in Pakistan
- Setting up of a branch office or a local company for doing business in Pakistan
- Hiring of local personnel for utilizing their services in a Pakistan project or a Pakistan entity
- Inspection of the goods that the entity intends to purchase from Pakistan

*Category A countries.* Business visas may be issued to nationals of the 69 countries that currently appear on the Category A list for business visas (nonreporting). This list is the same as the list of approved countries for visas on arrival (see *Business visas on arrival*).

Pakistan Missions abroad may issue up to 5-year multiple business visas within 24 hours to businesspersons of Category A countries on production of any of the following documents:

- Recommendation letter from Chamber of Commerce and Industry of the respective country of the visitor
- Invitation letter from a business organization recommended by the concerned trade organization or association in Pakistan
- Recommendation letter by an Honorary Investment Counselor of the BOI posted at a Pakistan Mission abroad
- Recommendation letter from a Pakistani Commercial Officer posted in Pakistan High Commissions, Embassies or Consulates-General abroad

*Other countries.* Ambassadors, High Commissioners or Heads of Missions from Pakistan Missions abroad may issue one-month entry visas to nationals or legal residents of the countries where the missions are located, other than Category A countries, if either of the following conditions is satisfied:

- The applicant belongs to a company of international repute.
- The requirement described above for Category A countries with respect to valid sponsorship from Pakistan is satisfied.

*Nationals from a third country of origin.* Visa applications of persons belonging to a third country of origin are subject to greater scrutiny and may be granted only by the Ambassador, High Commissioner or the Head of Mission or Consulate.

*Extensions.* The following documents must be submitted for a business visa extension:

- Two sets of the properly completed application signed by the applicant
- Two latest passport-size photographs
- Two sets of photocopies of the visitor's passport, including pages with the picture and particulars of the passport holder, and the visa page
- Invitation letter from the employer
- Recommendation letter from Chamber of Commerce and Industry

*Applications.* The application for a business visa must be filed by the applicant with the Pakistan Mission or Visa Consulate in the country of the applicant.

*Time frame.* The MOI takes about two to five days to issue visa extension approval and instructions to the Passport Office for stamping of a visa extension.

The Passport Office takes about two to three days for returning the passports after stamping.

**Family visas.** A family visa entitles the spouse and children to stay with the foreign national who is entitled to exercise employment in Pakistan based on a work visa. A spouse who wants to exercise employment for remuneration needs the approval of the Board of Investment.

## **G. Application for citizenship by investors**

To encourage foreign investment in Pakistan, the government allows foreign investors to apply for Pakistani citizenship. Nationals of countries recognized by Pakistan may receive Pakistani citizenship by making a one-time investment of at least US\$750,000 in tangible assets and US\$250,000 (or the equivalent in a major foreign currency) in cash on a nonrepatriable basis (that is, the funds may not be taken out of Pakistan). The amount must be

brought into Pakistan through normal banking channels, must be converted into rupees and may not subsequently be remitted through the free market. Citizenship is also subject to the fulfillment of the general conditions for Pakistani citizenship.

## H. Family and personal considerations

**Family members.** Family members of working expatriates may reside with the expatriates in Pakistan. Family members must obtain their own work visas if they plan to work in Pakistan or stay in Pakistan with their family.

Children of expatriates do not need student visas to attend school in Pakistan.

**Drivers' permits.** Expatriates may not drive legally in Pakistan with their home country drivers' licenses. However, they generally may drive legally in Pakistan with international drivers' licenses.

Pakistan does not have driver's license reciprocity with any other country. Therefore, a home country driver's license may not be automatically exchanged for a Pakistani driver's license.

To obtain a driver's license in Pakistan, an applicant must submit an application form, a copy of his or her passport, a copy of his or her foreign driver's license and two passport-size photographs to the license-issuing authority. The license-issuing authority then examines all the documents and, at its discretion, may grant exemption to the applicant. If the license-issuing authority grants an exemption to an applicant, the applicant is issued a driver's license in one day on payment of the required fee. If the license-issuing authority does not grant an exemption, an applicant must acquire a learner's permit. About six weeks after obtaining a learner's permit, an applicant must take physical and verbal tests. If the applicant passes the tests, a driver's license is issued on payment of the required fee.

## I. Other matters

**Overstay surcharge.** An overstay surcharge is imposed on foreigners who overstay the duration of their visas.

The following are the amounts of the surcharge for foreign nationals other than Indian nationals and nationals of Pakistani origin.

Period of overstay	Overstay surcharge (US\$)
Up to 2 weeks	0
More than 2 weeks and up to 1 month	20
More than 1 month and up to 3 months	50
More than 3 months and up to 1 year	100

In addition to imposing the above surcharge, the Ministry of Interior (MOI) may exercise its powers of externment and any of its other powers with respect to the overstaying individual. No surcharge is imposed on holders of diplomatic passports.

The following are the amounts of the surcharge for foreign nationals of Pakistani origin.



Period of overstay	Overstay surcharge (US\$)
Up to one month	0
More than 1 month and up to 6 months	10
More than 6 months and up to 1 year	20
More than 1 year	40 per year

In addition to imposing the above surcharge, the MOI may exercise its powers of externment (deportation) and any of its other powers with respect to the overstaying individual. No surcharge is imposed for children up to 12 years of age, and a 50% surcharge is imposed for children over 12 years of age, but not older than 18 years of age.

For Indian nationals, Rs. 20 per day is imposed for any period of overstay.

**Indians working for certain international organizations and multinational companies.** Indian passport holders working for the World Bank, Asian Development Bank, International Monetary Fund, the United Nations or multinational companies may obtain a visa under an expedited procedure from the respective Ambassador to Pakistan after clearing with the link offices (the office of the employer of the Indian national).

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## Palestinian Authority

(Country Code 972)

(Country Code 970 within Middle East only)

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### Ramallah

**GMT +2**

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## A. Income tax

**Who is liable.** Unless otherwise stated in the law, income tax in Palestine is imposed on all income realized by any individual in Palestine.

A non-Palestinian national is considered resident for tax purposes if he or she resides in Palestine for a total period of at least 183 days in a calendar year.

### Income subject to tax

*General.* As stated in *Who is liable*, all income derived by individuals is subject to tax unless otherwise provided in the law.