

Chapter 7

Short Questions

Q1 What are the different Types of enterprises?

The different types of enterprises are:

i- Sole Proprietorship

A business owned and operated by one individual.

The owner has full control, receives all profits, and is personally liable for any debts or losses.

ii- Partnership

A business owned by two or more individuals who share the profits, responsibilities and liabilities.

There are different types of partnerships:

- General Partnerships (equal responsibilities)
- Limited Partnerships (with some partners having limited liability)

iii- Public Limited Company (Ltd.)

A company owned by a small group of individuals (shareholders) with limited liability.

Shares of the company are not available to the public, and ownership is restricted.

iv- Public Limited Company (Ltd.)

A company whose shares are available to the public through a stock exchange. The shareholder's liability is limited to the value of their shares, and the company is required to follow specific reporting regulations.

v- Cooperative

A business owned and operated by a group of individuals for the mutual benefit.

Profits are shared among the members, and decisions are made democratically.

Q2- What is the difference b/w a sole proprietorship and a partnership?

Sole Proprietorship

i Owned and operated by one individual.

ii The owner has unlimited personal liability, meaning they are personally responsible for any debts or legal issues.

Partnership

Owned and operated by two or more individuals.

Partners share liability, which can be either joint (all partners are equally responsible) or limited (some partners have limited liability).



iii-	The owner has full control over decision-making and operations	Decisions are made jointly, and control is shared between partners according to the partnership agreement.
iv-	The owner keeps all profit.	Profits are shared among the partners, usually according to an agreed-upon ratio.
v-	The business ends if the owner dies or decides to quit.	The business can continue if one partner leaves or passes away, but this may require changes to the partnership agreement.
vi-	Managed entirely by the owner.	Managed by the partners, either equally or based on their agreement.

Q3. How does a private limited company operate?

A Private Limited Company (often written as Pvt. Ltd.) operates as a separate legal entity from its owners and follows specific rules and procedures. Here's how it works in simple terms:

1. Separate Legal Identity

It is treated as a separate "person" in the eyes of the law.

The company can own property, sue and be sued.

2- Limited Liability

The shareholders (owners) are only responsible for the company's debts up to the amount they invested. Their personal assets are safe.

3- Shareholders and Directors

It usually has 2 to 50 shareholders. Directors are appointed to manage daily operations.

4- Raising Capital

The company raised money by selling shares privately (not to the public).

5- Management and Decision-Making

Important decisions are made in board meetings. A managing director or CEO often handles daily tasks.

6- Compliance

Must register with government authorities. Must file annual returns, audits, and maintain proper records.

7- Profit Distribution

Profits are distributed as dividends among shareholders, or reinvested into the business.





Q4: Why is it important to protect intellectual property?

Protecting intellectual property (IP) is important for several reasons:

1- Encourages Innovation

When creators know their ideas are protected, they are more likely to invest time and effort in new inventions, designs, and creative works.

2- Economic Growth

IP rights help businesses grow by giving them a competitive edge, attracting investors, and creating job opportunities.

3- Fair Competition

Protection ensures that others cannot copy or steal someone's work, promoting healthy and fair competition.

4- Brand Identity

Trademarks and copyrights protect brand names, logos, and content, helping companies build trust and recognition among consumers.

5- Motivates Creativity

Writers, artists, and inventors feel motivated to create when they are rewarded for their original work.



Q5: What are intellectual property rights?

Intellectual property rights are legal rights that protect creations of the mind. These rights allow creators or owners to control and benefit from their inventions, artworks, designs, and brand names.

↳ Types:-

1. Copyright

Protects original works like books, music, films, software etc.

Patent

Protects new inventions or technological solutions.

Trademark

Protects brand names, logos, and slogans.

Industrial Design

Protects the visual design of objects.

Trade Secret

Protects confidential business information (like a secret recipe or formula).

↳ Purposes of IPRs:

- To encourage creativity and innovation
- To give creators exclusive rights to use their work.



- o To prevent others from using or copying their ideas without permission.

Q6:- What are the regulatory requirements for registering an enterprise in Pakistan?

Here are the regular requirements for registering an enterprise in Pakistan in simple and clear points:

◆ Choose the business Type

Decide the legal structure of your enterprise:

- Sole Proprietorship
- Partnership
- Private Limited Company
- Public Limited Company

◆ Business Name Reservation

- Go to the [SECP website]
- Search and reserve your company name through the eServices portal

◆ Register with SECP (for companies)

- Submit required document like:
- CNICs of directors
- Memorandum and Articles of Association
- Registered office address
- Pay the registration fee online

◆ Get National Tax Number (NTN)

- Apply online through the FBR portal.
- Required for opening a business bank



and filing taxes.

◆ Register for sales Tax

- If your business deals with taxable goods /services.

◆ Open a business bank account.

- Use your NTN and registration documents to open a company account.

◆ Register with other authorities

- EOBI (for employee benefits)
- Social Security
- Labor Department
- Chamber of Commerce (optional but beneficial)

◆ Apply for Licenses /Permits

- Food license, import/export license, health certificate etc., depending on your business type

Q7:- What special considerations are there for export firms in Pakistan?

Here are some special considerations for exports firms in Pakistan in simple points:

◆ Export Registration

- Exporters must register with the Trade Development Authority of Pakistan (TDAP)
- Get a Registration Certificate to legally exports goods.



♦ Sales Tax & Income Tax Registration

- Must be registered with FBR (Federal Board of Revenue).
- NTN and Sales Tax Number (STN) are required.

♦ Export License (if applicable)

- Some products need special export licenses or NOCs (e.g., arms, food, pharmaceuticals).

♦ Custom Clearance

- Must file Export Goods Declaration (EGD) with Pakistan Customs.
- Use WeBOC system (Web-Based One Custom) for online documentation.

♦ Banking and Forex Rules

- Export earnings must be brought through authorized banks.
- Comply with SBP (State Bank of Pakistan) regulations on foreign currency.

♦ Product Standards & Certifications

- Meet international quality standards (e.g., ISO, CE).
- Get certifications from PSOCA or relevant authorities.

♦ Incentives and Refunds

- Exporters may be eligible for:
 - Duty drawbacks
 - Tax refunds
 - Subsidies and support schemes

Q8: What is the procedure for registering an export firm in Pakistan?

Here's a simple step-by-step procedure for registering an export firm in Pakistan:

Procedure To Register an Export Firm in Pakistan.

1- Business name and Legal Structure

- Decide your business name.
- Choose the structure:
 - Sole Proprietorship
 - Partnership
 - Private Limited Company

2- Register with SECP or local Authority

- Sole proprietors / partnerships register with Registrar of Firms.
- Private Limited Companies register with SECP (Securities and Exchange Commission of Pakistan).

3- Register with FBR

- Get a National Tax Number (NTN) and sales Tax Registration
- Apply online at [<https://iris.fbr.gov.pk>] (<https://iris.fbr.gov.pk>)

4- Open a Business Bank Account

- Use your NTN and business documents to open an account for export transactions.



5. Register with TDAP (Trade development Authority of Pakistan)
- Mandatory for exporters
 - Submit documents and application to get a TDAP.

6. Start Exporting

- Prepare export invoices, packing lists, and custom declarations.
- Work with freight forwarders and follow all documentation rules.

C

