

Country Guide 2024

THE ISLAMIC REPUBLIC OF PAKISTAN

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I. The Pakistani entrepreneurial ecosystem

Pakistan's startup ecosystem has become an attractive destination for investors in recent years, characterized by significant institutional support, lucrative business prospects, and a resilient attitude towards regulatory challenges. The country's persistent growth during COVID-19 was particularly remarkable, resulting in a record-breaking year for technology startups securing almost USD 76 Million in terms of funding in 2023. Pakistan has a youthful and English-speaking population, providing a platform for emerging tech-savvy middle-class companies with innovation and ambition at their core.

Other notable factors contributing to Pakistan's emergence as a leading startup hub include an overabundance of skilled tech talents with over 25,000 engineers and 20,000 Computer Science (CS) & Information Technologies (IT) graduates annually. Pakistan has the 5^{th} largest population in the world and ranks third in terms of English speaking population. It is the 4^{th} largest freelancing economy worldwide. With 61.61 Million internet users and a massive 71.7 Million social media user base, the market is hugely ripe for investment in innovative startups.

With an impressive sixth ranking in crypto adoption globally, investors in Pakistan also benefit from the increasing trend of those who use cryptocurrencies to hedge against Rupee devaluation and trade. Moreover, the consumer electronics sector, with a projected 2.36% growth rate between 2024 and 2028, will be worth USD 7556 million in 2024. The gaming industry is on the rise in Pakistan with the video games segment projected to cross USD 200 Million in 2023 with an annual growth rate of 9.77% from 2023 to 2027. This surge demonstrates the transformative impact of the gaming industry, making it a promising investment avenue in Pakistan's thriving startup ecosystem.

Pakistan is a unique investment destination poised for growth, with a projected worth of USD 36 billion by 2025 and an impressive USD 362 Billion final consumption expenditure in 2022 (final consumption expenditure is the sum of household final consumption expenditure and general government final consumption expenditure).



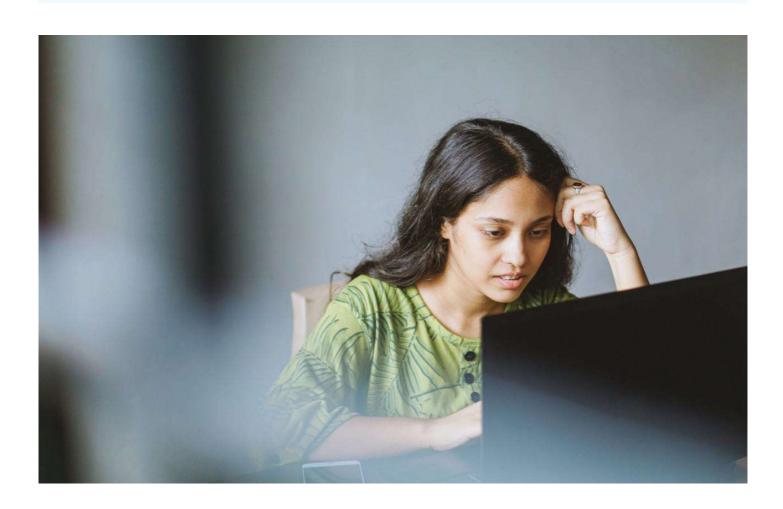
1. Startup definition

Definitions of startups and entrepreneurial entities can vary between countries and organizations. Although there's no universally agreed-upon definition for startups, they are generally defined as an emerging, technology-driven, innovative company with growth potential, addressing specific market needs with unique and new products or services.



In the context of Pakistan's legal framework, a more specific definition for a startup has been introduced through the Companies (Amendment) Act, 2021 (Act No. XXVII of 2021). According to this Act, a startup company is a private limited entity that fulfills the following criteria:

- It has been established for less than ten (10) years.
- It is engaged in innovative activities, focusing on the development, deployment, or commercialization of new products, processes, or services driven by technology or intellectual property.
- It is not formed through the division or reconstruction of an existing business.
- Its turnover for any of the previous financial years has not exceeded Pakistani Rupee (PKR)
 1 Billion.



2. Promising sectors in Pakistan

Pakistan's economy is driven by three (3) key sectors: services sector contributes a significant 61% to the country's Growth Domestic Product (GDP), followed by the industry sector at 20%, and agriculture at 19%.

Additionally, three (3) sectors stand out for their significant impact on the startup scene, driven by substantial investment volumes and a high number of deals. This trend underscores a notable governmental emphasis and efforts on the development of these sectors which indicates their strategic importance for economic growth and innovation.



👸 Logistics

In 2023, the logistics sector in Pakistan attracted substantial investment, totaling USD 12.2 million. Startups within this sector focus on optimizing supply chains and enhancing transportation infrastructure. The influx of investment aims to improve efficiency and effectiveness in logistics contributing to overall economic development.

The government has acknowledged the importance of bolstering the logistics sector, particularly by aiding startups that are poised to innovate and enhance the efficiency of supply chain management. To this end, a range of initiatives and programs have been introduced to support these emerging businesses. This includes actively working to cultivate a favorable environment for the growth of logistics startups. This involves engaging with key industry stakeholders to understand their needs and challenges, streamlining regulatory hurdles that may impede progress, and encouraging collaborations between public entities and private organizations.

Logistics startups are at the forefront of embracing digital technologies, utilizing online platforms, and implementing e-commerce solutions to refine their operational processes, bolster communication, and elevate overall efficiency. Digitalization revolutionizing the logistics industry, as it plays a crucial role in optimizing supply chain management. By leveraging technology, these startups are able to offer more reliable and faster services, track shipments with greater accuracy, and provide realtime updates to customers, and enables them to compete more effectively both domestically and in the international market.



FinTech

The fintech sector in Pakistan has emerged as a center of entrepreneurial activity, witnessing seven (7) funding deals in 2023. Despite an 80% decline in funding that year, previous years saw substantial investments. Fintech startups raised a total of USD 19.5 Million in 2023, with investments exceeding USD 615 Million since 2010.

This sector plays a crucial role in expanding financial access, particularly in rural areas where traditional banking services are limited.

Mobile banking and digital wallets have emerged as powerful tools for reaching the unbanked and underbanked populations.

The landscape of microfinance and Small and Medium Enterprises (SMEs) lending is undergoing a significant transformation, thanks to the advent of fintech companies. These companies are leveraging cutting-edge underwriting models and digital platforms to provide microloans and financing options to small and medium-sized enterprises, thereby fueling entrepreneurial activities across the nation. One such initiative, is making strides in revolutionizing the financial sector by catering to the payment, collection, and credit requirements of professionals, merchants, and SMEs. This digital approach not only streamlines financial transactions but also broadens access to capital, which is essential for the growth and sustainability of small businesses in Pakistan's emerging economy.

The fintech sector is also being actively supported by government initiatives aimed at fostering financial innovation and inclusion. One such pivotal initiative is the National Financial Inclusion Strategy, which serves as a roadmap to extend financial services to the unbanked and underbanked segments of the population. The rising wave of fintech innovation adoption in Pakistan has been a game-changer in tackling the persistent challenge of financial exclusion, while simultaneously propelling a more extensive digital revolution in the country's financial sector. Both emerging fintech startups established financial entities are tapping into sophisticated technologies such as Artificial Intelligence (AI) and blockchain to develop tailored solutions that meet the unique needs of the Pakistani market.

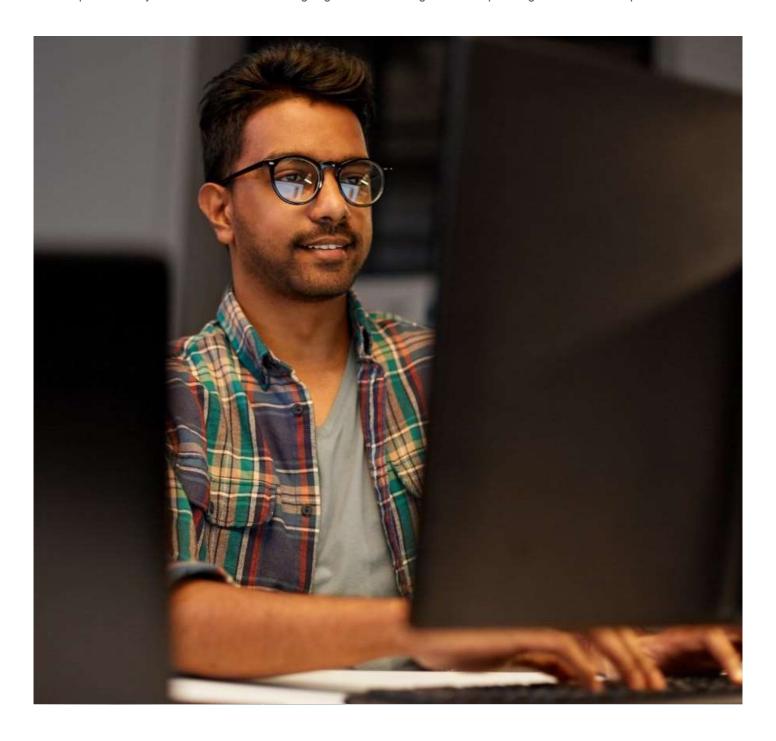
In addition to policy measures, several fintech incubators and accelerators have been established to foster innovation in this sector. These organizations are designed to nurture startups in the fintech sector by providing them with the necessary mentorship, resources, and networking opportunities to innovate and scale.



E-commerce

Supported by government initiatives and digital payment advancements, Pakistan's e-commerce sector experienced significant growth. In 2023, startups raised USD 22.2 Million. These e-commerce startups are reshaping the retail landscape, driving the digital commerce revolution, and enhancing consumer convenience. Government regulations and support have played an instrumental role in positioning Pakistan e-commerce and innovation.

E-commerce startups are strategically pursuing collaborations and partnerships with well-established companies, corporate entities, and industry associations to broaden their market presence and tap into preexisting infrastructures. By aligning with delivery partners and other key players in the industry, these startups can scale their operations more effectively and enhance their service offerings. These collaborative efforts enable e-commerce startups to benefit from the expertise, resources, and networks of established firms, which can be particularly valuable for overcoming logistical challenges and improving distribution capabilities.





3. Pakistan startup scene

To provide a comprehensive insight into the startup scene of Pakistan, the data below is built upon a synthesis of data sourced from reputable platforms. It provides an approximate count of the Startup Support Organizations (SSOs), e.g., incubators, accelerators, and coworking spaces, currently in operation.

Pakistan' top startup industry sectors by funding deals¹

- FinTech
- E-commerce
- Logistics

Pakistan' top startup industry sectors by funding¹

- E-commerce
- FinTech
- Logistics

The Startup ecosystem in numbers

- Total funding raised by startups (2022)¹: USD 355 Million.
- Number of incubators and accelerators (2021)²: 80.
- Number of investors (2021)²: 30.
- Coworking spaces³: 200.

Entrepreneurship and innovation in Pakistan: Rankings & Indexes (2023)

Index	Ranking	Index	Ranking
Business environment ⁴	98	Innovation linkages ⁴	54
Economic freedom ⁵	151	Knowledge workers⁴	101
Entrepreneurship policies and culture ⁴	80	Mobile app creation ⁴	13
Financing of startups and scaleups ⁴	72	Operational stability for businesses ⁴	117
Global innovation ⁴	88	Regulatory environment ⁴	116
Global knowledge ⁶	117	State of cluster development ⁴	39
ICT access⁴	113		





Beginning your entrepreneurial journey

I. Guiding steps to launch a startup in Pakistan

1. Country specific legal structures

In Pakistan, entrepreneurs have the option to select from distinct types of legal structures, each crafted to align with their specific activities. Each business type offers unique features tailored to meet specific economic goals. Below are business legal structures for entrepreneurs, listed from single-owner setups to entities suitable for numerous shareholders:

- · A Sole proprietorship.
- A single member company.
- · A partnership.
- A public A limited liability company by guarantee with share capital company.
- A private limited company.

- A public limited company.
- An unlimited company.
- · A liaison office/representative office.
- A branch office.

The most common legal structure chosen by registered Pakistani startups is the Private Limited Company. A private limited company is a business entity privately owned and operated by individuals who serve as shareholders. A private limited company in Pakistan typically requires a minimum of two (2) and a maximum of fifty (50) shareholders and must meet a minimum capital requirement of PKR 100,000. The standard time for its incorporation process is typically six (6) weeks.

The private limited company fits perfectly within these criteria. It permits multiple shareholders and demands a low minimum of capital. These advantages make it an ideal choice for new entrepreneurs looking to launch their startups.





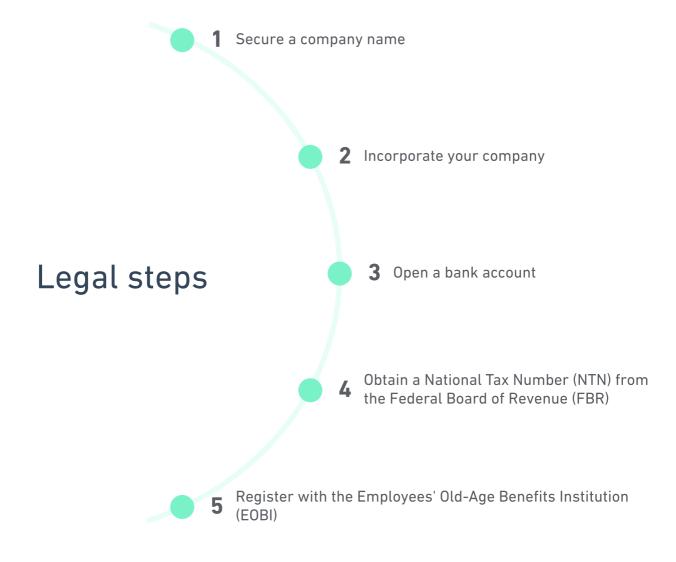
2. Legal steps

The <u>Securities and Exchange Commission of Pakistan (SECP)</u> serves as the primary regulator for corporate entities in Pakistan. The commission operates a dedicated portal offering news and guidelines concerning startups. It allows company name registration and company incorporation.

The Federal Board of Revenue (FBR) is a federal law enforcement agency in Pakistan responsible for investigating tax crimes, suspicious accumulation of wealth, and money laundering, as well as regulating the collection of taxes. The FBR is responsible for allocating a National Tax Number (NTN) for the company and collecting taxation from businesses across the country. It ensures full compliance with Pakistan's tax laws and strives to guarantee that all federal taxes are centrally monitored.

The Employees' Old-Age Benefits Institution (EOBI) is a governmental organization responsible for managing social insurance programs. EOBI primarily focuses on providing old-age, invalidity, and survivor benefits to employees in the organized sector. Employers and employees contribute to the EOBI fund, which is then utilized to provide financial assistance to workers during retirement, disability, or in case of the demise of the breadwinner. EOBI plays a vital role in promoting social security and ensuring financial well-being for employees in their later years.

For detailed instructions, the company incorporation process is detailed in this <u>video</u>. Below is an overview of the fundamental legal steps typically required by both locals and foreigners wishing to start a business in Pakistan.





Step 1: Secure a company name

Reserving your company's name is a crucial step in establishing your company in Pakistan. You can choose to either reserve the name separately or combine the name reservation with the company incorporation process. Before initiating the application process, it is recommended to check the availability of your desired company name using the "Company Name Search Section" provided on the SECP website.

Once the registrar approves your name reservation, they will issue a name availability letter and will reserve the name for a period of sixty (60) days. For more information regarding the registration process, please refer to the User Registration & PIN Generation guide on the SECP's website.



Online steps

- Visit the SECP's <u>eServices</u> portal and register for a user account to obtain your personal identification number (PIN).
- 2 Log into your account and select "Name Reservation".
- 3 Complete and submit the <u>Incorporation Form 1</u>.
- 4 Pay the required fee.

Offline steps

- 1 Download and complete the <u>Incorporation Form 1</u>.
- 2 Attach the original receipt of the application fee payment and hand the documents to SECP.
- 3 Submit the Inc-Form-1 to the registrar at any of the Company Registration Offices.

Requirements

- For online submission, you will need your valid Computerized National Identity Card (CNIC) or passport number and password.
- For physical submission, you will need the original receipt of the application fee payment.
- Foreign user must attach a notarized /attested copy of their passport and a picture.
- Users can select the combined process for name reservation and incorporation. However, this is not available to foreign companies and for companies that need prior approval from the commission, or from another authority.



S Cost

- Online application: 200 PKR.

- Physical application: 500 PKR.

Step 2: Incorporate your company

As mentioned above, the company incorporation process can be done separately or combined with the name reservation one.

For detailed information about reserving a company name or incorporating a company, please refer to the following links:

- The SECP website's page on company registration.
- Brochure on <u>company incorporation</u> found on the SECP website.
- <u>User registration and PIN generation guide</u> on the SECP website.
- <u>Step-by-step requirements for registering a</u> <u>new company</u> on the SECP website.
- The <u>Companies (Incorporation) Regulations of</u> 2017.

Steps Ste

Online steps

- 1 Visit the <u>SECP's e-Services portal</u> and log into your account.
- 2 Select "Company Incorporation".
- Provide the company information, authorized and paid-up capital, details of subscriber/director/chief executive, applicant/declarant information.
- 4 Upload the required documents.
- 5 Sign the forms and proceed with the payment.
- After successful submission, a digitally signed certificate of incorporation will be sent via email. The <u>e-Services</u> portal will allow you to download the certificate.



Offline steps

- 1 Download and complete the required documents, including the incorporation form II.
- 2 Deposit the company incorporation fee in a bank of your choice.
- 3 Submit the required documents to the registrar at any of the Company Registration Office.

Documents

- The ame reservation letter.
- ⁻ Company incorporation form-II.
- Memorandum of Association.
- Copies of CNICs/passports of promoters and the chief executive.
- ⁻ The original receipt of the payment fee.
- A power of attorney/authority letter (if needed).

S Cost

- For small companies with nominal share capital not exceeding PKR 100,000 (Through online submission): 2,420 PKR(USD 362.66).
- For small companies with nominal share capital not exceeding PKR 100,000 (Through offline submission): 5,500 PKR.
- The incorporation fee for online submission: 1,800 PKR.
- The incorporation fee for offline submission: 3,500 PKR.

O Duration

Up to one (1) working day.

Step 3: Open a bank account

Open a bank account in a bank of your choice. Ensure that at least one director listed is a Pakistani national present in Pakistan for biometric verification purposes. This verification process is mandatory and takes no more than thirty (30) minutes. Opening an account allows shareholders to transfer share amounts and seamlessly integrates your startup into Pakistan's financial system while ensuring compliance with local laws and regulations.



Step 4: Obtain a National Tax Number (NTN) from the Federal Board of Revenue (FBR)

In Pakistan, the Value-Added Tax (VAT) is imposed at both the federal and provincial levels. The Federal Board of Revenue (FBR) administers VAT on goods and trade, while the responsibility for VAT on services lies with the respective provinces. For VAT on services, entrepreneurs are required to register within their respective provinces. Acquisition of a National Tax Number (NTN) can be accomplished by online application through the Federal Board of Revenue (FBR) portal or through an in-person visit to a Taxpayer Facilitation Centre (TFC). The process is detailed in the steps below.

Steps Step

Online steps

- 1 Visit the <u>FBR portal</u>.
- 2 Select "new e-registration" from the "e-registration menu" dropdown.
- 3 Choose your taxpayer type and enter the required information.
- Visit the TFC and submit a duly signed copy of the online application and the required document listed below to collect the NTN certificate.

Offline steps

- 1 Visit the nearest Tax House's facilitation counter.
- 2 Complete and submit the required forms.

Documents

- Registration application.
- Form 181 handed at FBR.
- The incorporation certificate of the company.
- ⁻ The computerized National Identity Card (CNICs) of all directors.
- The National Tax Number (NTN) copies of directors.
- An original letter on the letterhead of the company signed by all directors, verifying the principal officer and authorizing him for income tax/sales tax registration.
- An original certificate of maintenance of bank account in the company's name.
- An original evidence of tenancy/ownership of company premises.
- An original paid utility bill of the company premises not older than three (3) months.



Ouration

Two (2) to three (3) working days for online procedure (Urgent delivery is possible).

S Cost

Free

 Step 5: Register with the Employees' Old-Age Benefits Institution (EOBI)

Steps Ste

- 1 Visit the nearest EOBI office.
- 2 Collect and fill in the establishment registration form.
- 3 Submit the required document listed below.
- 4 Receive your EOBI registration certificate, after review.

S Cost

Free

Requirements

Generally, companies employing ten (10) or more workers are required to register with EOBI.

Documents

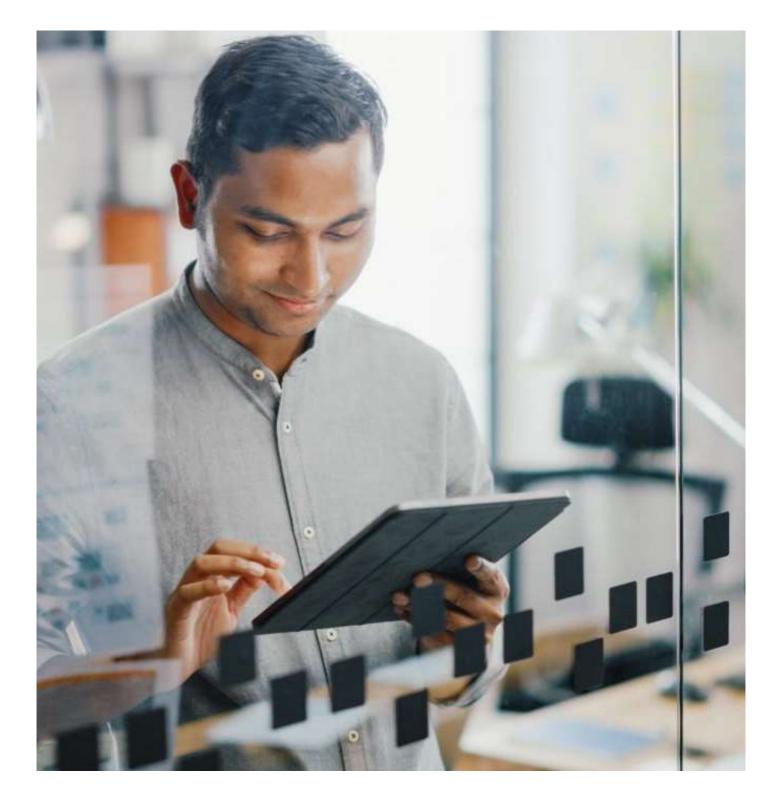
- ⁻ An Establishment registration form.
- A company's certificate of incorporation.
- A NTN certificate, if available.



- ⁻ A list of employees and their Computerized National Identity Card (CNIC) numbers.
- ⁻ A copy of the employer's CNIC.



Free





II. Other country-specific considerations

1. Considerations for foreigner investors

Foreign investors willing to start a business and invest in Pakistan can benefit from tax treaties that Pakistan has ratified with sixty-six (66) countries. The purpose of these treaties is to prevent the double taxation of income or profits earned in one jurisdiction and remitted to residents of another jurisdiction.

In accordance with the Investment Policy of Pakistan formulated in 2013, foreign investors are granted the opportunity to attain 100% ownership rights within the <u>Gwadar Free Trade Zones</u>. Notwithstanding, it is imperative to note that certain sectors, notably related to banking, agriculture, and media, may be subject to specified regulatory restrictions.

Artificial Intelligence (AI) Policy

The AI policy in Pakistan aims to create a comprehensive framework for the long-term awareness and adoption of artificial intelligence (AI). It focuses on key areas such as investment in research and development infrastructure to build local AI capabilities, ensuring ethical and responsible AI use. This is achieved through the establishing an AI regulatory directorate and addressing potential job displacement through training programs. The policy envisions embracing AI by appreciating human intelligence and stimulating a hybrid intelligence ecosystem for equitable, responsible, and transparent AI use. By fostering collaboration with other countries, sharing best practices, and creating a conducive environment for AI research, development, and application, Pakistan aims to harness AI's potential for economic growth, improved services, and societal benefits while addressing challenges like skills development and ethical considerations.

2. Tax regime

Brief overview of Pakistan's tax regime

Withholding Taxes (WHT)

Withholding tax is an interim tax payment that may or may not be the final tax liability. Amounts withheld that are not final taxes are credited to the final tax liability of the taxpayer for the relevant year. The applicable WHT rate ranges from 5% to 20%.

Social security contributions

Nominal social security and Employees Old Age Benefit contribution is collected from the employers. Employees are also required to make a small contribution to Employee Old Age Benefit. Employers are responsible for paying contributions on a monthly basis. Social security contributions on salaries of employees is set out at 6%. The breakdown of this contribution is as follows: 5% is paid by the employer, and 1% is to be paid by the employee.

Sales tax

sales tax applies to all supplies of goods and services and to imports that are liable to a rate of sales tax. The standard rate is set at 18%. However, up to 10 reduced rates are offered. These are subject to specific conditions.

Super tax

The tax rate varies from 0% to 4% depending on the income. However, the tax rate for banking companies is 10% if the income exceeds PKR 300 Million.

Taxation of small and medium enterprises (SME) engaged in the manufacturing sector

his is relevant to SMEs engaged in manufacturing of goods whose business turnover in a tax year does not exceed PKR 250 Million.



For the purpose of taxation, SMEs are classified into the following two (2) categories and are subject to the tax as follows:

- Category 1: 7.5% of the taxable income, where annual business turnover does not exceed PKR 100 Million.
- Category 2: 15% of the taxable income, where annual business turnover exceeds PKR 100 Million but does not exceed PKR 250 Million.

SMEs can also opt to be taxed under the final tax regime (FTR). The said option is required to be applied at the time of return filing, and the same will be irrevocable for three (3) tax years. The SMEs that opt to be taxed under the FTR shall not be subject to tax audit under sections 177 and 214C. The rate category of tax under the FTR is given below:

- Category 1: 0.25% of the gross turnover, where annual business turnover does not exceed PKR 100 Million.
- Category 2: 0.5% of the gross turnover, where annual business turnover exceeds PKR 100 Million but does not exceed PKR 250 Million.

Minimum tax on turnover shall not apply to SMEs.

Corporate income tax (CIT)

companies that are resident in Pakistan are subject to corporation tax on their worldwide income. Tax is levied on the total amount of income earned from all sources in the company's accounting period, including dividends and taxable capital gains. Branches of foreign companies and nonresident companies are taxes only on Pakistan-source income. A company is resident in Pakistan if it is incorporated in Pakistan or if its control and management are exercised wholly or almost wholly in Pakistan during the tax year.

The different CIT rates are fixed as follows:

- · 29% standard rate,
- 39% for banking companies, and;
- 20% for small companies. Small companies are the entities, incorporated after 1 July 2005, that meet the following conditions:
- They have paid-up capital and undistributed reserves not exceeding PKR 50 Million.

- They have no more than 250 employees at any time during the year.
- They have an annual turnover not exceeding PKR 250 Million.
- They were not formed as a result of a restructuring involving the splitting up or reorganization of an already existing business.
- They are not engaged in manufacturing with a business turnover, in a tax year, not exceeding PKR 250 Million.

Alternative corporate tax

The 2014 Finance Act introduced an alternative corporate tax, which is effective from the 2014 tax year. If the corporate tax is less than 17% of the accounting income (excluding certain types of income and related expenses), alternative corporate tax is required to be paid as minimum tax. The difference between the corporate tax and alternative corporate tax can be carried forward to offset corporate tax for a maximum period of ten (10) years.



Capital gains

capital gains on shares of public companies and other structures are taxable. The tax rates for capital gains on securities acquired on or after July 1st, 2022 are listed as follows:

Holding period	Rate (%)
The holding period does not exceed one year.	15
The holding period exceeds one year but does not exceed two years.	12.5
The holding period exceeds two years but does not exceed three years.	10
The holding period exceeds three years but does not exceed four years.	7.5
The holding period exceeds four years but does not exceed five years.	5
The holding period exceeds five years but does not exceed six years.	2.5
The holding period exceeds six years.	0

Capital gains earned on other assets, including non-public securities, are taxable at the corporate rate. Capital gains on the disposal of listed securities and the tax payable on the gains are computed, determined, collected and deposited on behalf of a taxpayer by the National Clearing Company of Pakistan Limited (NCCPL).

3. Tax compliance requirements

Withholding tax (WTH)

This tax is managed by withholding agents as designated under local law. WTH rates depend on the nature of the activity. It is paid through the FBR Directorate General of Withholding Taxes on a quarterly basis. A quarterly statement prescribed for each category of withholding is due on the twentieth (20th) of the first month of the next quarter.

Capital gains

Adjustable quarterly advance tax on capital gains from the sale of securities is payable on the capital gains derived during the quarter by companies within 21 days after the end of each quarter at a rate of 2% if the holding period is less than six (6) months and 1.5% if the holding period is between six (6) and twelve (12) months.



Business license

Every person engaged in a business, profession or vocation is required to obtain and display a business license as prescribed by the Federal Board of Revenue. The Commissioner of Inland Revenue may impose a fine on a person who fails to obtain such license. The amount of the fine is PKR 20,000 in the case of persons deriving taxable income and PKR 5,000 in other cases if income is exempt from tax or below the tax limit. The Commissioner also may cancel the business license of a person if the person fails to notify the change in particulars of the business license to the Commissioner within 30 days of such change or if the person is convicted of any offense under any federal tax law.

Social security contributions

In Pakistan, Social security contributions are collected and administered by the Provincial Employees' Social Security Institutions (PESSI) in each province and by Employees Old Age Benefit Institution (EOBI) under federal government of Pakistan. Nominal social security and Employees Old Age Benefit contribution is collected from the employers monthly.

An SME is required to register with the Federal Board of Revenue (FBR) on the IRIS web portal or the Small and Medium Enterprises Development Authority (SMEDA) on its SME registration portal.

Income tax return

An income tax return must be filed by the 30th of September of the following year if the company's year-end is from the 1st of July through the 31st of December and by the following 31st of December if the year-end is from the 1st of January through the 30th of June. Any balance due after deducting advance payments and withholding taxes must be paid when the tax return is filed. To initiate the process of filing an income tax return, access the IRIS online portal. If you are filing your income tax return for the first time, it is imperative to complete mandatory registration process progressing to the payment phase. 38As of June 2023, the FBR introduced specific tax return forms tailored for SMEs including startups. An SME must complete its registration with the FBR via the IRIS online portal or with the Small and Medium Enterprises Development Authority (SMEDA) using its dedicated online SME registration portal.

Tax year

the tax year commences on July 1st and ends on June 30th. Companies are required to end their fiscal years on the 30th. Special permission is required from the Commissioner of Inland Revenue to use a different year-end. The Federal Board of Revenue has specified the 30th of September as the year-end for certain industries, such as sugar and textiles, and the 31st December as the year-end for insurance companies.

Advance tax payments

In general, advance tax is payable quarterly based on the tax to turnover ratio of the latest tax year. However, banking companies must pay advance tax on a monthly basis. If the tax liability is estimated to be more or less than the tax charged for the prior tax year, an estimate of tax liability can be filed and advance tax liability can be paid in accordance with such estimate, subject to certain conditions. For taxpayers other than banking companies, the due dates for the advance tax payments are the 25th of September, the 25th of December, the 25th of March and the 15th of June. Banking companies must pay advance tax by the 15th day of each month.

Sales tax return

For a complete sales tax return (referred to as Value Added Tax VAT in other contexts), the business provides a comprehensive account of their transactions over a given tax period, while simultaneously remitting their sales tax obligations. The businesses with a turnover of PKR 7.5 Million and more are obligated to file their tax returns. Those who have less turnover than the prescribed turnover can voluntarily file their returns.

In adherence to the standard procedure, a registered entity is obligated to submit the monthly return by the eighteenth (18th) of the month following the end of the return period41, and then proceed with payment by the fifteenth (15th) of the following month in which the payment is made. These obligations are to be fulfilled via the dedicated <u>electronic filing</u>.



4. Financial reporting and auditing regulations

Pakistan largely aligns with IFRSs for companies trading debt or equity securities in the public market. The Companies Act of 2017 specifies the requirements for presenting financial statements and establishes the procedures for setting standards for companies in Pakistan.

The Securities and Exchange Commission of Pakistan (SECP) oversees the adoption of accounting standards, a responsibility it has assigned to the Institute of Chartered Accountants of Pakistan (ICAP). ICAP has adopted International Financial Reporting Standards (IFRS) as the applicable accounting framework in Pakistan.

Listed companies, public interest entities, and large non-listed companies are required to adhere to IFRS. Medium-sized companies have the option to use either full IFRS or IFRS for SMEs. Small companies can choose between AFRS for SSEs, IFRS for SMEs, or full IFRS.

All companies must prepare financial statements, with those having a capital below PKR 1 Million being exempt from audits but still required to submit their financial statements to the Securities and Exchange Commission of Pakistan (SECP).

The Auditors (Reporting Obligations) Regulations 2018, issued by the SECP, specify the formats and requirements for auditors' reports on financial statements, review reports, and corporate governance compliance reports.

Adhering to the International Standard on Quality Control 1 (ISQC 1) is obligatory for all firms in Pakistan.







I. Government incentives

1. Tax incentives

The following are various tax concessions (e.g., reduced tax rates) that the government offers to businesses, including startups:

- Starting from the tax year 2023, Small and Medium-sized Enterprises (SMEs) are subject to a federal corporate tax rate of 20%, which is significantly lower than the rates imposed on banking companies (39%) and public and other companies (29%).
- The agriculture income tax is very low, accounting for only 0.3% of total tax collections.
- A tax credit is allowed, and income equal to 100% of the tax payable under any provisions of the Tax Ordinance, 2001, including minimum, alternate corporate tax and final taxes for the tax year in which the startup is certified by the Pakistan Software Export Board and for the following two (2) tax years.
- Pakistan offers several exemptions outlined in the Second Schedule to the <u>Income Tax Ordinance</u>, 2001. These exemptions include complete or partial tax exemptions, reduced tax rates, exemptions from specific provisions, and reduced tax liabilities tailored for specific categories of taxpayers or defined periods.
- The investment authority of Pakistan, <u>Invest Pakistan</u>, has introduced attractive and lucrative incentives for investors across various sectors of the economy, electric vehicles, food processing, information technology, logistics, mobile device, pharmaceutical, textiles and tourism. To navigate across these incentives, please visit the <u>incentives</u> database. Incentives are categorized by special schemes (i.e., Special Economic Zones) and business sectors.

2. Non-tax financial incentives

This section explores the diverse range of non-tax incentives in Pakistan, starting from funds supporting entrepreneurship to programs promoting innovation and investment, all contributing to the nation's economic vitality and global competitiveness.

Ignite - National Technology Fund

Ignite is dedicated to propelling Pakistan into the knowledge economy by concentrating technologies pivotal to the fourth industrial revolution and fostering ecosystem development. Through its extensive network of incubators across the nation, Ignite supports emerging startups, and its Seed Fund offers financial grants to pioneering projects and startups with a focus on deep technology. The Seed Fund by Ignite provides capital to startups and pioneering initiatives that leverage advanced technologies from the fourth industrial revolution. These ventures aim to address local challenges and tap into international markets across sectors such as healthcare, education, energy, telecommunications, finance, and more.

Pakistan Startup Connect

This initiative is part of the Digital Pakistan vision, backed by the Ministry of Information Technology and Telecommunication (MoITT) and Ignite – National Technology Fund. It is committed to nurturing innovation, promoting collaborative efforts, and stimulating expansion within Pakistan's startup landscape. It is a platform which aim is to establish Pakistan as a prominent hub for diverse industries, while also exploring emerging trends and breakthroughs across these sectors.



Innovator Seed Fund (ISF)

Promoting entrepreneurship stands as a core objective of the Higher Education Commission (HEC) Pakistan. Through the Higher Education Development project in Pakistan (HEDP), the HEC aims to boost the country's economic growth through encouraging entrepreneurships. The ISF, one of the key initiatives of this project, targets entrepreneurs and aspiring individuals keen on translating their business concepts into reality. Under ISF, early-stage startups will receive comprehensive support and seed funding through HEC-recognized Business Incubation Centers (BICs) in universities. Seed funding to selected entrepreneurs can reach USD 35,000. Each year, ISF funds and supports fifteen (15) promising early-stage startups, providing them with the essential training and incubation services necessary to transform them into investment-worthy ventures. Successful startups are connected with different funding sources to help them fulfill capital needs as they expand and grow. Notably, as part of this project's strategic goals, a significant portion of the grants would be allocated to startups led by female founders. All submissions must be done through the HEC online portal after following the guidelines outlined in the call for proposals and the "Downloads" section.

<u>Credit Guarantee Scheme for Small and Rural Enterprises (CHSSRE)</u>

The State Bank of Pakistan (SBP) has recognized the significance of Small and Medium Enterprises (SMEs), particularly, small and rural enterprises, in economic growth and the need to improve access to formal financing sources. Thus, in partnership with the Federal Government and the UK's Department for International Development (DFID), it has introduced the Credit Guarantee Scheme (CGS) for Small, Rural, and Micro Enterprises. As part of this fund, 60% risk coverage is provided for loans extended to startups, women borrowers, and enterprises operating in under-served regions.

Pakistan Startup Fund

The Pakistan Startup Fund, backed by the Ministry of IT & Telecommunication, aims to support and promote startup growth in Pakistan by attracting investments from global and local Venture Capital (VC) funds. It serves as a strategic partner for startups, providing the last round of funding after VC due diligence, enhancing their financial support and fostering innovation within the country. The Pakistan Startup Fund's grant is allocated as the final installment in a startup's funding round, requiring the startup to secure initial investments from private sources before accessing the grant. Only then will the grant be released, offering supplementary backing once private sector funding has been secured. The advantages encompass a streamlined deal flow, risk coverage for venture capital up to 30%, an independent investment committee, an angel list to facilitate deal syndication, and a quarantee of no government interference investment decisions, management, or governance.

The Small and Medium Enterprises Development Authority (SMEDA)

SMEDA plays a crucial role in supporting startups and entrepreneurs. SMEDA focuses on fostering the growth and development of SMEs across various industries. Its role includes providing business development services, offering guidance regulatory compliance, and facilitating access to finance. SMEDA also conducts research and analysis to identify opportunities and challenges for SMEs, thereby contributing to the formulation of effective policies. Through training programs, workshops, and mentorship initiatives, SMEDA aims to enhance the entrepreneurial ecosystem and empower startups to thrive in the competitive business landscape of Pakistan.



3. Special Economic Zones

Special Economic Zones (SEZs) in Pakistan are designated areas established by the government to promote industrial growth and attract investment. These zones are in line with the global trend of creating SEZs as testing grounds for the implementation of liberal market economy principles. The main objectives of SEZs are to facilitate rapid economic growth by leveraging tax incentives to attract foreign investment and drive technological advancement. They aim to create a favorable business environment for users and investors by offering favorable regulations and taxation.

Currently, Pakistan has four (4) SEZs under construction, with plans to operate five (5) others in the near future. These SEZs provide several advantages and incentives for both zone developers and businesses, including:

- Enterprises are eligible for a ten-year income tax exemption, which includes the minimum turnover tax. This exemption commences from the date of initiating commercial operations within the zones.
- Enterprises receive a one-time exemption from custom duties and taxes on imported capital goods in Pakistan, excluding items in Chapter 87 of the Pakistan Customs Tariff, contingent upon verification by the Board of Investment (BOI).
- To attract foreign technology enterprises and expedite scientific and technological advancement, the Special Technology Zones Authority (STZA) has established key alliances and partnerships with industry leaders such as Mastercard, Shorooq Partners, the US diaspora, Chinese associations, and Russian technology enterprises.

As part of their comprehensive strategy, STZs offer a range of incentives specifically tailored to attract and support technology enterprises, including startups. These incentives include:

- Customs duties exemption on capital goods imports that last for ten (10) years from the date of the authority's license issuance for capital goods imported by Zone Enterprises.
- Income tax exemption is granted for ten (10) years from the date of the authority's license issuance.
- Property tax exemption for zone enterprises is offered for a ten-year property tax exemption, commencing from the date of the Authority's license issuance.
- Tax exemption for Venture Funds in special technology zones provides a ten-year tax exemption on dividend income and capital gains for venture capital investments in zone enterprises.





II. Labor and immigration regulations and facilitations

1. Business visa

In order to facilitate and incentivize foreign investment within the nation, the Government of Pakistan has introduced a program granting multiple entry business visas. The visa may be granted for up to five (5) years. Citizens of ninety-seven (97) countries, listed here, are eligible to apply for this visa. However, obtaining a "Visa Inbox" or "Electronic Travel Authorization" is necessary for the qualified people. It is possible to apply for a visa extension for an additional five (5) years if you have a valid Pakistan visa and you are residing in Pakistan.

The visa application process for Pakistan has been streamlined and consolidated into a centralized <u>Online Visa System</u>. This digital platform has been designed to simplify the application procedure by allowing applicants to submit their visa requests through the internet.

Should the application be returned to the applicant for further review, the established processing timeframe will commence anew from the date the application is resubmitted. If the applicant fails to resubmit the application within seven (7) days from when it was sent back for review, the application will be deemed cancelled.

Steps Step

- 1 Visit the <u>Pakistan online visa system</u>.
- 2 Create a new account or login to your PAK-VISA account.
- 3 Sign into the Pakistan online visa system with your credentials.
- 4 Fill out the application form with the required information.
- 5 Upload the necessary documents.
- Upload proof of a valid Pakistani Visa along with the entry stamp on your passport in case you are applying for an extension.
- 7 Make the payment using a valid credit card or debit card and submit the application.

Requirements

- You must be a citizen of one (1) of the countries listed in the <u>Business Visa List Countries</u>.
- The photograph needs to have a size under 350KB and be captured as explained in this guide.



Documents

- A photo.
- A passport.
- A recommendation letter from the Chamber of Commerce and Industry (CCI) of your home country. Otherwise, an invitation letter from a business organization, duly recommended by the relevant trade organization in Pakistan. This letter can be obtained through the <u>E-Business Invitation Letter System</u>. Else, a recommendation letter by the honorary investment counselor of the Board of Investment (BOI) or the Commercial Attaché in its diplomatic missions abroad.
- A proof of registration of the company or authority extending the invitation.
- A proof of legal residence if you are applying from a country besides your home country.

O Duration

- Entry for Business Visa List countries: Twenty-four (24) hours.
- ⁻ Entry for Non-Business Visa List countries: Four (4) weeks.
- Extension: Four (4) weeks.

S Cost

Refer to the online visa fee calculator.

2. Business visa on arrival

The Government of Pakistan provides a 30-day single entry business visa, referred to as the Electronic Travel Authorization (ETA). Citizens of the countries listed <u>here</u> are eligible to apply for this visa. To obtain this visa, applicants may apply through the <u>Pakistan online visa system</u>. However, please initiate this process at least forty-eight (48) to seventy-two (72) hours prior to the intended travel date. An ETA is valid for ninety (90) days from the date of issuance. If an applicant does not travel within this period, the visa will be canceled.

Steps Ste

- 1 Visit the <u>Pakistan online visa system</u>.
- 2 Create a new account or login to your PAK-VISA account.
- Sign into the Pakistan online visa system with your credentials, i.e., your given name, surname, email, passport number, and password.



- 4 Fill out the application form with the required information.
- 5 Upload the necessary documents.
- 6 Make the payment using a valid credit card or debit card.
- 7 Finalize and submit your visa application.

Requirements

- You must be a citizen of one of the countries listed in the following Business Visa List Countries.
- ⁻ The photograph needs to have a size under 350KB and be captured as explained in this guide.

Documents

- A photo.
- A passport.
- A recommendation letter from the CCI of your home country. Otherwise, an invitation letter from a business organization, duly recommended by the relevant trade organization in Pakistan. This letter can be obtained through the <u>E-Business Invitation Letter System</u>. Else, a recommendation letter by the honorary investment counselor of the BOI or the Commercial Attaché in its diplomatic missions abroad.
- A proof of registration of the company extending the invitation, i.e., SECP or Chamber of Commerce Certificate.
- A proof of legal residence if you are applying from a country besides your home country.

Ouration

Between forty-eight (48) and seventy-two (72) hours.

S Cost

Refer to the online visa fee calculator.



3. Work visa

The Government of Pakistan provides this visa for foreign citizens who intend on working in Pakistan. To obtain this visa, they may apply through the <u>Pakistan online visa system</u>. The work visa is granted for up to two (2) years. People are eligible to apply for this visa if they have a valid job and meet certain requirements. To find more details about the requirements please visit the <u>Board of Investment website</u>.

You are eligible to apply for a visa extension for an additional two (2) years if you are currently residing in Pakistan and have a valid Pakistan visa.

If an application is sent back for review, the processing time resets upon resubmission. Failure to resubmit within seven (7) days will result in cancellation of the application.

Steps Step

- 1 Visit the <u>Pakistan online visa system</u>.
- 2 Create a new account or login to your PAK-VISA account.
- Sign into the Pakistan Online Visa System with your credentials, i.e., your given name, surname, email, passport number, and password.
- 4 Fill out the application form with the required information.
- 5 Upload the necessary documents.
- 6 Make the payment using a valid credit card or debit card.
- 7 Finalize and submit your visa application.

Requirements

- You should have a valid job and meet certain requirements, as detailed on the <u>Board of Investment</u> <u>website</u>.
- The photograph needs to have a size under 350KB and be captured as explained in this guide.

Documents

- A photo.
- A passport.
- A recommendation from the BOI or the concerned Central Work Areas (CWA).



- An employment letter from a company registered with the SECP, detailing salary and the term of the assignment or appointment, or a sponsorship or guarantee letter from the company, in case of employment by a company.
- ⁻ Tax certification from the employer, in case of a single person-owned business.
- ⁻ The employer's computerized national identity card (CNIC) or passport, in case of a single personowned business.

Ouration

Entry or extension: Four (4) weeks.

S Cost

Refer to the online visa fee calculator.





III. Data protection

Pakistan currently does not have a comprehensive data protection law that regulates the collection, processing, and protection of personal data. However, there are some sector-specific laws and regulations that provide limited data protection measures.

The <u>Prevention of Electronic Crimes Act of 2016</u> for example encompasses provisions for certain cybercrimes, such as unauthorized access to personal data, electronic forgery, identity theft, and confidentiality of information. Nevertheless, it does not offer a comprehensive legal structure necessary for the adequate protection of citizens' sensitive information.

More recently, the Ministry of Information Technology and Telecommunication (MOITT) introduced the Personal Data Protection Bill 2023 which is designed to create a robust data protection infrastructure in Pakistan. This proposed legislation intends to safeguard personal information by setting responsibilities for data handlers and granting rights to individuals whose data is being processed. However, as of now, the bill has not been officially passed into law.

The upcoming Personal Data Protection Bill (PDPB) which is currently in the drafting stage is a major step in data protection. It ensures that Personal data must be collected lawfully, fairly, and with consent and should only be used for the intended purpose or closely related purposes. To learn about the draft of the personal data protection bill of 2023, please visit this link.

The draft PDPB outlines a comprehensive system of fines and penalties that range from a fine of PKR 13.78 Million to PKR 551.48 Million, based on the nature of the violation. Violations can also result in the suspension or termination of the registration and impose additional measures. Penalties are imposed on anyone who:

- Continues to process personal data after the data subject withdraws consent.
- Neglects the required implementation security measures for data protection.
- · Fails to adhere to directives from the National Commission for Personal Data Protection of Pakistan.
- Processes, disseminates, or discloses personal data in violation of the Act.
- · Disobeys orders from the National Commission for Personal Data Protection of Pakistan or the court.





IV. Intellectual property

In Pakistan, there is a comprehensive framework of laws and regulations aimed at protecting various forms of Intellectual Property (IP). The Intellectual Property Organization of Pakistan (IPO) is responsible for coordinating and managing IP-related matters. This organization advises the government on IP policies, oversees the enforcement of IP rights through agencies like the police and customs, and has created an easy-to-use online portal for trademark registration, patent applications, and copyright protection.

Overall, there are four (4) main types of intellectual property rights: patents, trademarks, industrial designs, and copyrights. In the section below, we will cover the steps you need to know, to receive protection under three (3) types based on their relevance to startups.

1. Patents

A patent is a legal document that grants the holder exclusive rights to an invention for a defined period. It is a key element of intellectual property (IP) protection. If your application satisfies all criteria, the examiner will grant the patent, and the granted patent will be issued by the Patent Office and advertised in the Official Gazette. The period of protection for patents in Pakistan is twenty (20) years from the date of filing.

The patent ownership grants control and is entitled to determine who may or may not utilize the patented invention. Via mutually agreeable terms, the patent owner may provide licenses to a third party to contribute novelty. And he/she may potentially transfer this possession by selling the rights to use. If your startup application satisfies all criteria, the examiner will grant the patent, and the granted patent will be issued by the Patent Office and advertised in the Official Gazette. The period of protection for patents in Pakistan is twenty (20) years from the date of filing.

Steps Ste

- 1 Visit the IPO Portal.
- Ensure patent eligibility by checking if the patent is whether a product or a process, scan for novelty, inventive step, and industrial applicability.
- 3 Choose the appropriate patent application form.
- 4 Complete the application form.
- 5 Pay the necessary fees.
- 6 Submit the fully filled application form, along with the corresponding fee, to any IPO office.
- Include a declaration confirming your role as the inventor and an overview of your application.



Requirements

- ⁻ The invention must be a process or a product.
- ⁻ The invention must be original or new.
- ⁻ The invention includes an inventive step.
- ⁻ The invention is suitable for industrial application.

Ouration

- Issuance of acknowledgement receipt on filing application: One (1) week.
- ⁻ Issuance of 1st Examination Report on application: Eighteen (18) months.
- ⁻ Review action on Reply received from the applicant: Three (3) months.
- Acceptance and subsequent publication on compliance of all legal or and codal requirements: Two (2) months.
- Publication and or Notification of "Sealing is due" of Patent application: Six (6) months.
- ⁻ Issuance of registration Certificate of Patent after reception of Fee and form P-10: Ten (10) days.
- Accumulated time to decide Patent Opposition proceedings: Two (2) years.
- Patent Research Report from request on form P-27: One (1) month.
- Miscellaneous requests when hearing is not required: One (1) month.
- Patent Revocation proceedings: One (1) year.

S Cost

- Request for sealing: 6750 PKR.
- Additional page of specification beyond forty (40) pages: 90 PKR for each.
- Additional claim beyond twenty (20) claims: 225 PKR for each.
- Request for search: 1500 PKR.

For more detailed information check this patent filling guidelines.

2. Trademarks

A trademark is a symbol, word, or phrase legally registered or established by use as representing a company or product. It distinguishes goods or services of one entity from those of others and provides exclusive usage rights to the owner. It serves as the distinctive symbol or identifier of the entity that owns a specific product or provides a particular service. It may be utilized by third parties after licensing agreements. Each company should consider registering its trademark. Trademark registration in Pakistan lasts ten (10) years from the date of filing.



In Pakistan, like many other countries, trademark applications are advertised in the Official Gazette upon acceptance. For a detailed step-by-step guide, you can refer to <u>Step-by-Step Registration Guide for SELF user</u> and the <u>Step-by-Step Registration Guide for REPRESENTATIVE user</u>. You may also watch this <u>video tutorial</u>.

Steps Step

- 1 Visit the <u>IPO Portal</u>.
- 2 Check distinctiveness and non-generic qualities to ensure trademark eligibility.
- Select the appropriate trademark application form based on your role (self or representative user).
- Choose your user type and provide relevant details, including law firm name and bar council license number if you are a representative.
- 5 Complete the trademark application form with required details.
- 6 Pay the filing fees.
- 7 Submit the application form and payment to any IPO-Pakistan office.

Ouration

- Issuance of acknowledgement receipt: Fifteen (15) days.
- Issuance of 1st examination report: Four (4) months.

© Cost

Depending on the form of the trademark: 300 PKR - 9000 PKR.

3. Industrial designs

An industrial design is the unique aesthetic features (the shape of an article, or two-dimensional features, such as patterns, lines, or color.) of a product that can be registered to grant the creator exclusive rights to its commercial use, preventing unauthorized replication or imitation. Protecting industrial designs supports product marketing and ensures a fair return on investment. It fosters fair competition, honest trade practices, product diversity, and expanded consumer choices. A startup can protect the ornamental or aesthetic features of its products by registering the corresponding industrial designs. The protection of the industrial design lasts ten (10) years after filing and approval of the application. A detailed guide on the application process can be found here. All needed forms can be downloaded from here.



Steps Ste

- 1 Visit the nearest Intellectual Property Organization (IPO) office.
- 2 Fill and submit the prescribed application handed at the IPO office.
- 3 Pay the prescribed fee.

Requirements

- Novelty, originality, and non-publication of the design.
- If you use the support of an IP agent during the registration process, you'll need to submit a power of attorney.

Documents

- ⁻ Application form including your name, contact details and specimen of design.
- ⁻ Drawings, and/or photographs of the design(s) in question.
- Written description or statement of novelty of the industrial design(s).

Ouration

- Issuance of the application number: Thirty (30) days from the filing date.
- Substantive evaluation: Six (6) months of the filing date.
- Examination: One (1) to (6) months.
- Registration process: Eight (8) to (12) months.

S Cost

One (1) design application: 450 PKR.



V. Key support organizations and initiatives (not exhaustive)

Incubators

Accountability Lab

Aspire Pakistan

Durshal

Founder Institute, Islamabad

High Output Ventures

National Incubation Center, Karachi

National Incubation Center, Quetta

National Incubation Center, Kohat

National Incubation Center, SWAT

National Incubation Center, Lasbela

Tech Valley

LUMS Center for Entrepreneurship

The Nest I/O

Competitions and Awards

APSUP Excellence Award

Idea Pitching Competition

Rising Startup Competition

Funding institutions

+92 Ventures

47 Ventures

Angel Investment Network

Artistic Ventures

Banana Capital

Fatima Gobi ventures

Draper Associates

firstminute

House of Habib

Hustle Fund

<u>i2i ventures</u>

Ignite - National Technology Fund

Indus Valley Capital

Innovator Seed Fund

Karandaaz Pakistan

Kinnow VC

Lakson Investments

Peracha Ventures

Sarmayacar

Walled City Co.

Zayn Capital

Coworking spaces	
Colabs	
dot zero	
Fusion 4	
GITMIT	
Huddle Coworking Space	
Kickstart Coworking Space	
Regus	
The Hive	
The Desk	
<u>twinhub</u>	
<u>Venture Drive</u>	
MindStir	
<u>Mangospace</u>	
Events	
92Disrupt	
<u>Biznet</u>	
Expo Day by Plan9	
<u>FutureFest</u>	
Lift Pakistan 2023	
See Pakistan	
Startup Weekend Lahore	

Accelerators

Accelerate Prosperity

Ejad Labs

Epiphany - Harnessing Ideas

INNOVentures Global

Invest2Innovate

Jazz xlr8

Katalyst Labs

National Incubation Center, Quetta

National Incubation Center, Lahore

National Incubation Center, Karachi

National Incubation Center, Islamabad

PlanX

ScaleX

Seed Ventures

Telenor Velocity

Reference list 40

Reference list

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Appendix 42

Appendix 1: Launching your startup: key success factors



Addressing market demand

Your startup should provide a compelling solution to a specific problem within a large and eager market. Think of it as a puzzle piece that fits perfectly into the demand landscape. Steve Blank's Customer Development Model can guide you in creating a product or service that customers cannot resist.



Feasibility analysis

Conduct a thorough feasibility analysis. This process empowers you to make informed decisions, spot areas needing improvement, and allocate resources effectively. It is your tool for maximizing your chances of crafting a successful, long-lasting venture.



Market insights

Dive deep into market analysis. Understand the current state of your industry segment and define your target market. A strong grasp of market dynamics is essential for positioning your product or service effectively.



Building a stellar team and network

Source and group a team of multitalented experts. This is one of the fundamental steps to scale a startup. These diverse talents will complement each other and will help you access a strong, interconnected network that can be your secret weapon for gaining support, mentorship, and continuous learning.



Analyzing the competition

Competitive analysis is not just about sizing up rivals; it is a vital part of your strategic planning, systematic research and evaluation competitors' strengths your weaknesses. It will guide you into finding your competitive edge and creating your added value ion the market.



Legal Flexibility

The legal form of a startup must allow for flexibility. Choose a legal structure for your startup that offers the flexibility needed for growth. Make it easy for shareholders to join and leave the company and ensure your memorandum of association can adapt to your evolving needs. In fact, the memorandum of association must be drawn up freely and allow the opening of share capital.



Appendix 43

Appendix 2: What type of support to expect at each stage of a startup lifecycle

	Startup development stages	Government support	Funders support	SSOs support
Outreach	 Idea formation Problem validation Team establishment 	 Promote entrepreneurship education Facilitate Ideation: Hackathons, startup Weekends, etc. Promote innovation and entrepreneurship culture 	 Financial literacy and entrepreneurship awareness programs Networking opportunities to connect with potential mentors, advisors, and industry experts 	 Access to experienced mentors who provide guidance and advice on various aspects of startups Provision of office space, shared facilities, and infrastructure to support the early-stage development of the business
Pre start	 Idea development Business modeling Problem/Solution fit: prototyping Team Formation: access to training and mentorship 	 Offer entrepreneurship training and education Facilitate Proof of concept and proof of Business Facilitate Business Modeling Validate MVP 	 Seed funding for idea validation and product development Coaching to refine business ideas and plans Access to incubators or accelerators providing resources, infrastructure, and networking opportunities 	 Assistance in refining the product/service, pricing strategies, and go-to-market plans Support in conducting market research and understanding the target market, customer needs, and competitors



Appendix 44

	Startup development stages	Government support	Funders support	SSOs support
Launch	 Business Creation Early-stage fundraising Initial Go-To market: MVP development 	 Provide Early-Stage Financing Facilitate access to client and Go-To -Market Strategic partnerships Housing Operation set up and labeling 	 Seed funding to launch the business Cover initial operational costs Access to angel investors or venture capital firms Guidance on legal and regulatory compliance Support in building a strong founding team and advisory board 	 Guidance on company registration, intellectual property protection, and legal compliance Support in identifying funding sources, preparing investor pitches Connecting with potential investors
Growth	 Product/Market Fit International Go- To-market Expansion and scaling 	 Facilitate access to Finance Facilitate internationalizat ion via events, strategic partnership, etc. Provide operational support 	 Series A, B, or C funding rounds for scaling operations and market expansion Strategic guidance and industry insights from investors Assistance in negotiating partnerships and strategic alliances Exit strategies and assistance with mergers, acquisitions, or public offering 	 Assistance in scaling operations, managing growth, and overcoming operational challenges Access to industry experts Provide sectorspecific knowledge and guidance







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