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Entering Pakistan: A Regulatory Orientation Checklist for Foreign Companies

The registrations, authorities and approvals a foreign company should map before choosing a structure, signing a lease or starting operations in Pakistan.

Pakistan Market Guide

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Entering Pakistan involves several authorities at federal and provincial level, each with its own requirements and timelines. The rules are public, but they are spread across many institutions, and the order in which they apply is not always clear to a new entrant. A company can spend months on incorporation and then discover that its activity needs a sector licence, an environmental approval or a provincial registration it had not mapped.

This checklist sets out the main areas a foreign company should map before committing to a structure or signing a lease. It covers the form of presence, ownership, incorporation, tax, foreign exchange, sector licensing, employment, trade, land, environment, competition, intellectual property and visas, and ends with a practical sequence. It is an orientation to the landscape, not legal or tax advice. Specific steps should be confirmed with qualified counsel and advisers in Pakistan.

1. Choose the form of presence

Foreign companies generally operate in Pakistan through one of four forms:

Form	Best for	Main approvals
Private limited company	Ongoing trading, invoicing, employment and local ownership	SECP incorporation; tax and sector registrations
Single member company	A single foreign shareholder	SECP incorporation; tax and sector registrations
Branch office	A specific contract or project of the foreign company	BOI permission; SECP registration
Liaison office	Promotion and liaison, no revenue	BOI permission; SECP registration

The right form depends on the activity, the sector and how revenue will be earned and repatriated. A branch is tied to a contract; a liaison office cannot earn revenue; a company is the usual vehicle for ongoing business. Our company registration and branch and liaison office guides set out the steps.

2. Sector ownership and the negative list

The Board of Investment states that foreign equity has no upper limit except in specified sectors and that there is no minimum foreign equity requirement. The exceptions matter: banking, insurance, telecommunications, media, airlines, real estate, agricultural land and some professional services have ownership limits, licensing conditions or local-partner requirements.

Before incorporation, confirm the sector's current foreign ownership rule, the regulator, the licence required and any minimum capital. A company can be 100% foreign-owned in most manufacturing and services, but a sector licence may still cap foreign shareholding or require a Pakistani director. Do not rely on a generic "100% ownership" statement for a regulated activity.

3. Incorporation and corporate compliance

- **SECP** registers companies online, maintains the register and receives annual returns and financial statements.
- **Foreign shareholders and directors** may be referred for security clearance by the Ministry of Interior; incorporation can proceed on an undertaking, but the clearance can gate a licence, bank

account or contract.

- **Beneficial ownership** information must be accurate and kept current; banks and SECP will ask for the ownership chain to natural persons.
- **Annual compliance** includes the annual return, audited accounts, statutory registers and changes of directors, auditors or registered office.

The company should also adopt a board resolution appointing the authorized signatories, open the statutory registers and adopt an accounting year. A local company secretary or accountant can run the calendar, but the directors remain responsible.

4. Tax registration

- **FBR:** National Tax Number, income tax, withholding obligations, federal sales tax on goods and customs.
- **Provincial revenue authorities:** sales tax on services is administered by the Punjab Revenue Authority, Sindh Revenue Board, Khyber Pakhtunkhwa Revenue Authority and Balochistan Revenue Authority. Services in the Islamabad Capital Territory are taxed federally. A company providing services in more than one province may need more than one registration.
- **Concessionary regimes:** exporters of IT and IT-enabled services registered with the Pakistan Software Export Board pay 0.25% final tax on export proceeds, extended by the Finance Act 2026 to Tax Year 2029.
- **Employer taxes:** salary withholding, EOBI and provincial social security are separate registrations.

Tax registration should follow the business model, not precede it. A company that imports, employs, pays professional fees or exports needs a different set of registrations; our tax guide sets out the federal taxes and the import guide covers the customs side.

5. Foreign exchange and repatriation

Inward investment, remittance of profits and dividends, and repatriation of capital are governed by the State Bank of Pakistan and its Foreign Exchange Manual, and are handled through authorized banks. The company designates an Authorised Dealer, registers shares issued to non-resident shareholders and uses the bank for dividends and disinvestment.

Since 2026 the State Bank's Non-Resident Shareholding Registration System requires banks to report designations, share registrations, dividends and disinvestment monthly. The 60-day share registration and the registration letter are the basis for later remittances. In periods of foreign exchange pressure, outward remittances have been delayed; a market-entry assessment should review the current position and recent practice, not only the written rules. Our repatriation guide covers the documents and timing.

6. Sector licensing

Many activities need a licence or registration from a sector regulator in addition to company and tax registration.

Sector	Principal regulator	Typical approval
Banking and payments	State Bank of Pakistan	Banking, payment system or EMI licence

Sector	Principal regulator	Typical approval
Insurance, non-bank finance, capital markets	SECP	Insurer, NBFC, broker or fund licence
Telecommunications	Pakistan Telecommunication Authority	Telecom licence and spectrum
Electric power	NEPRA	Generation, transmission or distribution licence
Oil and gas	OGRA	Refining, marketing, storage or transport licence
Pharmaceuticals and medical devices	DRAP	Manufacturing, import or registration
Broadcast media	PEMRA	Broadcast licence
Competition and mergers	Competition Commission of Pakistan	Merger clearance where thresholds are met
Environment	Federal or provincial EPA	IEE or EIA approval
Intellectual property	IPO Pakistan	Trademark, patent or design registration

Provincial governments also regulate food safety, environmental approvals, health, fire safety and some professional services, so the location of operations matters. A federal licence does not replace a provincial permit, and a provincial permit does not replace a sector licence.

7. Employment

Employers register with the federal Employees' Old-Age Benefits Institution and with the provincial employees' social security institution in the province where staff are employed. They must comply with provincial labour laws on wages, hours, leave, termination and written appointment letters, which differ between provinces. Foreign staff need work visas and tax registration.

The employing entity must be registered and have a bank account before payroll can run cleanly. Our hiring and employer registrations guide covers the contributions and the monthly calendar.

8. Trade and customs

Companies importing goods need to map the customs tariff, additional customs duty, regulatory duty, sales tax, advance tax and any Import Policy Order restriction. The rates change through the federal budget and statutory regulatory orders; the 2026-27 tariff and the phased reduction of regulatory duty are covered in our customs guide.

Exporters should map the incentive schemes, the export facilitation scheme or DTRE, and the conditions of preferential access to key markets such as the European Union's GSP+ arrangement. A preferential rate depends on the rules of origin and a valid certificate; it is not automatic.

9. Land, office and utilities

A company needs a registered office in Pakistan and, for many activities, an industrial plot, warehouse or retail premises. The lease or sale agreement should be checked for title, zoning, permitted use, utility connections and the landlord's authority. Provincial revenue records and the relevant development authority are the first check; a lawyer should review the title and encumbrances.

Industrial land in a special economic zone or estate carries its own developer agreement and utility commitments. Power, gas and water connections can take longer than the lease; confirm capacity and the connection timeline before committing to a production date.

10. Environmental and social approvals

Many industrial, energy, mining, infrastructure and food-processing projects need an Initial Environmental Examination or an Environmental Impact Assessment under the Pakistan Environmental Protection Act, 1997 and the provincial environmental laws. The approval is granted by the federal or provincial Environmental Protection Agency, depending on the project.

The environmental file usually includes the project description, baseline data, emissions and effluent estimates, mitigation measures, waste management and public consultation. An environmental approval is not a one-off; the project must comply with the conditions and submit monitoring reports. A transaction that ignores the environmental file can inherit a stop-work order or a remediation liability.

11. Competition and merger control

The Competition Commission of Pakistan reviews mergers, acquisitions and joint ventures that meet the thresholds in the Competition Act, 2010. The test is whether the transaction substantially lessens competition. A pre-merger notification may be required before completion; completing without clearance can attract penalties.

The analysis is not only the parties' market share. It includes the relevant market, barriers to entry, countervailing buyer power, efficiencies and the risk of coordinated effects. A foreign acquisition of a Pakistani target should include a competition screen in the due diligence.

12. Intellectual property and contracts

Trademarks, patents, designs and copyright are registered with the Intellectual Property Organization of Pakistan. A foreign company should register its core brands and, where relevant, its patents before launch; a trademark search and a filing strategy reduce the risk of a dispute or a pre-emptive registration by a third party.

Commercial contracts should be governed by a clear law, provide for dispute resolution and, where enforcement in Pakistan is contemplated, consider arbitration and the recognition of foreign awards. A local law firm should review the template; a global contract may not fit Pakistan's stamp duty, registration or dispute rules.

13. Visas and foreign staff

Foreign employees need a work visa, with a Board of Investment recommendation based on the company's registration and the employment agreement. The visa is tied to the employer and the role. Business visitors can use a business visa for meetings and exploration, but they cannot work or earn a local salary on a visitor visa.

Allow time for the visa, the security clearance and the dependent family applications. The company should keep the invitation letter, the employment contract, the registration documents and the tax

registration ready for the visa file.

14. A practical sequence

1. Confirm the activity, the sector ownership rule and the regulator.
2. Choose the form of presence and the jurisdiction of incorporation.
3. Check the name, the objects and the registered office.
4. Incorporate and obtain the tax number.
5. Register for sales tax, withholding and employer contributions.
6. Obtain the sector licence, environmental approval and any local permit.
7. Open the bank account and register the shares with the designated bank.
8. Sign the lease, utilities and any zone or developer agreement.
9. Register trademarks and review commercial contracts.
10. Obtain work visas and onboard staff.
11. Set up customs, import and export registrations.
12. Build the annual compliance and regulatory monitoring calendar.

15. Map what is changing

A checklist captures the rules as they stand. The higher risk lies in what is changing: the next federal and provincial budgets, pending regulations, court decisions and the practice of individual regulators. Before committing, a new entrant should know which of the rules that matter to its business are under review, and which approvals have a history of delay.

Our SIFC guide explains the coordination body, our SEZ guide covers zone incentives and their phase-out, and our official data sources guide lists the portals to monitor.

16. How PIVRA helps

PIVRA turns this checklist into a plan for your business. Our market and sector research and policy and regulatory research produce a sourced roadmap for your activity and structure: which authorities apply, in what order, what the rules say and what is changing. Request a quote.

Sources

All sources accessed 24 October 2026. Requirements change; confirm the current position with the relevant authority and your advisers.

Board of Investment, FAQs on foreign equity, branch and liaison offices.

Securities and Exchange Commission of Pakistan: incorporation, foreign companies, annual returns.

Federal Board of Revenue: tax, sales tax, customs and SROs.

State Bank of Pakistan: foreign exchange, banking and non-resident shareholding.

PTA; NEPRA; OGRA; DRAP; PEMRA.

Competition Commission of Pakistan; Competition Act, 2010.

Intellectual Property Organization of Pakistan.

Pakistan Environmental Protection Act, 1997, and provincial environmental laws.

Companies Act, 2017; Sales Tax Act, 1990; Income Tax Ordinance, 2001; Foreign Exchange Manual.

Questions and answers

What is the first regulatory step for a foreign company entering Pakistan?

Confirm the activity, the sector ownership rule and the regulator before choosing the legal form. The ownership limit or licence can determine whether a company, branch or liaison office is viable.

Can a foreign company own 100 percent of a Pakistani company?

In most sectors, yes. The Board of Investment states that foreign equity has no upper limit except in specified sectors. Banking, insurance, telecoms, media, airlines and some professional services have limits or conditions.

Should I incorporate a company or open a branch?

A company suits ongoing trading, invoicing and employment. A branch is for a specific contract or project and needs BOI permission and SECP registration. A liaison office is for promotion only and cannot earn revenue.

What registrations follow incorporation?

A National Tax Number, sales tax registration where required, withholding registration, EOBI and provincial social security if employing staff, and any sector licence, environmental approval or local permit.

How do I know whether I need a sector licence?

Check the regulator for the activity: SBP for banking and payments, SECP for insurance and capital markets, PTA for telecoms, NEPRA for power, OGRA for oil and gas, DRAP for pharmaceuticals, PEMRA for broadcasting, CCP for mergers and IPO Pakistan for IP.

What tax registrations apply?

FBR registration for income tax and withholding, federal sales tax on goods, and provincial sales tax on services where the activity is taxable. A company operating in more than one province may need more than one provincial registration.

How do I bring capital in and repatriate profits?

Capital comes through an authorised bank. The company registers shares issued to non-resident shareholders within 60 days and uses the designated bank for dividends and disinvestment. The 2026 non-resident shareholding system adds monthly bank reporting.

What employment registrations apply?

EOBI and the provincial social security institution, salary tax withholding with FBR, written appointment letters and work visas for foreign staff. Contribution bases and labour rules differ by province.

What approvals apply to imports and exports?

Imports need a tariff classification, duty and tax assessment and compliance with the Import Policy Order; exports may need DTRE or export facilitation registration and rules of origin for preferential access.

What land and environmental checks apply?

Check title, zoning, permitted use, utility capacity and the lease. Many industrial, energy and infrastructure projects need an IEE or EIA from the federal or provincial EPA before construction.

Do I need merger clearance?

The Competition Commission of Pakistan reviews mergers, acquisitions and joint ventures that meet the Competition Act thresholds. A pre-merger notification may be required before completion.

How long does entry take?

Incorporation can be quick if documents are complete, but security clearance, sector licensing, environmental approval, the bank account and the lease can take weeks or months. Map the critical path before signing commitments.