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## **Pakistan**

*Local stock exchange*

*Karachi Stock Exchange*

*<http://www.kse.com.pk/>*

### **Rules for listed filings**

#### **IFRS required or permitted for listed companies?**

All listed companies are required to apply IFRS (as adopted locally) for the preparation of the consolidated and standalone/separate financial statements

#### **Version of IFRS**

IFRS as adopted locally

All IFRS are required to be approved by the local Institute of Chartered Accountants of Pakistan ("ICAP") and notified by the Securities and Exchange Commission of Pakistan ("SECP"). There may be differences in timing for approval. Currently IFRS 1, IFRS 9, IFRS 14 and IFRS 15 are under active consideration of the relevant committee of the ICAP. All other IFRS / IAS have been adopted by the ICAP as issued by IASB. The reporting framework specifies that if any directives of the SECP or the State Bank of Pakistan (in the case of banks) differ with the requirements of the IFRS (as adopted locally), then such directives would take precedence. Further, in the case of banks, the State Bank of Pakistan has deferred the applicability of IAS 39, IAS 40, and IFRS 7, and in the case of non-banking finance companies engaged in investment finance services, discounting services and housing finance services, the SECP has deferred the applicability of IFRS 7.

In the case of insurance companies, the SECP has specified that investments classified as available-for-sale" are subsequently measured at lower of cost or market value ( market value being taken as lower if the reduction is other than temporary ) in accordance with the requirements of SECP (Insurance) Rules, 2002. Further, in case of power sector companies, the SECP has granted exemption from the requirements of IFRIC 4 and IAS-21 to the extent of allowing capitalization of exchange loss.

#### **Are subsidiaries of foreign companies or foreign companies listed on local exchanges subject to different rules?**

No.

### **Rules for statutory filings**

#### **Is IFRS or IFRS for SMEs required, permitted or prohibited for statutory filings?**

IFRS for SMEs has recently been adopted.

For statutory reporting purposes, companies are required to prepare their financial statements in accordance with the relevant approved local financial reporting framework applicable to the entities.

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The determination of which financial reporting framework is applicable depends on whether the entity is categorized as a Listed Entity (“LE”), a Public Interest Company (“PIC”), a Large Sized Company (“LSC”), a Medium Sized Company (“MSC”) or a Small Sized Company (“SSC”). IFRS (as adopted locally) is required for LEs, PICs and LSCs; MSCs are required to follow IFRS for SMEs; and SSCs follow locally developed (on IFRS principals) Accounting and Financial Reporting Standards for Small Sized Entities as approved by the ICAP.

PICs are non-listed companies in public sector, public utilities, those holding assets in fiduciary capacity and those in the process of issuing a class of instrument in capital market. LSCs are non-listed companies having paid up capital of Pak Rupee 200 million or more or those having turnover in excess of Pak Rupees 1 billion. SSCs are non-listed companies having paid up capital up to Pak Rupees 25 million and turnover not exceeding Pak Rupees 100 million. All other non-listed companies are considered MSCs.

### **Version of IFRS**

IFRS as adopted locally. See above.

**In addition to local GAAP statutory financial statements, are there any other regulatory financial statement requirements that permit or require the use of IFRS?**

No

### **IFRS conversion plans**

#### **Plans for converging**

Not applicable

#### **Other useful websites**

Institute of Chartered Accountants of Pakistan

**<http://www.icap.org.pk/>**

Securities and Exchange Commission of Pakistan

**<http://www.secp.gov.pk/>**

State Bank of Pakistan

**<http://www.sbp.org.pk/>**

Federal Board of Revenue

**<http://www.fbr.gov.pk/>**

### **Tax information**

#### **Type of tax regime**

Quasi-dependent: Taxable profit is principally based on the legal entity statutory accounts with a number of adjustments provided in the tax law. There also is the concept of opting for one fiscal return filing by a parent and its wholly owned subsidiaries. Also, subject to certain qualifying conditions, the offset of losses of group companies by profits of other group companies is also available.

#### **Plans for IFRS converging as the basis of tax reporting**

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Not applicable. IFRS is already required as the basis for tax reporting after adjusting for certain items.