2006

Ernst & Young

Quality In Everything We Do

The Global Executive

PREFACE

The Global Executive summarizes the personal tax systems and immigration rules for expatriates in more than 130 countries. The content is based on information current to 1 January 2006.

Ernst & Young is a leading international professional services organization with over 19,000 tax professionals located in more than 140 countries.

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 VAT and GST 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 specialists in 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 surrounded by brackets. Telephone and fax numbers are presented with the city or area code in parentheses, and without the domestic prefix (1, 9 or 0) sometimes used within a country.

Internet Site

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Ernst & Young
September 2006

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child or close dependant of the holder of a valid resident card and residence permit.

The following documents are required to apply for a family-joining visa:

- A marriage certificate (if applicable) endorsed by the employee's country's embassy and the Ministry of Foreign Affairs in Oman;
- For parents only, a declaration letter from the embassy for the employee's country in Muscat stating that the employee, and not the sponsoring company, is responsible for the employees' parents during the period of the parents' stay in Oman;
- Original certificate of health fitness from approved medical centers in the applicant's home country (applies only to nationals from Bangladesh, India, Indonesia, Nepal, Pakistan, Philippines and Sri Lanka);
- A copy of the employment contract endorsed by the Ministry of Social Affairs and Labor;
- A copy of the resident card;
- A guarantee of moral character from the employer and the employee;
- A copy of the relevant pages of the applicant's passport;
- Two passport photos; and
- A fee of RO 7.

Drivers' Permits. Foreign nationals with visit visas may drive rental cars in Oman using their home country drivers' licenses for a period of three months. For most Western countries and all GCC-member countries, license holders may exchange their licenses for Omani drivers' licenses. Oman has driver's license reciprocity with most countries.

To obtain a local Omani driver's license, an applicant must pass an eyesight test, a road test, a verbal test, a slope test and a parking test. Once obtained, an Omani driver's license is valid for a term of 10 years. Certain fees must be paid to obtain and renew a driver's license.

PAKISTAN

Country Code 92

KARACHI **GMT +5**

Ford Rhodes Sidat Hyder & Co.
Mail Address:
P.O. Box 15541
Karachi 75530
Pakistan

Street Address:
601–603 Progressive Plaza
Beaumont Road
Karachi 75530
Pakistan

Executive and Immigration Contact
Nasim Hyder
(21) 565-0007-11
Fax: (21) 568-1965
E-mail: nasim.hyder@pk.ey.com

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 182 days or more in a tax year (1 July to 30 June) are 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.

Employees who earn annual salaries of less than Rs. 600,000 may receive reimbursement for certain expenses, including medical expenses, utilities and airfare for personal travel, subject to provisions in their employment contracts. Some of these reimbursements are tax-exempt. Medical expense reimbursements are 100% tax-exempt. Utilities are tax-exempt, up to 10% of basic salary. Airfare is tax-exempt, within specified limits. Housing allowances, up to 45% of basic salary is tax-exempt if rent-free accommodation is not provided by the employer.

Rent-free accommodation provided by an employer is tax-exempt if the fair market rent does not exceed 45% of basic salary. If the fair market rent exceeds 45% of basic salary, the excess amount is added to the employee's income, subject to a maximum addition of 15% of basic salary. If the rent-free accommodation is furnished, a notional amount of 15% of basic salary is added to the employee's income exceeding the amount added for unfurnished accommodation.

For employees who earn an annual salary of Rs. 600,000 or more, the entire salary amount, including allowances and benefits, is subject to tax, with the following exceptions:

- Housing allowance up to 45% of basic salary is exempt, subject to a maximum of Rs. 270,000 per year.
- 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.

- A utilities allowance of up to 10% of basic salary is exempt.
- For employer-provided automobiles partly for personal use, the amount added is 5% of the following:
  - The cost of acquisition of the automobile to the employer; or
  - If the automobile is leased by the employer, the fair market value of the automobile at the commencement of the lease.
- For employer-provided rent-free accommodation, the following amounts are added:
  - For unfurnished accommodation, the amount added ranges from Rs. 27,000 to Rs. 462,000, depending on the size and location of the accommodation.
  - For furnished accommodation, an additional amount of 15% of the basic salary exceeding the amount added for unfurnished accommodation is added.
  - For accommodation provided at a concessional rate, the amount added is computed according to the amount relevant for unfurnished or furnished accommodation, reduced by any payment made by 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. Dividend income is subject to a final tax of 10%, which is withheld at source.

Interest and profit/loss sharing income from investments and deposits, unless otherwise exempt from tax, is taxed at the normal rates and subject to withholding tax at a rate of 10%. Interest on government securities is taxed at normal rates and is also subject to a 10% or 20% 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.

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, 25% of the gain is deducted from the capital gain subject to tax. The resulting taxable capital gains are 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 2007. 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 offset capital gains only.

Deductions

Deductible Expenses. Resident taxpayers may deduct expenditure for medical services from total income up to the lesser amount of 10% of the total income or Rs. 30,000 if the expenses are supported by proper invoices.

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; or
- 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; or 30% of the taxable income of the donor.

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

- New shares offered to the public by a public company listed on the stock exchange; and
- 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. 150,000 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; or 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; or 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; and
- 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		Tax on Lower	Rate on
Exceeding Rs.	Not Exceeding Rs.	Amount Rs.	Excess %
0	100,000	0	0
100,000	200,000	0	3.5
200,000	400,000	3,500	12
400,000	700,000	27,500	25
700,000	—	102,500	30

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		Tax on Lower	Rate on
Exceeding Rs.	Not Exceeding Rs.	Amount Rs.	Excess %
0	100,000	0	0
100,000	150,000	0	7.5
150,000	300,000	3,750	12.5
300,000	400,000	22,500	20
400,000	700,000	42,500	25
700,000	—	117,500	35

Special tax rates apply to a taxpayer who has taxable income from agriculture in excess of Rs. 80,000. The following tax rates apply to these taxpayers.

Total Income		Tax on Lower	Rate on
Exceeding Rs.	Not Exceeding Rs.	Amount Rs.	Excess %
0	150,000	0	7.5
150,000	300,000	11,250	12.5
300,000	400,000	30,000	20
400,000	700,000	50,000	25
700,000	—	125,000	35

Effectively, this means that although agricultural income is not subject to income tax, individuals with agricultural income in excess of Rs. 80,000 and other taxable income pay tax on their nonagricultural income at slightly higher rates as compared to individuals who do not have agricultural income.

A rebate of 50% of the tax payable is available to taxpayers 65 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	10
Interest on bonds, certificate debentures and instruments issued by banking companies, finance societies, local authorities or corporate bodies (excluding trusts) formed in Pakistan	10
Interest on securities of the federal or provincial governments or on securities other than debentures of local authorities, Pakistani corporate bodies (including trusts) or companies formed outside Pakistan	10 or 20
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	5
Execution of other contracts valued up to Rs. 30 million	5
Execution of other contracts valued in excess of Rs. 30 million	6
Brokerage fee or commission	5 or 10
Export sales proceeds, on receipt	0.75 to 1.5
Imported goods	6

Interest income subject to 10% or 20% withholding 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	5% on monthly salaries of Rs. 3,000 or less; Rs. 150 per month on monthly salaries in excess of Rs. 3,000
Provincial Employees' Social Security	7% on monthly salaries of Rs. 3,000 or less
Workers' Children (Education)	Rs. 100 annually

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	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 Emirates
Indonesia	Philippines	United Kingdom
Ireland	Poland	United States
Italy	Portugal	Uzbekistan
Japan	Qatar	
Kazakhstan	Romania	

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; and
- The remuneration is not borne by a permanent establishment or a fixed base maintained by the employer in Pakistan.

F. Tourist and Business Visas

All foreign nationals must obtain valid entry visas to enter Pakistan, with the exception of nationals of Tonga and Trinidad and Tobago. Nationals of the following countries may enter Pakistan without obtaining entry visas from the Pakistani consulates in their home country if their stays in Pakistan do not exceed the period specified. If they stay in Pakistan for longer than the periods specified below, however, they must obtain valid visas in Pakistan.

Country	Duration of Stay
Hong Kong	One month
Iceland	Three months
Maldives	Three months
Nepal	One month
Western Samoa	One month
Zambia	Three months

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 to 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 three months, he or she must apply to the Ministry of Interior at Islamabad to obtain an extension of the visa.

Tourist visas generally are not granted to nationals of the following countries: Algeria, Bangladesh, Bhutan, India, Iraq, Israel, Libya, Nigeria, Serbia, Somalia, Sri Lanka, Sudan, Tanzania, Uganda and Yemen, nor to members of the Palestinian Liberation Organization. However, temporary visas may be issued to nationals of these countries for certain specific reasons, including visiting relatives or attending weddings or funerals.

Business Visas. Business visas are issued to foreign nationals who intend to visit Pakistan to conduct business activities. A business visa allows a foreign national to undertake any activity deemed necessary for the purposes of his or her visit, including establishing business contacts and attending meetings. In general, a multiple-entry visa is issued for business purposes, which allows a foreign national an unlimited number of entries into the country. Business visas of foreign national employees and investors may be converted into work visas during the individuals' stay in Pakistan with the permission of the Ministry of Interior of Pakistan.

Business persons from specified countries who have substantial investment in Pakistan or who want to establish business offices in Pakistan are granted multiple-entry business visas (nonreporting; that is, registration is not required with the police or other administrative bodies) for durations of up to five years. These visas are granted within 24 hours by the Pakistan missions abroad. The following are the relevant countries.

Australia	Hungary	Portugal
Austria	Iceland	Qatar
Argentina	Indonesia	Russian Federation
Bahrain	Iran	Saudi Arabia
Belgium	Ireland	Singapore
Brazil	Italy	Slovak Republic
Brunei Darussalam	Japan	South Africa
Canada	Korea (South)	Spain
Chile	Kuwait	Sweden
China	Luxembourg	Switzerland
Czech Republic	Malaysia	Thailand
Denmark	Mexico	Turkey
Finland	Netherlands	United Arab Emirates
France	New Zealand	United Kingdom
Germany	Norway	United States
Greece	Oman	
Hong Kong	Poland	

Application Requirements. An individual applying for a business visa must submit the following documents:

- A valid passport or equivalent document.
- Certificate of immunization, if required.

- Health declaration form.
- Proof of financial resources.
- Proof that the applicant has no past criminal record (if required by the visa-issuing authority).
- One of the following letters:
  - Recommendation letter from the Chamber of Commerce and Industry of the respective country of the foreigner;
  - Invitation letter from a business organization recommended by the concerned trade organization association in Pakistan;
  - Recommendation letter by Honorary Investment Counselors of the Board of Investment (BOI); or
  - Recommendation letter from Pakistani commercial officers posted in Pakistan high commissions, embassies and consulates-general abroad.

Duration. A business visa for investors is usually valid for up to five years. Business visas may be renewed for up to five years. No limit is specified for the number of times a visa may be renewed.

Concessions. To encourage investment and to promote trade in the country, the government of Pakistan has liberalized Pakistan's visa policy. The following are the principal features of the policy:

- Businesspersons from specified countries (see the list following the next paragraph) who have substantial investment in Pakistan or who want to establish business offices in Pakistan are granted multiple-entry business visas for durations of up to five years within 24 hours on production of any of the following documents:
  - Recommendation letter from the Chamber of Commerce and Industry of the respective country of the foreigner;
  - Invitation letter from a business organization recommended by the concerned trade organization or association, in Pakistan;
  - Recommendation letter from the Honorary Investment Counselors of BOI; or
  - Recommendation letter from Pakistani commercial officers posted in Pakistan high commissions, embassies or consulates-general abroad.
- The policy that allowed businesspersons from the listed countries that do not have Pakistani embassies 30-day landing permits on arrival at Pakistani airports is temporarily suspended.
- Multiple-entry resident visas are issued for a period of three years to nationals of all countries (except those countries that are not recognized by Pakistan) who bring into the country at least US$200,000.
- Pakistani businesspersons interested in inviting foreign national entrepreneurs from countries other than the countries listed after the next paragraph for the promotion of trade and industrial cooperation may issue sponsor visas through the Chambers of Commerce and Industry at Islamabad, Karachi, Lahore, Peshawar and Quetta. The Chambers of Commerce and Industry then informs the Ministry of Interior, and the visas are granted to the foreign investors for a one-month period.
- Pakistani missions abroad can issue multiple-entry visas for up to five years to businesspersons and investors from the listed countries with substantial investment in Pakistan.

Investors from the following countries enjoy the above concessions.

Australia	Hungary	Portugal
Austria	Iceland	Qatar
Argentina	Indonesia	Russian Federation
Bahrain	Iran	Saudi Arabia
Belgium	Ireland	Singapore
Brazil	Italy	Slovak Republic
Brunei Darussalam	Japan	South Africa
Canada	Korea (South)	Spain
Chile	Kuwait	Sweden
China	Luxembourg	Switzerland
Czech Republic	Malaysia	Thailand
Denmark	Mexico	Turkey
Finland	Netherlands	United Arab Emirates
France	New Zealand	United Kingdom
Germany	Norway	United States
Greece	Oman	
Hong Kong	Poland	

Missions are authorized to issue entry visas with a one-month duration to genuine businesspersons of countries not contained in the above list (excluding those countries not recognized by Pakistan) from applicant's own country. The mission must be located in the applicant's home country or place of legal residence. The entry visa must be approved by the ambassador, the high commissioner or head of the mission based on either of the following criteria:
- The applicant is part of a company of international repute; or
- The applicant satisfies the condition described above for valid sponsorship from Pakistan.

Visas on Arrival. Businesspersons from certain developed countries are allowed nonreporting visas on arrival (VOA) for 30 days on production of any of the following documents:
- Recommendation letter from chamber of commerce and industry from the country of the foreigner;
- Invitation letter from business organization recommended by the concerned trade organization or association, in Pakistan;
- Recommendation letter by Honorary Investment Counselors of BOI; or
- Recommendation letter from a Pakistani commercial officer posted in a Pakistani high commission, embassy or consulate-general abroad.

VOAs may be granted to businesspersons from the following countries.

Australia	Germany	Netherlands
Austria	Greece	Portugal
Belgium	Hong Kong	Singapore
Brazil	Ireland	Spain
Canada	Italy	Sweden
China	Japan	Switzerland
Denmark	Korea	Turkey
Finland	Luxembourg	United Kingdom
France	Malaysia	United States

G. Work Visas and Self-Employment

Work Visas. To work in Pakistan, a foreign national must obtain a work visa. A work visa is issued to a foreign national who comes to Pakistan to work under a contract with a local entity, a branch or subsidiary of a foreign entity, or the Pakistan government.

Application Requirements. An employer who wishes to employ a foreign national must submit to the Board of Investment (BOI) in Islamabad the following documents for a work visa:

- A completed application in the prescribed form;
- A copy of the prospective employee's passport;
- Details of qualification and experience;
- Five passport-size photographs;
- Comprehensive *curriculum vitae* of the individual;
- Photocopy of passport including the page bearing a business visa, visit visa or multiple-entry visa, if any, obtained from a Pakistani embassy abroad; and
- The amount of gross salary in U.S. dollars and overseas allowance, if any.

If satisfied, the BOI sends the application to the Ministry of Interior, which then instructs the embassy in the foreign national's country of residence to issue a work visa within 30 days from the date of submission of the application to the BOI.

An applicant may not work in Pakistan while his or her work application and other papers are being processed. The applicant must have all documents completed before legally beginning work in the country.

If an applicant arrives in Pakistan on a business visa and subsequently decides to work in the country, he or she must obtain a work visa from the Ministry of Interior. The business visa needs to be converted to a work visa, and the work visa is stamped on the applicant's passport. This conversion can be accomplished in Pakistan without the individual leaving the country. Foreigners with a work visa are exempt from registration with the police except for Indians and foreigners of Indian origin.

Duration. A work visa is valid for a period of up to five years or for the valid term of the applicant's passport. The relevant Pakistani mission abroad grants the work visas. Extensions of work visas must be authorized by the Ministry of Interior and endorsed by the Regional Passport Office of the city where the expatriate employee works.

A work visa for employees is valid for the duration of the employee's contract. A work visa may be renewed either by the applicant in his or her home country or by the applicant's employer at the Ministry of Interior at Islamabad. The renewal is normally granted for a one-year period if the employment contract is also renewed.

Self-Employment. A foreign national may start a business or establish a subsidiary headed by a foreign national in Pakistan if all the legal requirements for setting up a company are completed.

The prospective business or subsidiary may be operated in collaboration with the public or private sector, or it may be a wholly owned foreign subsidiary, subject to the conditions specified by the State Bank of Pakistan.

Foreign nationals may own immovable property in Pakistan, subject to the prior permission of the Home Department of the government of Pakistan.

H. 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.

I. 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.

J. 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 to 1 year	100

In addition to imposing the above surcharge, the Ministry of Interior 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 Ministry of Interior 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).

PALESTINE

Country Code 972

(From within the Middle East: Country Code 970)

RAMALLAH **GMT +2**

Ernst & Young
Mail Address:
Trust Building
P.O. Box 1373
Ramallah
Palestine

Street Address:
Jerusalem Street
Ramallah
Palestine

Executive and Immigration Contact

Saed Abdallah
(2) 240-1011
Fax: (2) 240-2324
E-mail: saed.abdallah@ps.ey.com

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.