

# Legal Business Entities & IP in Pakistan

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**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



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Comparison	Association of Persons (AOP)	Limited Liability Partnership (LLP)
<b>Legal Status</b>	Not a Separate Legal Entity unless Registered	Separate Legal Entity
<b>Liability</b>	Unlimited Liability	Limited Liability
<b>Taxation</b>	Single Taxation Layer	Single Taxation Layer
<b>Cost to Administrate</b>	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
<b># of Partners</b>	Max. 20	Max. 20
<b>Register with</b>	Firm Registrar	SECP
<b>Min. Capital Binding</b>	NIL	NIL
<b>Inheritable</b>	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
<b>Ownership &amp; Governance</b>	Small Scale BoD/G (1 to 50)	Complex & Large Scale BoD/BoG (7to Unlimited)
<b>Incorporated With</b>	SECP as per Companies Act 2017	SECP as per Companies Act 2013
<b>Tax</b>	On Business Entity	On Business Entity
<b>Fundraising</b>	Private Sources	Public Shares
<b>Can operate on Stock Exchange</b>	No	Yes
<b>Inheritable/ Perpetuity</b>	Yes	Yes
<b>Liability on Members</b>	Limited	Limited
<b>Disclosure Bindings &amp; Audit</b>	Limited	Major
<b>Transferability of Shares</b>	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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<b>Business Entity</b>	<b>Sole Proprietor</b>	<b>Partnership</b>	<b>Not For Profit Company NPO</b>	<b>Limited Liability Company (SMC, Private Limited and Public Limited Companies)</b>
<b>Members required to establish</b>	<b>Only One</b>	<b>From 2 to maximum up to 20 partner</b>	<b>Minimum three members</b>	<b>SMC = 1</b> <b>Pvt. Ltd: 1 to 50</b> <b>Public Ltd: No limit</b>
<b>Procedure to establish</b>	<b>Registration with Federal Board of Revenue (FBR)</b>	<b>Registration with Registrar of Firms</b>	<b>Registration with Securities &amp; Exchange Commission of Pakistan (SECP)</b>	<b>Registration with Securities &amp; Exchange Commission of Pakistan (SECP)</b>
<b>Periodic compliance with authorities</b>	<b>Annual Tax Return</b>	<b>Annual Tax Return of all Partners and Firm</b>	<b>1:Periodic SECP filings</b> <b>2:Periodic FBR Filings</b>	<b>1:Periodic SECP filings</b> <b>2:Periodic FBR Filings</b>
<b>Personal liability</b>	<b>Not limited</b>	<b>Not limited</b>	<b>Yes</b>	<b>Yes</b>
<b>Transfer of interest</b>	<b>No</b>	<b>Allowed, But Partners have to visit in Person.</b>	<b>Yes, Often Limited</b>	<b>Allowed</b>
<b>Duration</b>	<b>Until withdrawal or death of owner</b>	<b>At Will</b>	<b>Unlimited</b>	<b>Unlimited</b>
<b>Tax Implementation</b>	<b>Yes</b>	<b>Yes</b>	<b>Tax Exemption may be obtained</b>	<b>Yes Corporate Tax Apply</b>
<b>Ability to raise capital</b>	<b>not as separate entity</b>	<b>Yes, from partners only</b>	<b>Yes, through donations and grants</b>	<b>Yes</b>



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### Relevant Examples:

- *Edhi Foundation,*
- *Chippa Welfare Association,*
- *Aurat Foundation*
- *Akhoowat Foundation,*
- *Ansar Burney Trust and others*

- **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 proceduresAll 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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## Useful & Relevant Links For:

- **Banking Institution** [Guidelines Commercial Bank.pdf \(sbp.org.pk\)](https://www.sbp.org.pk/Guidelines/Commercial_Bank.pdf)
- **Non-Banking Financial Company** [Rules of Business for Non-Bank Financial Institutions \(NBFIs\) and Submission of Periodic Returns/Statements. | SECP](#)
- **Modaraba** ([What is Modaraba and How it is registered in Pakistan? Hamza & Hamza \(hamzaandhamza.com\)](#))
- **Mutual Funds** [Regulatory Framework for Mutual Funds | JamaPunji](#)





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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 IPOB is the authority that governs and maintain it as per relevant laws.



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