

Legal Business Entities & IP in Pakistan

Facilitator: Dr. Imran Naqvi

Sources:

ABH Tax Consultants,
Jamapunji.pk,
Josh,
MAK LLP
Kickstart.pk



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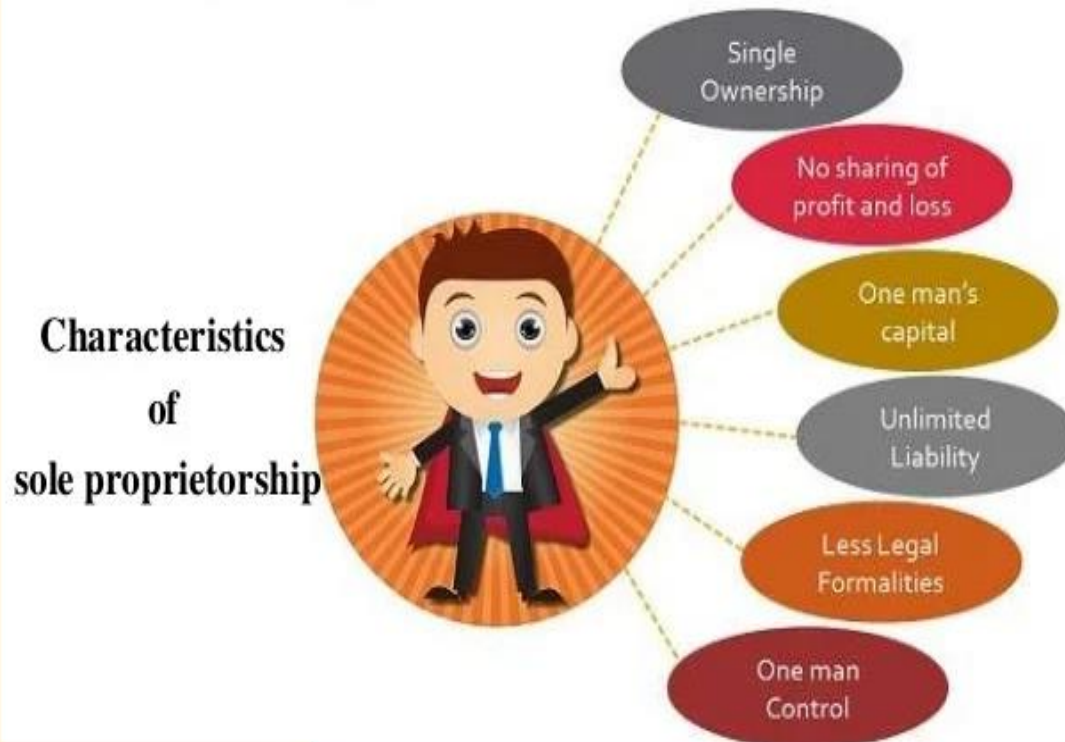
Types of Legal Business Entities in Pakistan (for Profit)



1. Sole Proprietorships,
2. Association of Partnership (AoP)
3. Limited Liability Partnership (LLP) registered with SECP, and
4. Single Man Company (SMC)
5. Private Limited (PVT Ltd) Company or Limited Liability Company (LLC).
6. Public Limited Company (PLC)

Sole proprietorship

Businesses **owned by an individual** are known as sole proprietorship. This is the most common type of business organization in almost all the countries in the world.



Applicable for Businesses like

- Tailors/Boutique
- Barbers
- Lathe Machine Work
- Electricians
- Plumbers
- Printing Press
- Small Scale Food Services
- Dry Cleaning & Laundry
- Freelancing Designers
- Freelancing software experts
- And similar

Relevant Links:

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

<http://iris.fbr.gov.pk>

Relevant Documents:

CNIC, NTN

Technical Education Certificates

Comparison	Association of Persons (AOP)	Limited Liability Partnership (LLP)
Legal Status	Not a Separate Legal Entity unless Registered	Separate Legal Entity
Liability	Unlimited Liability	Limited Liability
Taxation	Single Taxation Layer	Single Taxation Layer
Cost to Administrate	Low Cost of Forming and Maintaining Partnership	Low Cost of Forming LLP; means that Cost of Maintaining the LLP is higher than AOP but lower than a Private Limited Company
# of Partners	Max. 20	Max. 20
Register with	Firm Registrar	SECP
Min. Capital Binding	NIL	NIL
Inheritable	No	Only if Specified

Applicable for Businesses like

- Doctors' Clinics
- Legal & Tax Firm
- Accounting Firm
- Motels/Hotels by Partners
- And Similar

Relevant Links:

<http://www.secp.gov.pk>
<https://register.business.punjab.gov.pk>

Relevant Documents:

- CNICs, NTN
- Partnership Deed/Agreement as per Partnership Act 1932
- Firm registration certificate

Comparison	Private Limited Company	Public Limited Company
Ownership & Governance	Small Scale BoD/G (1 to 50)	Complex & Large Scale BoD/BoG (7to Unlimited)
Incorporated With	SECP as per Companies Act 2017	SECP as per Companies Act 2013
Tax	On Business Entity	On Business Entity
Fundraising	Private Sources	Public Shares
Can operate on Stock Exchange	No	Yes
Inheritable/ Perpetuity	Yes	Yes
Liability on Members	Limited	Limited
Disclosure Bindings & Audit	Limited	Major
Transferability of Shares	Yes	Yes

Applicable for Businesses like

- Software Houses,
- Industries,
- Packages,
- Engro, and
- Similar

Relevant Links:

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

Relevant Documents:

1. Name of the company
2. Principal place of business of the company
3. Nature of business
4. Memorandum and Articles of Association (MOA)
5. The name of directors, their permanent addresses and other particulars
6. Amount of share capital, Authorized and Paid up
7. Number of shares taken by each shareholder



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Business Entity	Sole Proprietor	Partnership	Not For Profit Company NPO	Limited Liability Company (SMC, Private Limited and Public Limited Companies)
Members required to establish	Only One	From 2 to maximum up to 20 partner	Minimum three members	SMC = 1 Pvt. Ltd: 1 to 50 Public Ltd: No limit
Procedure to establish	Registration with Federal Board of Revenue (FBR)	Registration with Registrar of Firms	Registration with Securities & Exchange Commission of Pakistan (SECP)	Registration with Securities & Exchange Commission of Pakistan (SECP)
Periodic compliance with authorities	Annual Tax Return	Annual Tax Return of all Partners and Firm	1:Periodic SECP filings 2:Periodic FBR Filings	1:Periodic SECP filings 2:Periodic FBR Filings
Personal liability	Not limited	Not limited	Yes	Yes
Transfer of interest	No	Allowed, But Partners have to visit in Person.	Yes, Often Limited	Allowed
Duration	Until withdrawal or death of owner	At Will	Unlimited	Unlimited
Tax Implementation	Yes	Yes	Tax Exemption may be obtained	Yes Corporate Tax Apply
Ability to raise capital	not as separate entity	Yes, from partners only	Yes, through donations and grants	Yes



- **Legal Options:**
 - Trust
 - Society, and
 - Section 42 Company Limited by Guarantee.
- **Documentation for NPO:**
 - Unique Identity/Name
 - Objectives,
 - Constitution
 - Governance Structure/Trustees,
 - Membership Rules,
 - Decision-making processes, and
 - Dissolution procedures

All these must comply with local laws and regulations.
- **Registration Authorities:**
 - Provincial Registrars or DC of Societies & Trusts
 - Securities and Exchange Commission of Pakistan (SECP).
- **Tax Registration & Exemption:**
 - Register NPO with FBR and process exemptions subject to conditions.



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Prominent Online Business Options/Trends in Pakistan

1. Online Virtual Assistant
2. YouTube Channels
3. Shops on Amazon, Ali Express & Daraz
4. Selling Products on Social Media such as FB, WhatsApp etc.
5. Online Tuition/Teaching
6. Content Writing
7. Graphic Designing
8. Drop Shipping Store
9. Photography
10. Selling Home Cooked Food Items
11. Podcasting
12. Freelancing
13. Startup Advisory
14. Legal & Tax Advisory



Intellectual Properties

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- *Latest 7 types of intellectual property?*
 1. **Patent**
 2. **Trademarks**
 3. **Copyrights**
 4. **Trade Secrets**
 5. **Client Counseling**
 6. **Intellectual Property Protection.**
 7. **Enforcement of Intellectual Property Rights**
- In Pakistan IPOPP is the authority that governs and maintain it as per relevant laws.



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