

A World Bank Group Flagship Report



# Doing Business 2018

## Reforming to Create Jobs

### Economy Profile

### Pakistan



Comparing Business Regulation  
for Domestic Firms in **190** Economies

## Economy Profile of Pakistan

Doing Business 2018 Indicators  
(in order of appearance in the document)

<b>Starting a business</b>	Procedures, time, cost and paid-in minimum capital to start a limited liability company
<b>Dealing with construction permits</b>	Procedures, time and cost to complete all formalities to build a warehouse and the quality control and safety mechanisms in the construction permitting system
<b>Getting electricity</b>	Procedures, time and cost to get connected to the electrical grid, the reliability of the electricity supply and the transparency of tariffs
<b>Registering property</b>	Procedures, time and cost to transfer a property and the quality of the land administration system
<b>Getting credit</b>	Movable collateral laws and credit information systems
<b>Protecting minority investors</b>	Minority shareholders' rights in related-party transactions and in corporate governance
<b>Paying taxes</b>	Payments, time and total tax rate for a firm to comply with all tax regulations as well as post-filing processes
<b>Trading across borders</b>	Time and cost to export the product of comparative advantage and import auto parts
<b>Enforcing contracts</b>	Time and cost to resolve a commercial dispute and the quality of judicial processes
<b>Resolving insolvency</b>	Time, cost, outcome and recovery rate for a commercial insolvency and the strength of the legal framework for insolvency
<b>Labor market regulation</b>	Flexibility in employment regulation and aspects of job quality

## About Doing Business

The Doing Business project provides objective measures of business regulations and their enforcement across 190 economies and selected cities at the subnational and regional level.

The Doing Business project, launched in 2002, looks at domestic small and medium-size companies and measures the regulations applying to them through their life cycle.

Doing Business captures several important dimensions of the regulatory environment as it applies to local firms. It provides quantitative indicators on regulation for starting a business, dealing with construction permits, getting electricity, registering property, getting credit, protecting minority investors, paying taxes, trading across borders, enforcing contracts and resolving insolvency. Doing Business also measures features of labor market regulation. Although Doing Business does not present rankings of economies on the labor market regulation indicators or include the topic in the aggregate distance to frontier score or ranking on the ease of doing business, it does present the data for these indicators.

By gathering and analyzing comprehensive quantitative data to compare business regulation environments across economies and over time, Doing Business encourages economies to compete towards more efficient regulation; offers measurable benchmarks for reform; and serves as a resource for academics, journalists, private sector researchers and others interested in the business climate of each economy.

In addition, Doing Business offers detailed [subnational reports](#), which exhaustively cover business regulation and reform in different cities and regions within a nation. These reports provide data on the ease of doing business, rank each location, and recommend reforms to improve performance in each of the indicator areas. Selected cities can compare their business regulations with other cities in the economy or region and with the 190 economies that Doing Business has ranked.

The first Doing Business report, published in 2003, covered 5 indicator sets and 133 economies. This year's report covers 11 indicator sets and 190 economies. Most indicator sets refer to a case scenario in the largest business city of each economy, except for 11 economies that have a population of more than 100 million as of 2013 (Bangladesh, Brazil, China, India, Indonesia, Japan, Mexico, Nigeria, Pakistan, the Russian Federation and the United States) where Doing Business, also collected data for the second largest business city. The data for these 11 economies are a population-weighted average for the 2 largest business cities. The project has benefited from feedback from governments, academics, practitioners and reviewers. The initial goal remains: to provide an objective basis for understanding and improving the regulatory environment for business around the world.

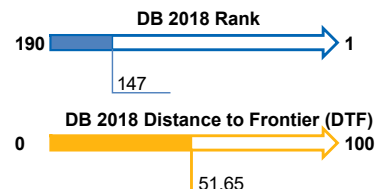
The distance to frontier (DTF) measure shows the distance of each economy to the "frontier," which represents the best performance observed on each of the indicators across all economies in the Doing Business sample since 2005. An economy's distance to frontier is reflected on a scale from 0 to 100, where 0 represents the lowest performance and 100 represents the frontier. The ease of doing business ranking ranges from 1 to 190. The ranking of 190 economies is determined by sorting the aggregate distance to frontier scores, rounded to two decimals.

More about [Doing Business](#) (PDF, 5MB)

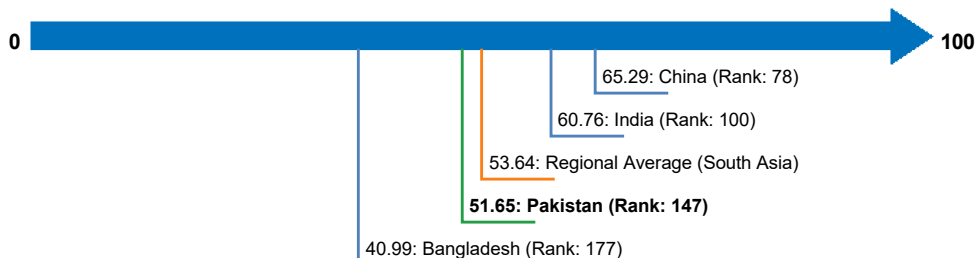
Ease of Doing Business in Pakistan



Region	South Asia
Income Category	Lower middle income
Population	193,203,476
GNI Per Capita (US\$)	1,510
City Covered	Karachi

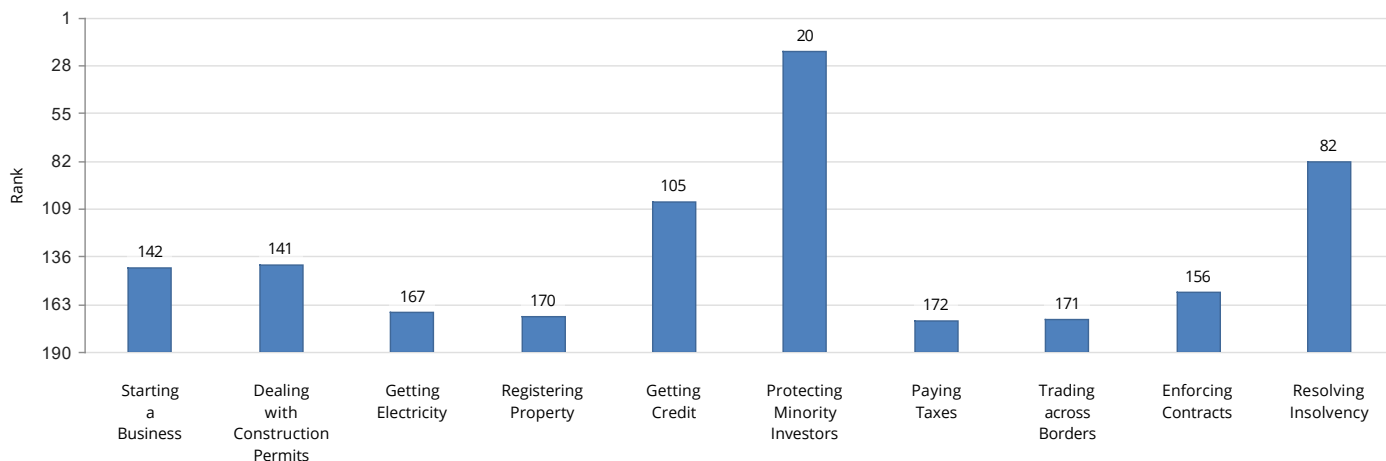


DB 2018 Distance to Frontier (DTF)

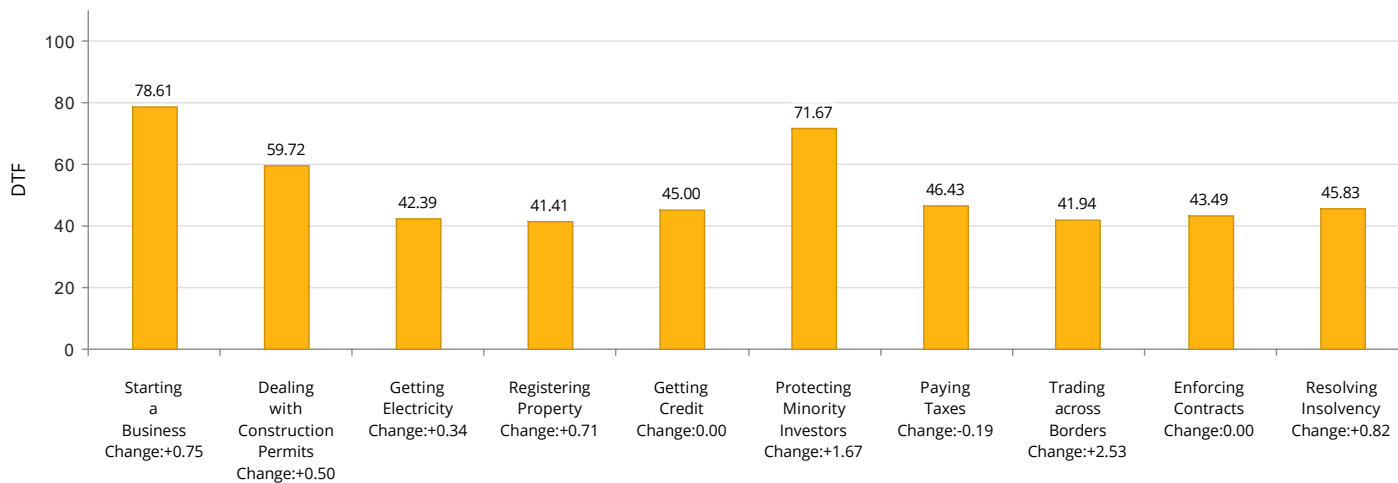


Note: The distance to frontier (DTF) measure shows the distance of each economy to the “frontier,” which represents the best performance observed on each of the indicators across all economies in the Doing Business sample since 2005. An economy’s distance to frontier is reflected on a scale from 0 to 100, where 0 represents the lowest performance and 100 represents the frontier. The ease of doing business ranking ranges from 1 to 190.

Rankings on Doing Business topics - Pakistan



Distance to Frontier (DTF) on Doing Business topics - Pakistan



## Starting a Business

This topic measures the paid-in minimum capital requirement, number of procedures, time and cost for a small- to medium-sized limited liability company to start up and formally operate in economy's largest business city.

To make the data comparable across 190 economies, Doing Business uses a standardized business that is 100% domestically owned, has start-up capital equivalent to 10 times income per capita, engages in general industrial or commercial activities and employs between 10 and 50 people one month after the commencement of operations, all of whom are domestic nationals. Starting a Business considers two types of local limited liability companies that are identical in all aspects, except that one company is owned by 5 married women and the other by 5 married men. The distance to frontier score for each indicator is the average of the scores obtained for each of the component indicators.

The latest round of data collection for the project was completed in June 2017. [See the methodology for more information.](#)

### What the indicators measure

#### Procedures to legally start and operate a company (number)

- Pre-registration (for example, name verification or reservation, notarization)
- Registration in economy's largest business city
- Post-registration (for example, social security registration, company seal)
- Obtaining approval from spouse to start business or leave home to register company
- Obtaining any gender-specific permission that can impact company registration, company operations and process of getting national identity card

#### Time required to complete each procedure (calendar days)

- Does not include time spent gathering information
- Each procedure starts on a separate day (2 procedures cannot start on the same day)
- Procedures fully completed online are recorded as ½ day
- Procedure is considered completed once final document is received
- No prior contact with officials

#### Cost required to complete each procedure (% of income per capita)

- Official costs only, no bribes
- No professional fees unless services required by law or commonly used in practice

#### Paid-in minimum capital (% of income per capita)

- Funds deposited in a bank or with third party before registration or up to 3 months after incorporation

### Case study assumptions

To make the data comparable across economies, several assumptions about the business and the procedures are used. It is assumed that any required information is readily available and that the entrepreneur will pay no bribes.

#### The business:

- Is a limited liability company (or its legal equivalent). If there is more than one type of limited liability company in the economy, the most common among domestic firms is chosen. Information on the most common form is obtained from incorporation lawyers or the statistical office.
- Operates in the economy's largest business city and the entire office space is approximately 929 square meters (10,000 square feet). For 11 economies the data are also collected for the second largest business city.
- Is 100% domestically owned and has five owners, none of whom is a legal entity; and has a start-up capital of 10 times income per capita and has a turnover of at least 100 times income per capita.
- Performs general industrial or commercial activities, such as the production or sale of goods or services to the public. The business does not perform foreign trade activities and does not handle products subject to a special tax regime, for example, liquor or tobacco. It does not use heavily polluting production processes.
- Leases the commercial plant or offices and is not a proprietor of real estate and the amount of the annual lease for the office space is equivalent to 1 times income per capita.
- Does not qualify for investment incentives or any special benefits.
- Has at least 10 and up to 50 employees one month after the commencement of operations, all of whom are domestic nationals.
- Has a company deed 10 pages long.

#### The owners:

- Have reached the legal age of majority. If there is no legal age of majority, they are assumed to be 30 years old.
- Are sane, competent, in good health and have no criminal record.
- Are married and the marriage is monogamous and registered with the authorities.
- Where the answer differs according to the legal system applicable to the woman or man in question (as may be the case in economies where there is legal plurality), the answer used will be the one that applies to the majority of the population.

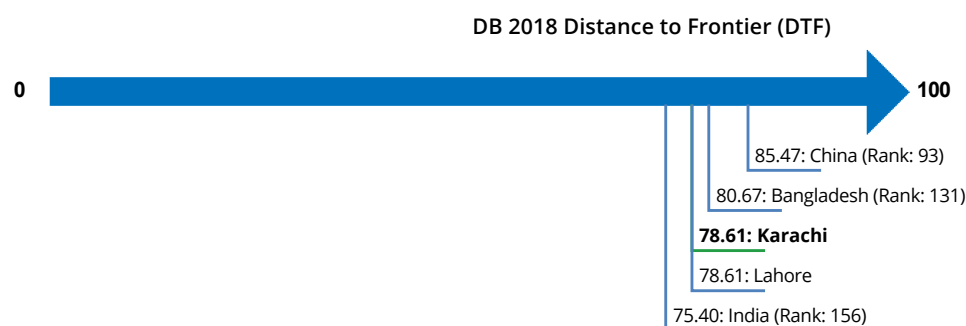
## Starting a Business - Karachi

## Standardized Company

Legal form	Private Limited Liability Company
Paid-in minimum capital requirement	PKR 0
City Covered	Karachi

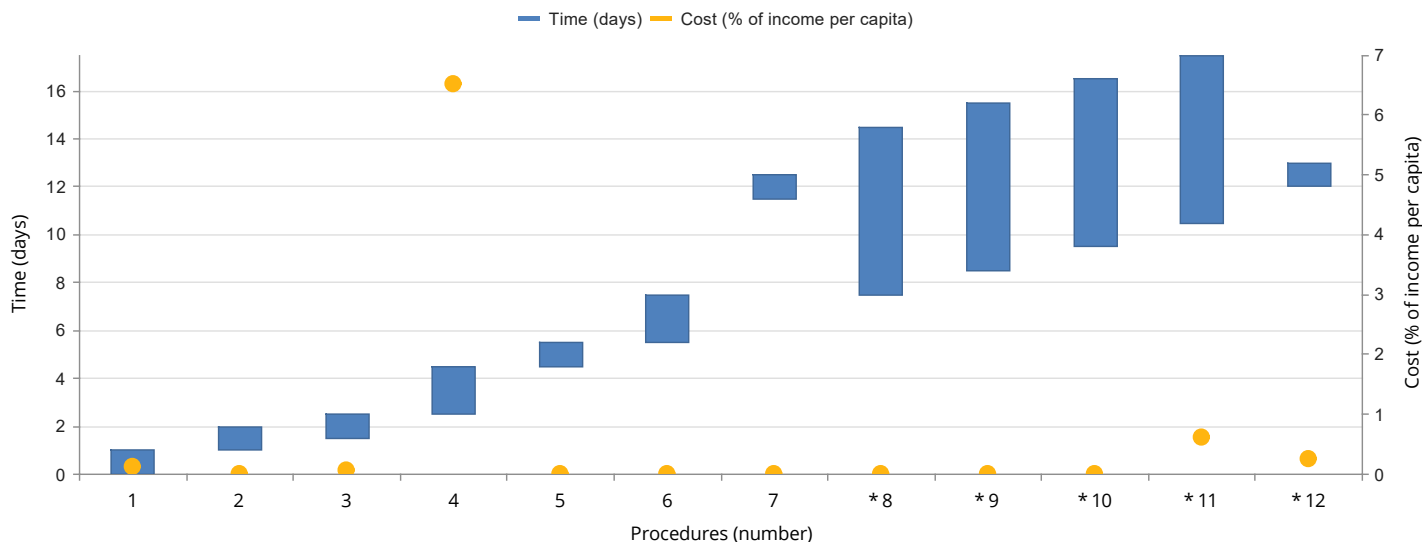
Indicator	Karachi	South Asia	OECD high income	Overall Best Performer
Procedure – Men (number)	12	7.9	4.9	1.00 (New Zealand)
Time – Men (days)	17.5	15.4	8.5	0.50 (New Zealand)
Cost – Men (% of income per capita)	7.6	21.4	3.1	0.00 (United Kingdom)
Procedure – Women (number)	12	8.1	4.9	1.00 (New Zealand)
Time – Women (days)	17.5	15.5	8.5	0.50 (New Zealand)
Cost – Women (% of income per capita)	7.6	21.4	3.1	0.00 (United Kingdom)
Paid-in min. capital (% of income per capita)	0.0	0.2	8.7	0.00 (113 Economies)

Figure – Starting a Business in Pakistan and comparator economies – Ranking and DTF



Note: The ranking of economies on the ease of starting a business is determined by sorting their distance to frontier scores for starting a business. These scores are the simple average of the distance to frontier scores for each of the component indicators.

Figure – Starting a Business in Karachi – Procedure, Time and Cost



\* This symbol is shown beside procedure numbers that take place simultaneously with the previous procedure.

Note: Online procedures account for 0.5 days in the total time calculation. For economies that have a different procedure list for men and women, the graph shows the time for women. For more information on methodology, see the Doing Business website (<http://www.doingbusiness.org/methodology>). For details on the procedures reflected here, see the summary below.

## Details – Starting a Business in Karachi – Procedure, Time and Cost

No.	Procedures	Time to Complete	Associated Costs
1	<p><b>Reserve a company name online via the Securities and Exchange Commission of Pakistan (SECP) E-services website</b></p> <p>Agency : Securities and Exchange Commission of Pakistan (SECP)</p> <p>The entrepreneur can check the availability of the desired company name via the website of the Securities and Exchange Commission of Pakistan (SECP). To reserve a company name, the applicant proposes one or more names in order of preference, and submits the application form to SECP either online or in person. The official confirmation (or rejection) of the chosen name and its availability is received by email or via courier upon payment of the name reservation fee of PKR 200 (online name reservation) or PKR 500 (offline name reservation) at the SECP-designated bank. The approved name is reserved for 90 days, during which the company must be incorporated.</p> <p>SECP recently introduced the Fast Track Registration Services (FTRS), processing the company name reservation applications within 4 hours of submission for an expedited fee of PKR 500 online and PKR 1,000 in person payable in addition to the normal fees.</p>	1 day	PKR 200
2	<p><b>Pay the name reservation and company incorporation fees at the MCB Bank</b></p> <p>Agency : Bank (MCB)</p> <p>The company must pay the name reservation and incorporation fees at the designated MCB Bank (formerly Muslim Commercial Bank) or at the United Bank Limited. The form indicating the amount due is obtained from SECP either online (downloaded) or on-site, or from the bank.</p> <p>The SECP launched online payment facility for its stakeholders in April 2014, therefore, online filing and payment is now possible for SECP's online filers, without visiting the Bank or the SECP offices.</p>	1 day	included in procedure 1 (name reservation fees) and procedure 3 (registration fees)
3	<p><b>Obtain PIN for company registration</b></p> <p>Agency : Securities and Exchange Commission of Pakistan (SECP)</p> <p>As of April 2017, SEC has allowed for the registration for company incorporation to be submitted through inputting the PIN number instead of the digital certificate. As such, companies now just need to input the following information into the system his/her 13 digit CNIC Number /NICOP /POC without dashes. The user will also enter his/her personal details i.e. Full Name, Father's/Spouse Name, Gender, Date of Birth, Current Address, Permanent Address, Mobile Number, Email Address. The user will then enter his/her proposed password. In next section, the user is required to select three security Questions and then provide answer to those questions. The user will then click the Signup button to proceed further. After verification, the system will send security code to User on his/her provided Mobile Number and also on his/her email address. Upon submission, the system will send PIN to User on the provided Mobile No. through SMS and also on the provided Email Address. This system generated PIN will be required for company incorporation.</p>	Less than one day (online procedure)	PKR 100



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| <b>4 Complete online registration on the Securities &amp; Exchange Commission of Pakistan (SECP) e-portal</b> | 2 days | See comments |
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Agency : Securities and Exchange Commission of Pakistan (SECP)

Registration can either be completed online or in person at SECP. The following documents are required for submission:

- a. Form 1: Declaration of compliance
- b. Form 21: Identification of the location of the office
- c. Form 29: Particulars of directors, secretary, chief accountant, auditors, and others
- d. One copy of the Memorandum and Articles of Associations with the signature of each member (in presence of a witness)

The fees for incorporation of a company was updated on May 24, 2016 according to the S.R.O 448. The fees depend on the authorized capital as:

- Online submission: PKR 1,000 for registration of a company whose nominal share capital does not exceed PKR 100,000 and an additional fee of PKR 500 for every PKR 100,000 of nominal share capital or part thereof, up to PKR 10,000,000. The online filing fee is PKR 400 per document.

A confirmation of the online or physical submission is received instantly, and the actual certificate a few days later via email or courier. The entrepreneur can register with any Company Registration Office, irrespective of the jurisdiction. All regional SECP offices are computerized. In February 2012, SECP launched the Fast Track Registration Services (FTRS), under which the incorporation of a company can take place within 4 hours for an expedited fee of PKR 20,000 for on-site incorporation and PKR 10,000 for online incorporation payable in addition to the normal fees above. To register a company online, the entrepreneur must first obtain a digital signature through the National Institutional Facilitation Technologies (NIFT) system. If the application is received with less than four hours remaining in the working day, the same shall be disposed of in the next working day.

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| <b>5 Open a bank account for tax registration</b> | 1 day | No charge |
|---|-------|-----------|

Agency : Bank

A bank account number in the name of the company is needed in order to register for taxes. A copy of the registration certificate is needed in order to open a bank account.

**6 Apply for a national tax number (NTN) and register for income tax** 2 days no charge

Agency : Tax facilitation center of the Regional Tax Office (RTO) of the Federal Board of Revenue (FBR) in Karachi

To apply, the company must submit a simple one page form called the NTN Form as well as a proof of registration, the Memorandum and Articles of Association, bank account number, copies of the national identity cards of its directors, and an attestation of the registered business address at the nearest tax facilitation counter of the Regional Tax Office in Pakistan. All applications are forwarded to the Central Registration Office (CRO) in Islamabad that allocates a uniform NTN number to each company. The center processes the application and issues the NTN at no charge. The certificate is then sent to the registered address of the applicant. The company can track the application online or through the RTO helpline. If undelivered, the NTN certification can be collected from the specified office at the Central Board of Revenue. Recently, the Federal Board of Revenue launched electronic services enabling online applications for NTN numbers to be made through its website: [www.fbr.gov.pk](http://www.fbr.gov.pk).

**7 Apply for a Sales Tax Number (STN) at the tax facilitation center of the Regional Tax Office (RTO) of the Federal Board of Revenue (FBR) in Karachi** 1 day no charge

Agency : Tax facilitation center of the Regional Tax Office (RTO) of the Federal Board of Revenue (FBR) in Karachi

According to the Sections 14, 15 and 16 of the Sales Tax Act 1990 and Sales Tax Rules 2006, the company must register for sales tax by submitting the application Form STR-1 at any tax facilitation counter at the nearest Regional Tax Office (RTO). The local RTO forwards all applications to the Central Registration Office. After verification, the CRO issues a Registration Certificate bearing the registration number and mails the same to the registered company, on a prescribed Form STR-5.

The Sales Tax General Order No. 4/2007 introduced electronic filing of the sales tax returns; and as of July 1st 2008, electronic filing was made mandatory for all categories of taxpayers.

**⇒ 8 Register for Professional Tax with the Excise & Taxation Department of the District** 7 days (simultaneous with the previous procedure) no charge

Agency : Excise & Taxation Department of the District

Following the Devolution Plan 2001, professional tax is enforced at the district level by the Excise and Taxation Department of the relevant provincial district. The tax is levied upon businesses, professionals, trades, callings or companies employing such professionals. The responsible district Excise and Taxation Officer (ET officer) is empowered to enroll in survey register every person who carries on any such business or profession and thereafter, give notice to such enrolled person. In case of a new business, the company is required to make a request to the ET officer to get enrolled by submitting a simple assessment form. The ET officer issues a registration number that acts as the reference number for the registered company and is noted down on every Bank Challan when assessments are paid into the Bank.

⇒ 9	<p><b>Register with the Sindh Employees Social Security Institution (SESSI)</b>  Agency : Sindh Employees Social Security Institution (SESSI)</p> <p>Registration with the Sindh Employees Social Security Institution is governed at the provincial level by an independent institution called the Sindh ESSI.</p>	7 days (simultaneous with the previous procedure)	no charge
⇒ 10	<p><b>Register with Employees Old-Age Benefits Institution (EOBI)</b>  Agency : Employees Old-Age Benefits Institution (EOBI)</p> <p>According to the Amendment in EOBI Act 1976 effective as of July 2008, every industry or a commercial establishment with 5 or more employees must register with the federal Employees Old Age Benefits Institution. Under the Employees Old Age Benefit Scheme, insured persons are entitled to pension upon retirement, invalidity in the case of a disability, old-age grant in the case of a retiring elder lacking the minimum threshold for pension, and survivor's pension. A contribution of 5% of minimum wage must be paid by the employer and 1% of minimum wage must be paid by the employee.</p> <p>An employer shall before expiration of thirty days from the day on which the Act becomes applicable to the industry or establishment in respect of which he/she is the employer, communicate to the Institution the name and particulars of the industry or establishment in Form PR-01 and of every insured person employed therein in Form PE-01 and, in the case of Form PE-01, give the receipt appended to the Form to the insured persons. An insured person may also communicate his/her name and other particulars to the Institution in Form PE-02.</p> <p>Upon receipt of the requisite particulars in Forms PR-01 and PE-01 from an employer, the Institution shall register the name of the industry or establishment in respect of which he/she is the employer and of the insured person and issue to the employer a Certificate of Registration in Form PI-02 and to each insured person a Registration Card in Form PI-03.</p> <p>The institution may send the Registration Card in Form PI-03 to the employer for delivery to the insured person to whom it relates.</p> <p>The minimum Pension has been increased from PKR 3,600 per month to PKR 5,250 per month.</p>	1 week (simultaneous with the previous procedure)	no charge

⇒ 11	<p><b>Register under the West Pakistan Shops and Establishment Ordinance 1969 with the Labor Department of the District</b></p> <p>Agency : Labour Department of the District</p> <p>Pakistan Shops and Establishment Ordinance 1969 requires every establishment other than a one man shop to be registered with the Deputy Chief Inspector of the Labor Department in each district. This is to safeguard the labor standards of the workers.</p> <p>To register, the employer must submit the application Form A accompanied by a bank challan. The application for a new establishment shall be made within 2 months of setting up the establishment. The registration fees have been changed to the following pursuant to the Punjab Shops and Establishments (Amendment) Act 2014 (II of 2014):</p> <p>Rs. 200 in the case of an establishment employing 1 to 5 workers.  Rs. 300 in the case of an establishment employing 6 to 10 workers.  Rs. 500 in the case of an establishment employing 11 to 20 workers.  Rs. 1000 in the case of an establishment employing more than 20 workers.</p> <p>Once the payment is settled, the Deputy Chief Inspection lists the establishment in the Register of Establishments maintained in Form B and issues a registration certificate in Form C. The registration certificate shall be prominently displayed by the employer at the establishment, and shall be renewed after every two years upon payment of fees.</p>	7 days (simultaneous with the previous procedure)	PKR 1,000
⇒ 12	<p><b>Register the appointed CEO with the SECP</b></p> <p>Agency : SECP</p> <p>Pursuant to the Companies Ordinance 1984, articles 198 - 205, a CEO is to be appointed within 15 days of the company's incorporation. The company needs to register said CEO within 14 days of the decision.</p>	Half a day (online procedure)	PKR 400 for the cost of form 29

♀ Applies to women only.

⇒ Takes place simultaneously with previous procedure.

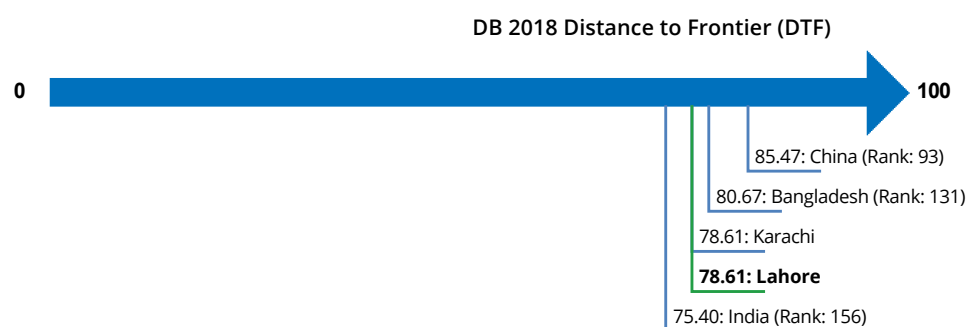
## Starting a Business - Lahore

## Standardized Company

Legal form	Private Limited Liability Company
Paid-in minimum capital requirement	PKR 0
City Covered	Lahore

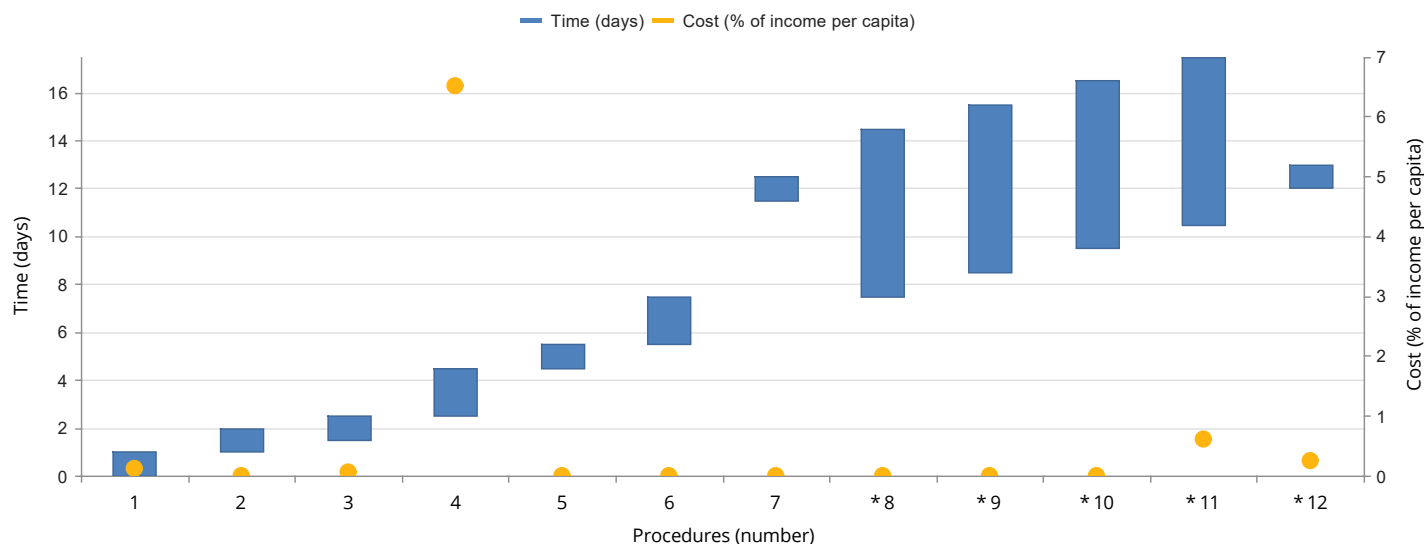
Indicator	Lahore	South Asia	OECD high income	Overall Best Performer
Procedure – Men (number)	12	7.9	4.9	1.00 (New Zealand)
Time – Men (days)	17.5	15.4	8.5	0.50 (New Zealand)
Cost – Men (% of income per capita)	7.6	21.4	3.1	0.00 (United Kingdom)
Procedure – Women (number)	12	8.1	4.9	1.00 (New Zealand)
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Cost – Women (% of income per capita)	7.6	21.4	3.1	0.00 (United Kingdom)
Paid-in min. capital (% of income per capita)	0.0	0.2	8.7	0.00 (113 Economies)

Figure – Starting a Business in Pakistan and comparator economies – Ranking and DTF



Note: The ranking of economies on the ease of starting a business is determined by sorting their distance to frontier scores for starting a business. These scores are the simple average of the distance to frontier scores for each of the component indicators.

Figure – Starting a Business in Lahore – Procedure, Time and Cost



\* This symbol is shown beside procedure numbers that take place simultaneously with the previous procedure.

Note: Online procedures account for 0.5 days in the total time calculation. For economies that have a different procedure list for men and women, the graph shows the time for women. For more information on methodology, see the Doing Business website (<http://www.doingbusiness.org/methodology>). For details on the procedures reflected here, see the summary below.

## Details – Starting a Business in Lahore – Procedure, Time and Cost

No.	Procedures	Time to Complete	Associated Costs
1	<p><b>Reserve a company name online via the Securities and Exchange Commission of Pakistan (SECP) E-services website</b></p> <p>Agency : Securities and Exchange Commission of Pakistan (SECP)</p> <p>The entrepreneur can check the availability of the desired company name via the website of the Securities and Exchange Commission of Pakistan (SECP). To reserve a company name, the applicant proposes one or more names in order of preference, and submits the application form to SECP either online or in person. The official confirmation (or rejection) of the chosen name and its availability is received by email or via courier upon payment of the name reservation fee of PKR 200 (online name reservation) or PKR 500 (offline name reservation) at the SECP-designated bank. The approved name is reserved for 90 days, during which the company must be incorporated.</p> <p>SECP recently introduced the Fast Track Registration Services (FTRS), processing the company name reservation applications within 4 hours of submission for an expedited fee of PKR 500 online and PKR 1,000 in person payable in addition to the normal fees.</p>	1 day	Free of charge
2	<p><b>Pay the name reservation and company incorporation fees at the MCB Bank</b></p> <p>Agency : Bank (MCB)</p> <p>The company must pay the name reservation and incorporation fees at the designated MCB Bank (formerly Muslim Commercial Bank) or at the United Bank Limited. The form indicating the amount due is obtained from SECP either online (downloaded) or on-site, or from the bank.</p> <p>The SECP launched online payment facility for its stakeholders in April 2014, therefore, online filing and payment is now possible for SECP's online filers, without visiting the Bank or the SECP offices.</p>	1 day	included in procedure 1 (name reservation fees) and procedure 3 (registration fees)
3	<p><b>Obtain PIN for company incorporation submission</b></p> <p>Agency : SECP</p> <p>As of April 2017, SEC has allowed for the registration for company incorporation to be submitted through inputting the PIN number instead of the digital certificate. As such, companies now just need to input the following information into the system his/her 13 digit CNIC Number /NICOP /POC without dashes. The user will also enter his/her personal details i.e. Full Name, Father's/Spouse Name, Gender, Date of Birth, Current Address, Permanent Address, Mobile Number, Email Address. The user will then enter his/her proposed password. In next section, the user is required to select three security Questions and then provide answer to those questions. The user will then click the Signup button to proceed further. After verification, the system will send security code to User on his/her provided Mobile Number and also on his/her email address. Upon submission, the system will send PIN to User on the provided Mobile No. through SMS and also on the provided Email Address. This system generated PIN will be required for company incorporation.</p>	Less than one day (online procedure)	PKR 100

**4 Complete online registration on the Securities & Exchange Commission of Pakistan (SECP) e-portal** 2 days See comments

Agency : Securities and Exchange Commission of Pakistan (SECP)

Registration can either be completed online or in person at SECP. The following documents are required for submission:

- a. Form 1: Declaration of compliance
- b. Form 21: Identification of the location of the office
- c. Form 29: Particulars of directors, secretary, chief accountant, auditors, and others
- d. One copy of the Memorandum and Articles of Associations with the signature of each member (in presence of a witness)

The fees for incorporation of a company was updated on May 24, 2016 according to the S.R.O 448. The fees depend on the authorized capital as:

- Online submission: PKR 1,000 for registration of a company whose nominal share capital does not exceed PKR 100,000 and an additional fee of PKR 500 for every PKR 100,000 of nominal share capital or part thereof, up to PKR 10,000,000. The online filing fee is PKR 400 per document.

A confirmation of the online or physical submission is received instantly, and the actual certificate a few days later via email or courier. The entrepreneur can register with any Company Registration Office, irrespective of the jurisdiction. All regional SECP offices are computerized. In February 2012, SECP launched the Fast Track Registration Services (FTRS), under which the incorporation of a company can take place within 4 hours for an expedited fee of PKR 20,000 for on-site incorporation and PKR 10,000 for online incorporation payable in addition to the normal fees above. To register a company online, the entrepreneur must first obtain a digital signature through the National Institutional Facilitation Technologies (NIFT) system. If the application is received with less than four hours remaining in the working day, the same shall be disposed of in the next working day.

**5 Open a bank account for tax registration** 1 day No charge

Agency : Bank

A bank account number in the name of the company is needed in order to register for taxes. A copy of the registration certificate is needed in order to open a bank account.



- |   |   |  |           |
|---|---|--|-----------|
| <b>6</b>  | <b>Apply for a national tax number (NTN) and register for income tax</b>  | 2 days   | no charge |
| <p>Agency : Tax facilitation center of the Regional Tax Office (RTO) of the Federal Board of Revenue (FBR) in Lahore</p> <p>To apply, the company must submit a simple one page form called the NTN Form as well as a proof of registration, the Memorandum and Articles of Association, bank account number, copies of the national identity cards of its directors, and an attestation of the registered business address at the nearest tax facilitation counter of the Regional Tax Office in Pakistan. All applications are forwarded to the Central Registration Office (CRO) in Islamabad that allocates a uniform NTN number to each company. The center processes the application and issues the NTN at no charge. The certificate is then sent to the registered address of the applicant. The company can track the application online or through the RTO helpline. If undelivered, the NTN certification can be collected from the specified office at the Central Board of Revenue. Recently, the Federal Board of Revenue launched electronic services enabling online applications for NTN numbers to be made through its website: <a href="http://www.fbr.gov.pk">www.fbr.gov.pk</a>.</p> |   |  |           |
| <b>7</b>  | <b>Apply for a Sales Tax Number (STN) at the tax facilitation center of the Regional Tax Office (RTO) of the Federal Board of Revenue (FBR) in Lahore</b> | 1 day  | no charge |
| <p>Agency : Tax facilitation center of the Regional Tax Office (RTO) of the Federal Board of Revenue (FBR) in Lahore</p> <p>According to the Sections 14, 15 and 16 of the Sales Tax Act 1990 and Sales Tax Rules 2006, the company must register for sales tax by submitting the application Form STR-1 at any tax facilitation counter at the nearest Regional Tax Office (RTO). The local RTO forwards all applications to the Central Registration Office. After verification, the CRO issues a Registration Certificate bearing the registration number and mails the same to the registered company, on a prescribed Form STR-5. The Sales Tax General Order No. 4/2007 introduced electronic filing of the sales tax returns; and as of July 1st 2008, electronic filing was made mandatory for all categories of taxpayers.</p>   |   |  |           |
| ⇒ <b>8</b>  | <b>Register for Professional Tax with the Excise &amp; Taxation Department of the District</b>  | 7 days<br>(simultaneous with the previous procedure) | no charge |
| <p>Agency : Excise &amp; Taxation Department of the District</p> <p>Following the Devolution Plan 2001, professional tax is enforced at the district level by the Excise and Taxation Department of the relevant provincial district. According to the Punjab Finance Act 1977, the tax is levied upon businesses, professionals, trades, callings or companies employing such professionals. The responsible district Excise and Taxation Officer (ET officer) is empowered to enroll in survey register every person who carries on any such business or profession and thereafter, give notice to such enrolled person. In case of a new business, the company is required to make a request to the ET officer to get enrolled by submitting a simple assessment form. The ET officer issues a registration number that acts as the reference number for the registered company and is noted down on every Bank Challan when assessments are paid into the Bank.</p>   |   |  |           |

⇒ 9	<b>Register with the Punjab Employees Social Security Institution (SESSI)</b>	1 week (simultaneous with the previous procedure)	no charge
<p>Agency : Punjab Employees Social Security Institution (PESSI)</p> <p>According to the Punjab Industrial Policy 2003, registration with the Sindh Employees Social Security Institution is governed at the provincial level by an independent institution called the Punjab ESSI. Employers covered under the scheme contribute 6% of the wages to their insured workers. The wage ceiling should not exceed PKR 15,000 per month or PKR 600 per day 2 as per Notification No: N-L-II (SEESI) 5-12- 91 dated 30 October, 2013. Registration is compulsory. The company has to complete a simple form to be allotted a registration number and to later receive an employee card.</p>			
⇒ 10	<b>Register with Employees Old-Age Benefits Institution (EOBI)</b>	1 week (simultaneous with the previous procedure)	no charge
<p>Agency : Employees Old-Age Benefits Institution (EOBI)</p> <p>According to the Amendment in EOBI Act 1976 effective as of July 2008, every industry or a commercial establishment with 5 or more employees must register with the federal Employees Old Age Benefits Institution. Under the Employees Old Age Benefit Scheme, insured persons are entitled to pension upon retirement, invalidity in the case of a disability, old-age grant in the case of a retiring elder lacking the minimum threshold for pension, and survivor's pension. A contribution of 5% of minimum wage must be paid by the employer and 1% of minimum wage must be paid by the employee.</p>			
<p>An employer shall before expiration of thirty days from the day on which the Act becomes applicable to the industry or establishment in respect of which he/she is the employer, communicate to the Institution the name and particulars of the industry or establishment in Form PR-01 and of every insured person employed therein in Form PE-01 and, in the case of Form PE-01, give the receipt appended to the Form to the insured persons. An insured person may also communicate his/her name and other particulars to the Institution in Form PE-02.</p>			
<p>Upon receipt of the requisite particulars in Forms PR-01 and PE-01 from an employer, the Institution shall register the name of the industry or establishment in respect of which he/she is the employer and of the insured person and issue to the employer a Certificate of Registration in Form PI-02 and to each insured person a Registration Card in Form PI-03.</p>			
<p>The institution may send the Registration Card in Form PI-03 to the employer for delivery to the insured person to whom it relates.</p>			
<p>The minimum Pension has been increased from PKR 3,600 per month to PKR 5,250 per month.</p>			

⇒ 11	<b>Register under the West Pakistan Shops and Establishment Ordinance 1969 with the Labor Department of the District</b>	7 days (simultaneous with the previous procedure)	PKR 1,000
Agency : Labour Department of the District			
Pakistan Shops and Establishment Ordinance 1969 requires every establishment other than a one man shop to be registered with the Deputy Chief Inspector of the Labor Department in each district. This is to safeguard the labor standards of the workers.			
To register, the employer must submit the application Form A accompanied by a bank challan. The application for a new establishment shall be made within 2 months of setting up the establishment. The registration fees have been changed to the following pursuant to the Punjab Shops and Establishments (Amendment) Act 2014 (II of 2014):			
Rs. 200 in the case of an establishment employing 1 to 5 workers.			
Rs. 300 in the case of an establishment employing 6 to 10 workers.			
Rs. 500 in the case of an establishment employing 11 to 20 workers.			
Rs. 1000 in the case of an establishment employing more than 20 workers.			
Once the payment is settled, the Deputy Chief Inspection lists the establishment in the Register of Establishments maintained in Form B and issues a registration certificate in Form C. The registration certificate shall be prominently displayed by the employer at the establishment, and shall be renewed after every two years upon payment of fees.			
⇒ 12	<b>Register CEO at SECP</b> Agency : SECP	Less than a day (online procedures)	PKR 400 for form 29
As per companies ordinance 1984, the company is required to a appoint a CEO within 15 days of commencement of activities. The appointed CEO is then required by law to be registered at the company's registry. This registration is a submission of a form online that costs PKR 400. Confirmed by public sector and private.			

♀ Applies to women only.

⇒ Takes place simultaneously with previous procedure.

## Dealing with Construction Permits

This topic tracks the procedures, time and cost to build a warehouse—including obtaining necessary the licenses and permits, submitting all required notifications, requesting and receiving all necessary inspections and obtaining utility connections. In addition, the Dealing with Construction Permits indicator measures the building quality control index, evaluating the quality of building regulations, the strength of quality control and safety mechanisms, liability and insurance regimes, and professional certification requirements. The most recent round of data collection was completed in June 2017. [See the methodology for more information](#)

### What the indicators measure

#### Procedures to legally build a warehouse (number)

- Submitting all relevant documents and obtaining all necessary clearances, licenses, permits and certificates
- Submitting all required notifications and receiving all necessary inspections
- Obtaining utility connections for water and sewerage
- Registering and selling the warehouse after its completion

#### Time required to complete each procedure (calendar days)

- Does not include time spent gathering information
- Each procedure starts on a separate day—though procedures that can be fully completed online are an exception to this rule
- Procedure is considered completed once final document is received
- No prior contact with officials

#### Cost required to complete each procedure (% of warehouse value)

- Official costs only, no bribes

#### Building quality control index (0-15)

- Sum of the scores of six component indices:
- Quality of building regulations (0-2)
- Quality control before construction (0-1)
- Quality control during construction (0-3)
- Quality control after construction (0-3)
- Liability and insurance regimes (0-2)
- Professional certifications (0-4)

### Case study assumptions

To make the data comparable across economies, several assumptions about the construction company, the warehouse project and the utility connections are used.

#### The construction company (BuildCo):

- Is a limited liability company (or its legal equivalent) and operates in the economy's largest business city. For 11 economies the data are also collected for the second largest business city.
- Is 100% domestically and privately owned; has five owners, none of whom is a legal entity. Has a licensed architect and a licensed engineer, both registered with the local association of architects or engineers. BuildCo is not assumed to have any other employees who are technical or licensed experts, such as geological or topographical experts.
- Owns the land on which the warehouse will be built and will sell the warehouse upon its completion.

#### The warehouse:

- Will be used for general storage activities, such as storage of books or stationery.
- Will have two stories, both above ground, with a total constructed area of approximately 1,300.6 square meters (14,000 square feet). Each floor will be 3 meters (9 feet, 10 inches) high and will be located on a land plot of approximately 929 square meters (10,000 square feet) that is 100% owned by BuildCo, and the warehouse is valued at 50 times income per capita.
- Will have complete architectural and technical plans prepared by a licensed architect. If preparation of the plans requires such steps as obtaining further documentation or getting prior approvals from external agencies, these are counted as procedures.
- Will take 30 weeks to construct (excluding all delays due to administrative and regulatory requirements).

#### The water and sewerage connections:

- Will be 150 meters (492 feet) from the existing water source and sewer tap. If there is no water delivery infrastructure in the economy, a borehole will be dug. If there is no sewerage infrastructure, a septic tank in the smallest size available will be installed or built.
- Will have an average water use of 662 liters (175 gallons) a day and an average wastewater flow of 568 liters (150 gallons) a day. Will have a peak water use of 1,325 liters (350 gallons) a day and a peak wastewater flow of 1,136 liters (300 gallons) a day.
- Will have a constant level of water demand and wastewater flow throughout the year; will be 1 inch in diameter for the water connection and 4 inches in diameter for the sewerage connection.

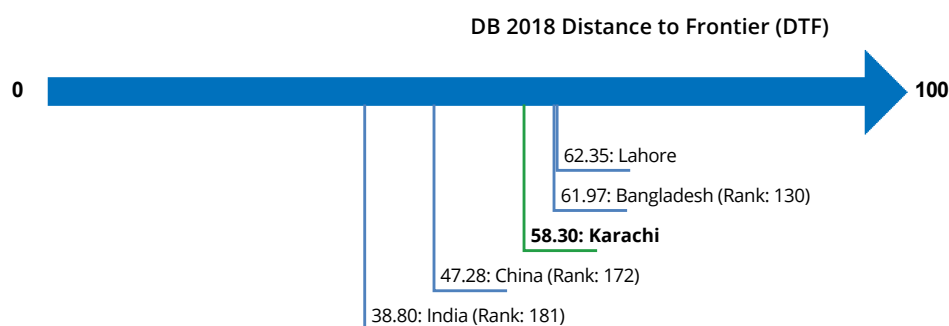
## Dealing with Construction Permits - Karachi

### Standardized Warehouse

Estimated value of warehouse	PKR 8,140,382.70
City Covered	Karachi

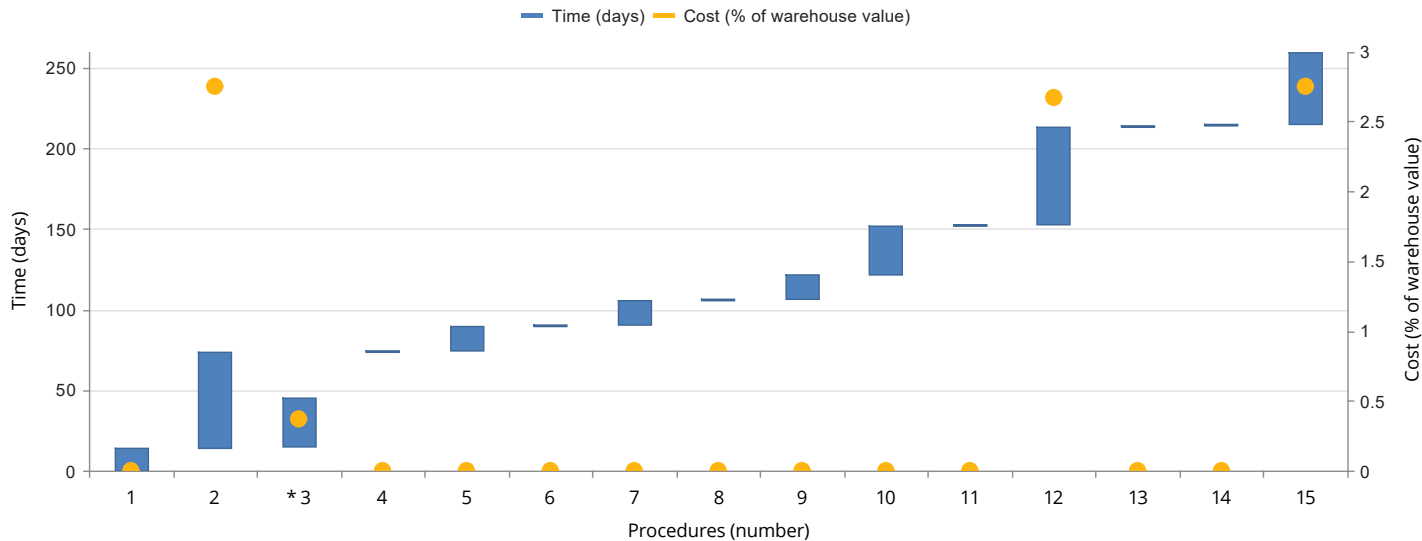
Indicator	Karachi	South Asia	OECD high income	Overall Best Performer
Procedures (number)	15	16.0	12.5	7.00 (Denmark)
Time (days)	260	193.9	154.6	27.5 (Korea, Rep.)
Cost (% of warehouse value)	8.5	17.6	1.6	0.10 (5 Economies)
Building quality control index (0-15)	12.5	8.7	11.4	15.00 (3 Economies)

**Figure – Dealing with Construction Permits in Pakistan and comparator economies – Ranking and DTF**



Note: The ranking of economies on the ease of dealing with construction permits is determined by sorting their distance to frontier scores for dealing with construction permits. These scores are the simple average of the distance to frontier scores for each of the component indicators.

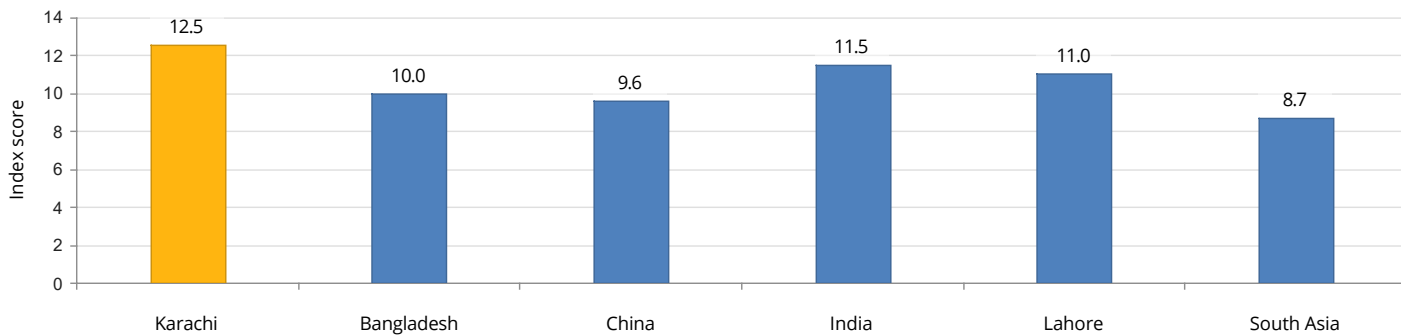
Figure – Dealing with Construction Permits in Karachi – Procedure, Time and Cost



\* This symbol is shown beside procedure numbers that take place simultaneously with the previous procedure.

Note: Online procedures account for 0.5 days in the total time calculation. For economies that have a different procedure list for men and women, the graph shows the time for women. For more information on methodology, see the Doing Business website (<http://www.doingbusiness.org/methodology>). For details on the procedures reflected here, see the summary below.

Figure – Dealing with Construction Permits in Karachi and comparator economies – Measure of Quality



## Details – Dealing with Construction Permits in Karachi – Procedure, Time and Cost

No.	Procedures	Time to Complete	Associated Costs
1	<p><b>Obtain letter from the relevant land owning authority confirming the land title</b></p> <p>Agency : Relevant Land Owning Authority</p> <p>BuildCo must obtain a letter from the relevant authority confirming the title or land use, the dimensions of the plot, and the possible existence of any road widening, cut line, or reservation.</p>	14 days	no charge
2	<p><b>Obtain building permit</b></p> <p>Agency : Sindh Building Control Authority</p> <p>An application form is to be submitted to the Sindh Building Control Authority (SBCA) along with the following documents:</p> <ul style="list-style-type: none"> <li>• A building plan (initially three copies and then six copies) together with: <ol style="list-style-type: none"> <li>1. Full particulars of the land plot with a specification of its intended use (such as residential, commercial, etc.)</li> <li>2. Two sets of all documents relating to the plot and a letter from the concerned authority confirming the title or land use, the plot dimensions, and the possible existence of any road widening, cut line, or reservation</li> </ol> </li> <li>• A plan description: <ol style="list-style-type: none"> <li>1. Any proposed and/or revised addition and/or alteration</li> <li>2. Any previous approval, if applicable</li> <li>3. Details of any litigation relating to the plot</li> </ol> </li> </ul> <p>The drawings should show plans, sections, and elevations, together with other necessary details pertaining to RCC elements, joinery work, and covered areas of every floor, including the basement (if applicable). In addition, a block plan of the site, drawn to a scale of not less than 1:500 (1":8') should be included. Such a plan and sections should show the building's intended use; the access to and from the various parts of the building; the position dimensions; the means of ventilation; the proposed plinth height; the superstructure at each floor level; and the dimensions and descriptions of all the walls, floors, roofs, staircases, elevators, and the like.</p> <ul style="list-style-type: none"> <li>• A description of the proposed construction: <ol style="list-style-type: none"> <li>1. Type of building</li> <li>2. Total floor area</li> <li>3. Number of floors</li> <li>4. Number of units (for public sale projects only)</li> <li>5. Car parking space</li> <li>6. Area of amenity space</li> </ol> </li> <li>• Particulars of the licensed professionals employed to prepare the plan and supervise work: <ol style="list-style-type: none"> <li>1. Name</li> <li>2. License number/professional registration number from the Public Electricity Corporation (PEC)</li> <li>3. National identity card number</li> <li>4. Mailing and permanent address/ telephone number</li> <li>5. Office address and telephone number</li> </ol> </li> </ul>	60 days	PKR 224,000

- A specification of the building's intended use (i.e., is it being built for public sale)
- A list of other documents to be attached to the application (photocopies should be duly attested by the professional):
  1. Lease/sale deed, allotment order, mutation (or transfer) order (or extract)
  2. Possession order
  3. Acknowledgement of possession
  4. Site plan
  5. No-objection certificate (NOC), if applicable
  6. National identity card
  7. Letter from the owner, or attorney of the owner, authorizing a named professional whose license or registration number should also be provided, to complete and comply with the requirements of the Sindh Building Control Ordinance of 1979, as amended, and with the requirements of the regulations framed under the ordinance for and on behalf of the owner. The letter should also indicate that a plinth certificate notice would be provided at the completion of the plinth as required under section 3-2.10 of the Karachi Building and Town Planning Regulations of 2002. The letter should also specify that the owner would abide by all the aforementioned rules and regulations, and it must be signed by the owner or the owner's attorney, contain their national identity card number, email address, mailing and permanent address, telephone number, and the signature and particulars of the architect and structural engineer.
- A form specifying the architect's and structural engineer's undertaking:
  1. The SBCA operates under the Sindh Local Government Ordinance of 2002, and falls under the control of the Karachi City District Government of which the Nazim (elected head of Karachi city local council) is the chief executive.

If the property is in a military cantonment jurisdiction, BuildCo must send the documents to the Cantonment Board, which takes about 30 days. The Doing Business case study considered here assumes that the property is not located in this type of jurisdiction.

⇒ 3	<b>File an environmental checklist with the Environmental Protection Agency</b> Agency : Environmental Protection Agency According to the Sindh Environmental Protection Agency Regulations 2014, warehouses shall file environmental checklist with the Agency and the provisions of section 17 shall apply to such projects.	30 days	PKR 30,000
4	<b>Notify the Sindh Building Control Authority (SBCA) in writing of the completion of foundations</b> Agency : Sindh Building Control Authority Upon completion of the plinth level, BuildCo is required to notify the SBCA so that they can verify the building lines.	1 day	no charge



- |  |         |           |
|--|---------|-----------|
| 5  | 15 days | no charge |
| <p><b>Receive foundations work inspection from the Sindh Building Control Authority (SBCA) and await approval</b></p> <p>Agency : Sindh Building Control Authority</p> <p>Except for Category 1 building works, Regulation No. 3-2.10 of the 2002 Regulations requires BuildCo to notify the SBCA upon completion of plinth level and, in the case of a basement, upon the completion of foundations, so that SBCA can verify the building lines. Regulation No. 3-2.10 also indicates that no further work can be carried out for a 15-day period following the notification date.</p> <p>During this period, the SBCA either approves the building lines or informs the owner or owner's representative of any possible errors found. If no response is received from the SBCA within the 15-day period, the owner can proceed with the building works after notifying the SBCA, provided that the construction is consistent with the approved building plan.</p> |         |           |
| 6  | 1 day   | no charge |
| <p><b>Submit the first floor Certificate Form to the Sindh Building Control Authority (SBCA)</b></p> <p>Agency : Sindh Building Control Authority (SBCA)</p> <p>For Category "III" and Category "IV" buildings, the owner and Professionals shall submit to the Authority floor certificate (Form ZP-5) casting of slab of each floor, certifying that all the building line and structural members on the said floor are in conformity with the design as approved by the Authority subject to clause 3-2.4 and 3-2.5. If the owner/professional fails to submit the floor certificate the authority shall stop further construction work.</p>  |         |           |
| 7  | 15 days | no charge |
| <p><b>Receive first floor slab casting inspection from the Sindh Building Control Authority (SBCA) and await approval</b></p> <p>Agency : Sindh Building Control Authority (SBCA)</p>  |         |           |
| 8  | 1 day   | no charge |
| <p><b>Submit the second floor Certificate Form to the Sindh Building Control Authority (SBCA)</b></p> <p>Agency : Sindh Building Control Authority (SBCA)</p>  |         |           |
| 9  | 15 days | no charge |
| <p><b>Receive second floor slab casting inspection from the Sindh Building Control Authority (SBCA) and await approval</b></p> <p>Agency : Sindh Building Control Authority (SBCA)</p>   |         |           |

10	<b>Request a copy of property tax valuation and copy of the certificate from the Excise and Taxation Department</b>	30 days	no charge
	<p>Agency : Excise and Taxation Department</p> <p>BuildCo must obtain a copy of the property tax valuation and a copy of the certificate from the tax authorities confirming that it does not owe them any money. These documents are submitted along with the water connection application.</p> <p>The Excise and Taxation Department of the Government of Sindh provides the property tax valuation after the building is completed. The department inspects the building and issues a certificate to the owner of the building. The certificate provides an assessment of the value of the building. If BuildCo has any objections to this assessment, it is required to make them known within 14 days. Otherwise, the department issues a PT-1 Form, a certificate that provides the assessed value of the property and the resultant property tax to be charged.</p> <p>The documents needed are the following:</p> <ul style="list-style-type: none"> <li>• An application providing information relating to the building</li> <li>• Title documents/ documents evidencing title of the property</li> <li>• Approved building plan</li> <li>• National identity card of the applicant</li> </ul>		
11	<b>Receive inspection from the Excise and Taxation Department and obtain a copy of property tax valuation and copy of the certificate from the tax authorities</b>	1 day	no charge
	<p>Agency : Excise and Taxation Department</p>		
12	<b>Request water and sewerage connection</b>	60 days	PKR 217,175
	<p>Agency : Karachi Water and Sewerage Board</p> <p>An application form must be submitted to the Karachi Water and Sewerage Board along with the following documents to apply for water and sewerage connection:</p> <ul style="list-style-type: none"> <li>• A copy of the approved building plan along with a copy of the letter under the cover of which the approved building plan was issued by the SBCA</li> <li>• Proof of ownership of the plot, or for a tenancy, a copy of the lease agreement</li> <li>• A copy of the property tax valuation</li> <li>• A copy of the certificate from the tax authorities confirming that the company does not owe them any money</li> <li>• A copy of the applicant's national identity card</li> </ul>		
13	<b>Apply for occupancy permit and request final inspection</b>	1 day	no charge
	<p>Agency : Sindh Building Control Authority</p> <p>After the building is completed, a "notice of completion and permission for occupation" form must be submitted along with the architect's certificate. After receipt of this notice, the SBCA inspects the building to verify that it has been built according to the approved plans.</p>		
14	<b>Receive final inspection</b>	1 day	no charge
	<p>Agency : Sindh Building Control Authority</p>		

15	<b>Receive completion certificate from the Sindh Building Control Authority (SBCA)</b>	45 days	PKR 224,000
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Agency : Sindh Building Control Authority

⇒ Takes place simultaneously with previous procedure.

## Details – Dealing with Construction Permits in Karachi – Measure of Quality

	Answer	Score
<b>Building quality control index (0-15)</b>		<b>12.5</b>
<b>Quality of building regulations index (0-2)</b>		<b>2.0</b>
How accessible are building laws and regulations in your economy? (0-1)	Available online; Free of charge.	1.0
Which requirements for obtaining a building permit are clearly specified in the building regulations or on any accessible website, brochure or pamphlet? (0-1)	List of required documents; Fees to be paid; Required preapprovals.	1.0
<b>Quality control before construction index (0-1)</b>		<b>1.0</b>
Which third-party entities are required by law to verify that the building plans are in compliance with existing building regulations? (0-1)	Licensed architect; Licensed engineer.	1.0
<b>Quality control during construction index (0-3)</b>		<b>1.0</b>
What types of inspections (if any) are required by law to be carried out during construction? (0-2)	Inspections by in-house engineer; Inspections at various phases.	1.0
Do legally mandated inspections occur in practice during construction? (0-1)	Mandatory inspections are not always done in practice during construction; Mandatory inspections are done most of the time during construction.	0.0
<b>Quality control after construction index (0-3)</b>		<b>3.0</b>
Is there a final inspection required by law to verify that the building was built in accordance with the approved plans and regulations? (0-2)	Yes, final inspection is done by government agency.	2.0
Do legally mandated final inspections occur in practice? (0-1)	Final inspection always occurs in practice.	1.0
<b>Liability and insurance regimes index (0-2)</b>		<b>1.5</b>

Which parties (if any) are held liable by law for structural flaws or problems in the building once it is in use (Latent Defect Liability or Decennial Liability)? (0-1)	Construction company.	0.5
Which parties (if any) are required by law to obtain an insurance policy to cover possible structural flaws or problems in the building once it is in use (Latent Defect Liability Insurance or Decennial Insurance)? (0-1)	Construction company; Insurance is commonly taken in practice.	1.0
<b>Professional certifications index (0-4)</b>		<b>4.0</b>
What are the qualification requirements for the professional responsible for verifying that the architectural plans or drawings are in compliance with existing building regulations? (0-2)	Minimum number of years of experience; University degree in architecture or engineering; Being a registered architect or engineer.	2.0
What are the qualification requirements for the professional who supervises the construction on the ground? (0-2)	Minimum number of years of experience; University degree in engineering, construction or construction management; Being a registered architect or engineer.	2.0

## Dealing with Construction Permits - Lahore

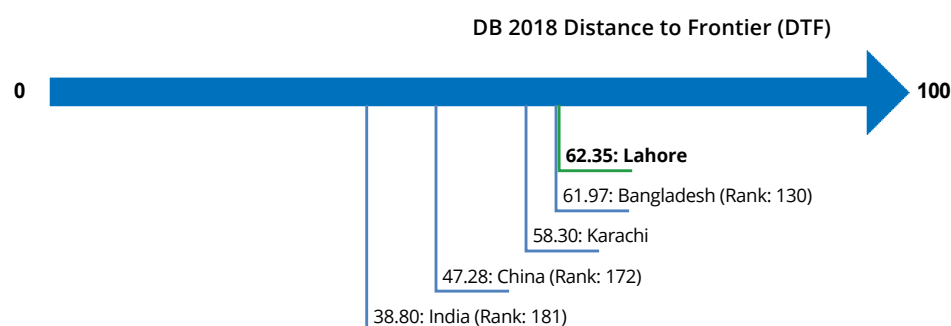
### Standardized Warehouse

Estimated value of warehouse PKR 8,140,382.70

City Covered Lahore

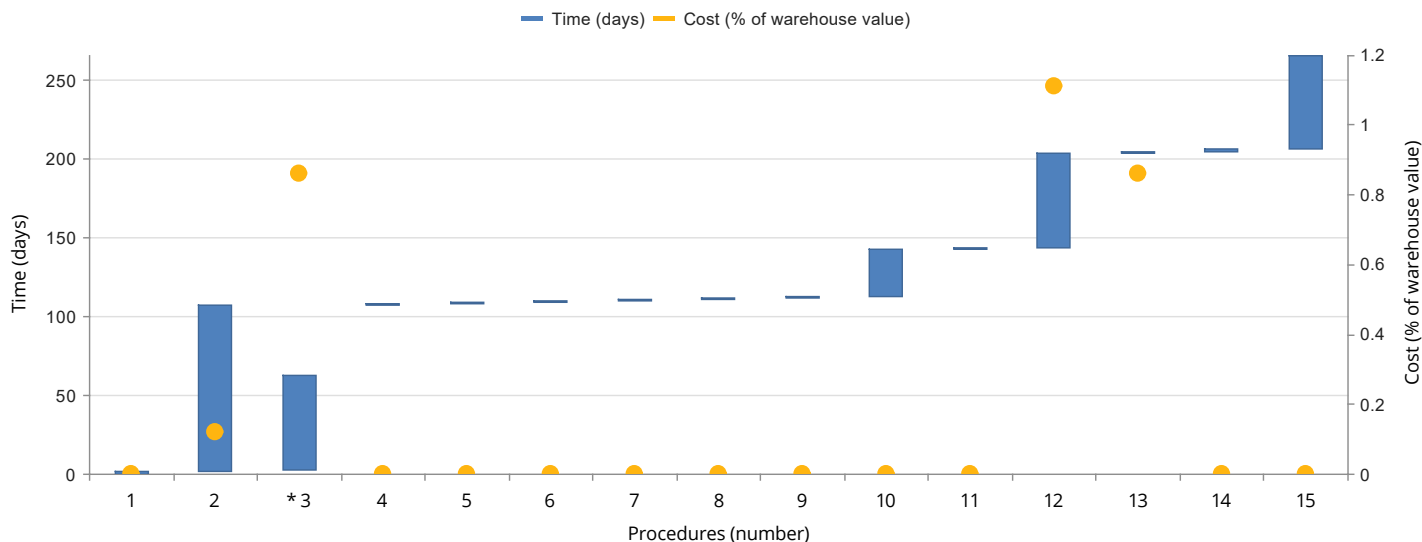
Indicator	Lahore	South Asia	OECD high income	Overall Best Performer
Procedures (number)	15	16.0	12.5	7.00 (Denmark)
Time (days)	266	193.9	154.6	27.5 (Korea, Rep.)
Cost (% of warehouse value)	3.0	17.6	1.6	0.10 (5 Economies)
Building quality control index (0-15)	11.0	8.7	11.4	15.00 (3 Economies)

**Figure – Dealing with Construction Permits in Pakistan and comparator economies – Ranking and DTF**



Note: The ranking of economies on the ease of dealing with construction permits is determined by sorting their distance to frontier scores for dealing with construction permits. These scores are the simple average of the distance to frontier scores for each of the component indicators.

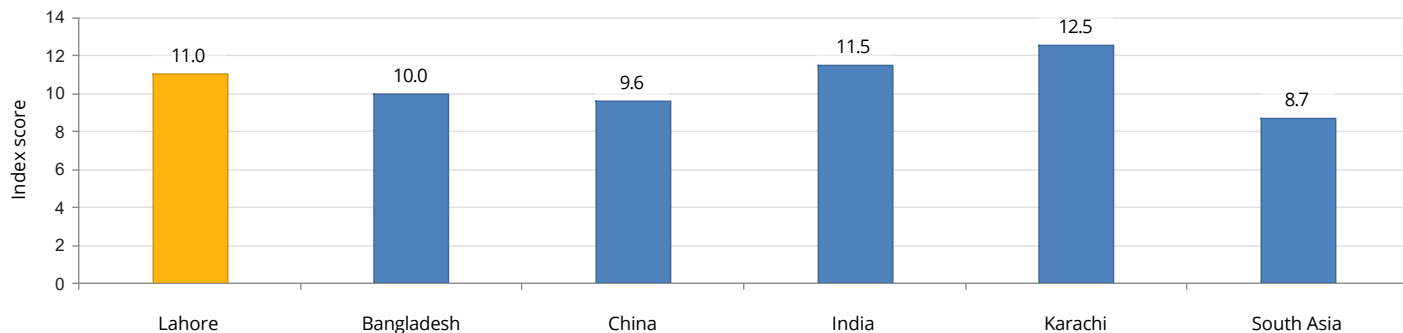
Figure – Dealing with Construction Permits in Lahore – Procedure, Time and Cost



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Figure – Dealing with Construction Permits in Lahore and comparator economies – Measure of Quality



## Details – Dealing with Construction Permits in Lahore – Procedure, Time and Cost

No.	Procedures	Time to Complete	Associated Costs
1	<p><b>Obtain Fard (letter from concerned authority confirming the land title) from the Land Revenue Management Information System</b></p> <p>Agency : Land Revenue Management Information system (LRMIS)</p> <p>BuildCo must obtain a letter from the concerned authority confirming the title or land use, the dimensions of the plot, and the possible existence of any road widening, cut line, or reservation.</p>	2 days	PKR 150
2	<p><b>Obtain a No Objection Certificate on the Environmental Impact Assessment from the Environmental Protection Agency</b></p> <p>Agency : Environmental Protection Agency</p> <p>Per the Punjab Environmental Protection Act, 1997 (Amended in 2012) and the Environmental Impact Assessment Regulations of 2000, the building authority in Lahore requires a No Objection Certificate from the Environmental Protection Agency to issue the building permit. BuildCo must then prepare and submit an Initial Environmental Examination (IEE) to the Environmental Protection Agency in order to obtain this certificate which costs PKR 10,000 per schedule II of the regulation.</p>	105 days	PKR 10,000
⇒ 3	<p><b>Obtain a building permit</b></p> <p>Agency : Lahore Development Authority (LDA)</p> <p>According to the Building and Zoning By Laws of 2007, in order to obtain approval to execute the works, the building company must apply in writing to the LDA and submit the following documents:</p> <ol style="list-style-type: none"> <li>Application form signed by the registered architect, the attorney-in-practice, and a registered structural engineer;</li> <li>Five sets of building plans (site plan, architectural drawings with elevations and sections, structural drawings, and stability certificate), each signed by the relevant professional (either the architect or the structural engineer);</li> <li>Proof of ownership (copy of the sale deed, copy of the allotment letter, or fard);</li> <li>Copy of the company's memorandum of incorporation;</li> <li>Power of attorney to act on behalf of the company and a copy of the national identification card of the attorney-in-practice.</li> </ol> <p>If the building company does not receive a response to its application within 45 days of submission, it can send a written communication by registered post to the relevant authority. If such communication is not answered within 15 days, the building company can assume that the building plan approval has been granted and can start construction (as per Art. 27.6, Section 192, Fourth Schedule, Chapter 14 of the Punjab Local Government Ordinance, 2001).</p>	60 days	PKR 70,000
4	<p><b>Notify the local city government (LDA) in writing of the completion of foundations</b></p> <p>Agency : Lahore Development Authority (LDA)</p> <p>Upon completion of the foundation level, BuildCo is required to notify the LDA so that they can conduct an inspection.</p>	1 day	no charge



5	<b>Receive foundations work inspection from the Lahore Development Authority (LDA)</b> Agency : Lahore Development Authority (LDA) Inspectors from LDA must inspect the building site when the foundations have been laid. Inspections are free of charge.	1 day	no charge
6	<b>Submit the first floor Certificate Form to the Lahore Development Authority (LDA)</b> Agency : Lahore Development Authority (LDA) Per Art. 8(ii) of the 2001 Law, a certificate of durability in accordance with building plan must be obtained from architect and engineers concerned after the completion of each floor.	1 day	no charge
7	<b>Receive first floor slab casting inspection from the Lahore Development Authority (LDA)</b> Agency : Lahore Development Authority (LDA)	1 day	no charge
8	<b>Submit the second floor Certificate Form to the Lahore Development Authority (LDA)</b> Agency : Lahore Development Authority (LDA)	1 day	no charge
9	<b>Receive second floor slab casting inspection from the Lahore Development Authority (LDA)</b> Agency : Lahore Development Authority (LDA)	1 day	no charge
10	<b>Request assessment copy of property unit from the Excise and Taxation Department</b> Agency : Excise & Taxation Department, Government of The Punjab BuildCo must obtain a copy of the property tax valuation and a copy of the certificate from the tax authorities confirming that the company does not owe them any money. These documents are submitted along with the water connection application.  The Excise and Taxation Department of the Government of the Punjab provides the property tax valuation after the building is completed. The department inspects the building and issues a certificate to the owner of the building. The certificate provides an assessment of the value of the building. If BuildCo has any objections to this assessment, it is required to make them known within 14 days. Otherwise, the department issues a PT-1 Form, a certificate that provides the assessed value of the property and the resultant property tax to be charged. The following documents are needed: • An application providing information relating to the building • Title documents/ documents evidencing title of the property • Approved building plan • National identity card of the applicant	30 days	no charge
11	<b>Receive inspection from the Excise and Taxation Department and obtain the assessment copy of property unit</b> Agency : Excise & Taxation Department, Government of The Punjab The department inspects the building and issues a certificate to the owner of the building. The certificate provides an assessment of the value of the building.	1 day	no charge

<p><b>12 Request water and sewerage connection</b></p> <p>Agency : Water and Sewerage Authority (WASA)</p> <p>The following documents should be provided with the new connection form:</p> <ul style="list-style-type: none"> <li>- Attested photocopy of CNIC</li> <li>- Attested photocopy of sale deed/proof of ownership</li> <li>- Copy of the assessment of property unit</li> <li>- Site plan to indicate location of property</li> </ul>	60 days	PKR 90,000
<p><b>13 Apply for completion certificate and request final inspection</b></p> <p>Agency : Lahore Development Authority (LDA)</p> <p>After the building is completed, a “notice of completion and permission for occupation” form is to be submitted along with the architect’s certificate. After receipt of this notice, the Lahore Development Authority (LDA) inspects the building to verify that it has been built according to the approved plans.</p>	1 day	PKR 70,000
<p><b>14 Receive final inspection</b></p> <p>Agency : Lahore Development Authority (LDA)</p>	1 day	no charge
<p><b>15 Receive completion certificate from the Lahore Development Authority (LDA)</b></p> <p>Agency : Lahore Development Authority (LDA)</p> <p>After the final inspection has taken place, and provided that the works have been carried out according to the approved building plan, the Lahore Development Authority (LDA) issues a certificate of completion.</p>	60 days	no charge

⇒ Takes place simultaneously with previous procedure.

## Details – Dealing with Construction Permits in Lahore – Measure of Quality

	Answer	Score
<b>Building quality control index (0-15)</b>		<b>11.0</b>
<b>Quality of building regulations index (0-2)</b>		<b>2.0</b>
How accessible are building laws and regulations in your economy? (0-1)	Available online; Free of charge.	1.0
Which requirements for obtaining a building permit are clearly specified in the building regulations or on any accessible website, brochure or pamphlet? (0-1)	List of required documents; Fees to be paid; Required preapprovals.	1.0
<b>Quality control before construction index (0-1)</b>		<b>1.0</b>
Which third-party entities are required by law to verify that the building plans are in compliance with existing building regulations? (0-1)	Licensed architect; Licensed engineer.	1.0
<b>Quality control during construction index (0-3)</b>		<b>2.0</b>
What types of inspections (if any) are required by law to be carried out during construction? (0-2)	Inspections by in-house engineer; Inspections at various phases.	1.0
Do legally mandated inspections occur in practice during construction? (0-1)	Mandatory inspections are always done in practice.	1.0
<b>Quality control after construction index (0-3)</b>		<b>2.0</b>
Is there a final inspection required by law to verify that the building was built in accordance with the approved plans and regulations? (0-2)	Yes, final inspection is done by government agency; Final inspection is not required by law.	2.0
Do legally mandated final inspections occur in practice? (0-1)	Final inspection does not always occur in practice; Final inspection occurs most of the time.	0.0
<b>Liability and insurance regimes index (0-2)</b>		<b>0.0</b>

Which parties (if any) are held liable by law for structural flaws or problems in the building once it is in use (Latent Defect Liability or Decennial Liability)? (0-1)	No party is held liable under the law.	0.0
Which parties (if any) are required by law to obtain an insurance policy to cover possible structural flaws or problems in the building once it is in use (Latent Defect Liability Insurance or Decennial Insurance)? (0-1)	No party is required by law to obtain insurance .	0.0
<b>Professional certifications index (0-4)</b>		<b>4.0</b>
What are the qualification requirements for the professional responsible for verifying that the architectural plans or drawings are in compliance with existing building regulations? (0-2)	Minimum number of years of experience; University degree in architecture or engineering; Being a registered architect or engineer.	2.0
What are the qualification requirements for the professional who supervises the construction on the ground? (0-2)	Minimum number of years of experience; University degree in engineering, construction or construction management; Being a registered architect or engineer.	2.0

## ⚡ Getting Electricity

This topic measures the procedures, time and cost required for a business to obtain a permanent electricity connection for a newly constructed warehouse. Additionally, the reliability of supply and transparency of tariffs index measures reliability of supply, transparency of tariffs and the price of electricity. The most recent round of data collection for the project was completed in June 2017. [See the methodology for more information.](#)

### What the indicators measure

#### Procedures to obtain an electricity connection (number)

- Submitting all relevant documents and obtaining all necessary clearances and permits
- Completing all required notifications and receiving all necessary inspections
- Obtaining external installation works and possibly purchasing material for these works
- Concluding any necessary supply contract and obtaining final supply

#### Time required to complete each procedure (calendar days)

- Is at least 1 calendar day
- Each procedure starts on a separate day
- Does not include time spent gathering information
- Reflects the time spent in practice, with little follow-up and no prior contact with officials

#### Cost required to complete each procedure (% of income per capita)

- Official costs only, no bribes
- Value added tax excluded

#### The reliability of supply and transparency of tariffs index (0-8)

- Duration and frequency of power outages (0-3)
- Tools to monitor power outages (0-1)
- Tools to restore power supply (0-1)
- Regulatory monitoring of utilities' performance (0-1)
- Financial deterrents limiting outages (0-1)
- Transparency and accessibility of tariffs (0-1)

#### Price of electricity (cents per kilowatt-hour)\*

- Price based on monthly bill for commercial warehouse in case study

\*Note: Doing Business measures the price of electricity, but it is not included in the distance to frontier score nor the ranking on the ease of getting electricity.

### Case study assumptions

To make the data comparable across economies, several assumptions are used.

#### The warehouse:

- Is owned by a local entrepreneur and is used for storage of goods.
- Is located in the economy's largest business city. For 11 economies the data are also collected for the second largest business city.
- Is located in an area where similar warehouses are typically located and is in an area with no physical constraints. For example, the property is not near a railway.
- Is a new construction and is being connected to electricity for the first time.
- Has two stories with a total surface area of approximately 1,300.6 square meters (14,000 square feet). The plot of land on which it is built is 929 square meters (10,000 square feet).

#### The electricity connection:

- Is a permanent one with a three-phase, four-wire Y connection with a subscribed capacity of 140-kilo-volt-ampere (kVA) with a power factor of 1, when 1 kVA = 1 kilowatt (kW).
- Has a length of 150 meters. The connection is to either the low- or medium-voltage distribution network and is either overhead or underground, whichever is more common in the area where the warehouse is located and requires works that involve the crossing of a 10-meter road (such as by excavation or overhead lines) but are all carried out on public land. There is no crossing of other owners' private property because the warehouse has access to a road.
- Does not require work to install the internal wiring of the warehouse. This has already been completed up to and including the customer's service panel or switchboard and the meter base.

#### The monthly consumption:

- It is assumed that the warehouse operates 30 days a month from 9:00 a.m. to 5:00 p.m. (8 hours a day), with equipment utilized at 80% of capacity on average and that there are no electricity cuts (assumed for simplicity reasons) and the monthly energy consumption is 26,880 kilowatt-hours (kWh); hourly consumption is 112 kWh.
- If multiple electricity suppliers exist, the warehouse is served by the cheapest supplier.
- Tariffs effective in March of the current year are used for calculation of the price of electricity for the warehouse. Although March has 31 days, for calculation purposes only 30 days are used.

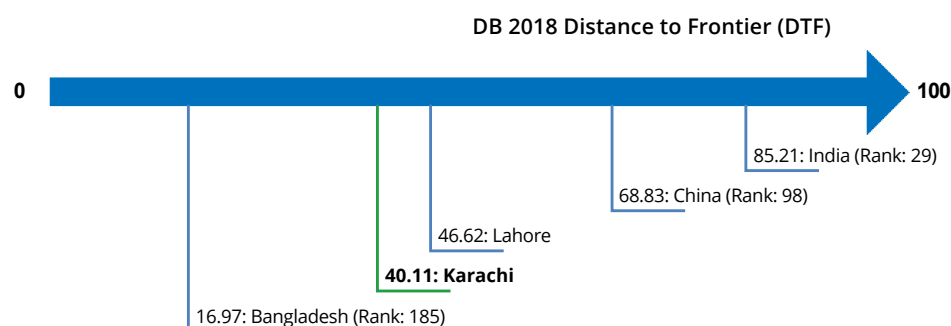
## Getting Electricity - Karachi

### Standardized Connection

Price of electricity (US cents per kWh)	18.8
Name of utility	K-Electric Ltd.
City Covered	Karachi

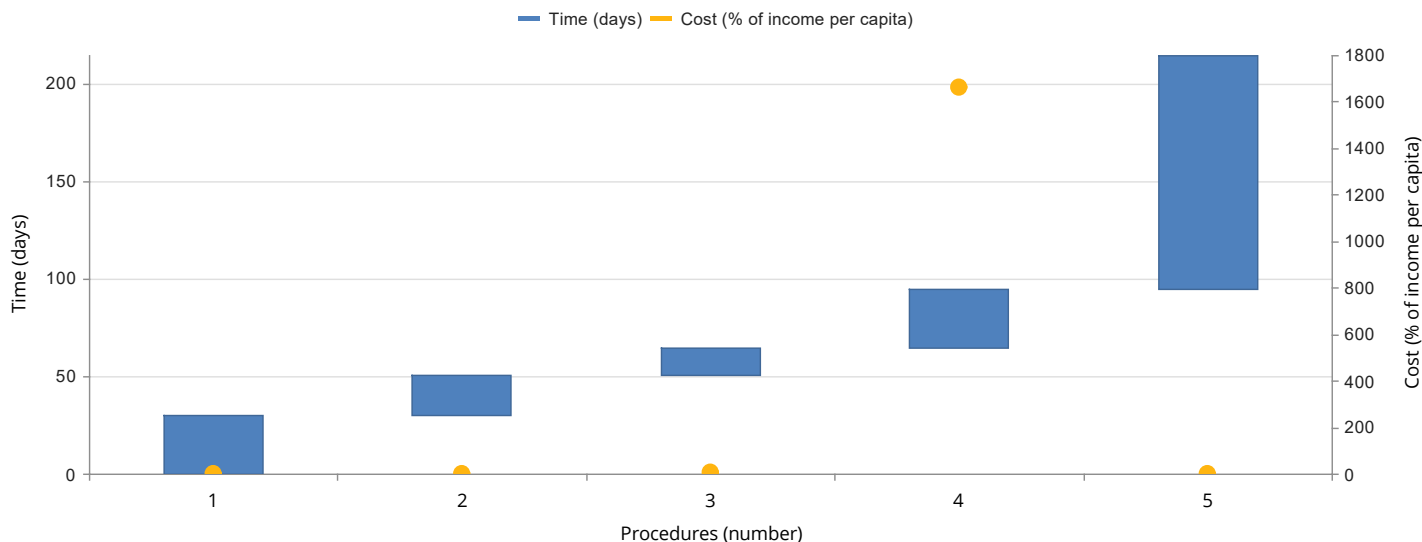
Indicator	Karachi	South Asia	OECD high income	Overall Best Performer
Procedures (number)	5	5.7	4.7	2 (United Arab Emirates)
Time (days)	215	136.4	79.1	10 (United Arab Emirates)
Cost (% of income per capita)	1665.5	1163.2	63.0	0.00 (Japan)
Reliability of supply and transparency of tariff index (0-8)	0	2.1	7.4	8.00 (28 Economies)

**Figure – Getting Electricity in Pakistan and comparator economies – Ranking and DTF**



Note: The ranking of economies on the ease of getting electricity is determined by sorting their distance to frontier scores for getting electricity. These scores are the simple average of the distance to frontier scores for each of the component indicators.

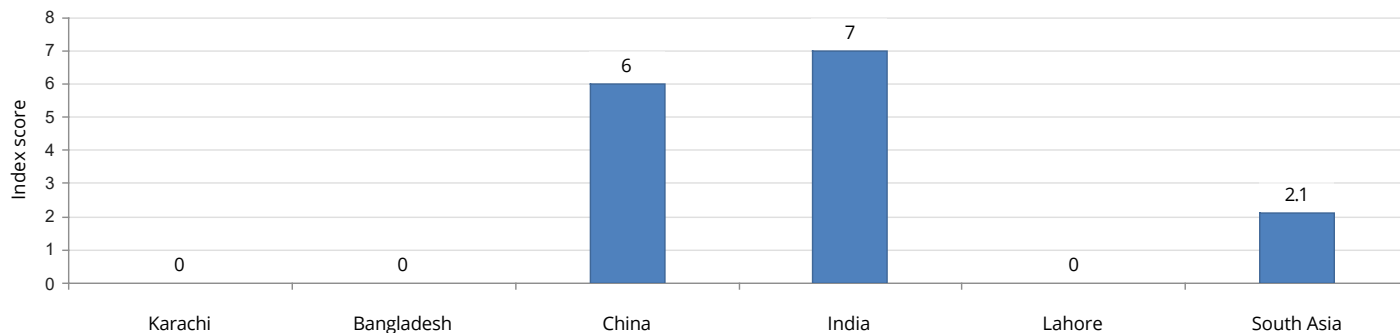
Figure – Getting Electricity in Karachi – Procedure, Time and Cost



\* This symbol is shown beside procedure numbers that take place simultaneously with the previous procedure.

Note: Online procedures account for 0.5 days in the total time calculation. For economies that have a different procedure list for men and women, the graph shows the time for women. For more information on methodology, see the Doing Business website (<http://www.doingbusiness.org/methodology>). For details on the procedures reflected here, see the summary below.

Figure – Getting Electricity in Karachi and comparator economies – Measure of Quality



## Details – Getting Electricity in Karachi – Procedure, Time and Cost

No.	Procedures	Time to Complete	Associated Costs
1	<p><b>Submit application to K-Electric Ltd. and await site inspection</b></p> <p>Agency : K-Electric Ltd.</p> <p>Application form should be verified by the Licensed Electrical Contractor. The application should be accompanied with a copy of the computerized national identity card (CNIC) of the owner, a copy of the approved building plan, a copy of the approved layout plan, a copy of the trade license, the list of machinery &amp; equipment (needs to be notarized), details of the chiller units (in case of centrally air conditioned units), a passport size photo of the applicant, a company letter head mentioning the name of the authorizing person (needs to be notarized), the CNIC number, and the NTN certificate from the federal board of revenue.</p>	30 calendar days	PKR 200
2	<p><b>Obtain site inspection by K-Electric Ltd. and await estimate</b></p> <p>Agency : K-Electric Ltd.</p> <p>After site inspection/survey, connection point is assessed, load flow study is done and schematic diagram is prepared after which verification from network department is carried out and load approval process is done. After load approval, cost estimation is prepared and delivered to applicant within 3 days.</p>	21 calendar days	PKR 0
3	<p><b>Obtain wiring inspection</b></p> <p>Agency : Electric Inspectorate Karachi</p> <p>To obtain the wiring test form from the Electric Inspectorate Karachi (EIK) - and once the internal works are completed - the contractor needs to give the address of the property so that EIK can proceed to test the internal wiring on-site. An inspector from EIK will then carry-out the inspection and issue the fitness certificate. It takes two calendar weeks on average from the time of the request to the time the fitness certificate is issued.</p>	14 calendar days	PKR 10,000
4	<p><b>Pay estimate to K-Electric Ltd., and submit the internal wiring test report as well as the delivery orders of the material</b></p> <p>Agency : K-Electric Ltd.</p> <p>The customer submits the wiring test and makes the payment of the connection estimate. The payment has to be made by cheque at the bank counter of the utility. The customer then nominates one of the pre-qualified contractors (if it hasn't already) who purchases the material, after which he submits the delivery and order confirmations.</p> <p>K-electric will issue the following documents:</p> <ul style="list-style-type: none"> <li>• Bill of materials</li> <li>• Approved drawings</li> <li>• List of approved manufacturers / suppliers for supply of materials</li> <li>• List of contact details of manufacturers / suppliers</li> <li>• List of approved pre-qualified contractors for scheme execution</li> <li>• Letter of agreement for conformance to current KE specifications</li> <li>• Letter of conformance to current KE specifications (for transformers)</li> <li>• Letter of conformance to current KE specifications (for other materials)</li> </ul>	30 calendar days	PKR 2,701,421.9



- |   |   |                   |       |
|---|---|-------------------|-------|
| 5 | <b>Await external works, meter installation and electricity flow from K-Electric Ltd.</b> | 120 calendar days | PKR 0 |
|---|---|-------------------|-------|

Agency : K-Electric Ltd.

The pre-approved contractor conducts the works under the direct supervision of K-Electric technicians. The external connection works includes the erection of poles, the laying of HT/LT cables, the completion of PMT / Sub Station works, and the meter installation works. Once the works are completed, K-electric carries out the installation of the meter and then the electricity turn-on.

⇒ Takes place simultaneously with previous procedure.

## Details – Getting Electricity in Karachi – Measure of Quality

	Answer
<b>Reliability of supply and transparency of tariff index (0-8)</b>	0
<b>Total duration and frequency of outages per customer a year (0-3)</b>	0
System average interruption duration index (SAIDI)	505.6
System average interruption frequency index (SAIFI)	385.5
What is the minimum outage time (in minutes) that the utility considers for the calculation of SAIDI/SAIFI	3.0
<b>Mechanisms for monitoring outages (0-1)</b>	1
Does the distribution utility use automated tools to monitor outages?	Yes
<b>Mechanisms for restoring service (0-1)</b>	1
Does the distribution utility use automated tools to restore service?	Yes
<b>Regulatory monitoring (0-1)</b>	1
Does a regulator—that is, an entity separate from the utility—monitor the utility's performance on reliability of supply?	Yes
<b>Financial deterrents aimed at limiting outages (0-1)</b>	1
Does the utility either pay compensation to customers or face fines by the regulator (or both) if outages exceed a certain cap?	Yes
<b>Communication of tariffs and tariff changes (0-1)</b>	0
Are effective tariffs available online?	Yes
Link to the website, if available online	<a href="https://www.ke.com.pk/assets/uploads/2016/08/SRO-571-updated.pdf">https://www.ke.com.pk/assets/uploads/2016/08/SRO-571-updated.pdf</a>
Are customers notified of a change in tariff ahead of the billing cycle?	No

**Note:**

If the duration and frequency of outages is 100 or less, the economy is eligible to score on the Reliability of supply and transparency of tariff index.

If the duration and frequency of outages is not available, or is over 100, the economy is not eligible to score on the index.

If the minimum outage time considered for SAIDI/SAIFI is over 5 minutes, the economy is not eligible to score on the index.

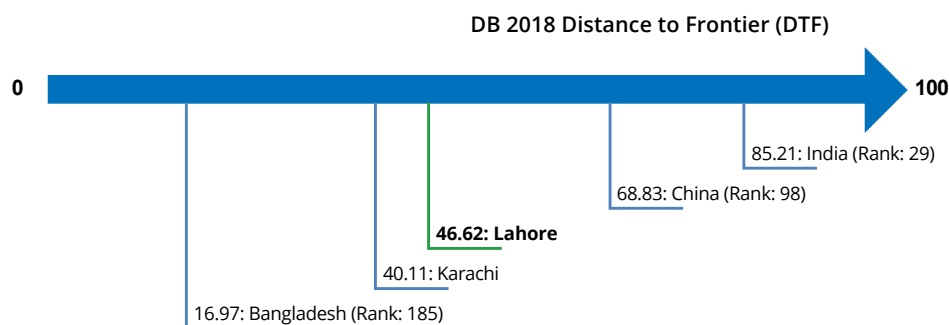
## Getting Electricity - Lahore

### Standardized Connection

Price of electricity (US cents per kWh)	18.8
Name of utility	Lahore Electricity Supply Company Ltd (LESCO)
City Covered	Lahore

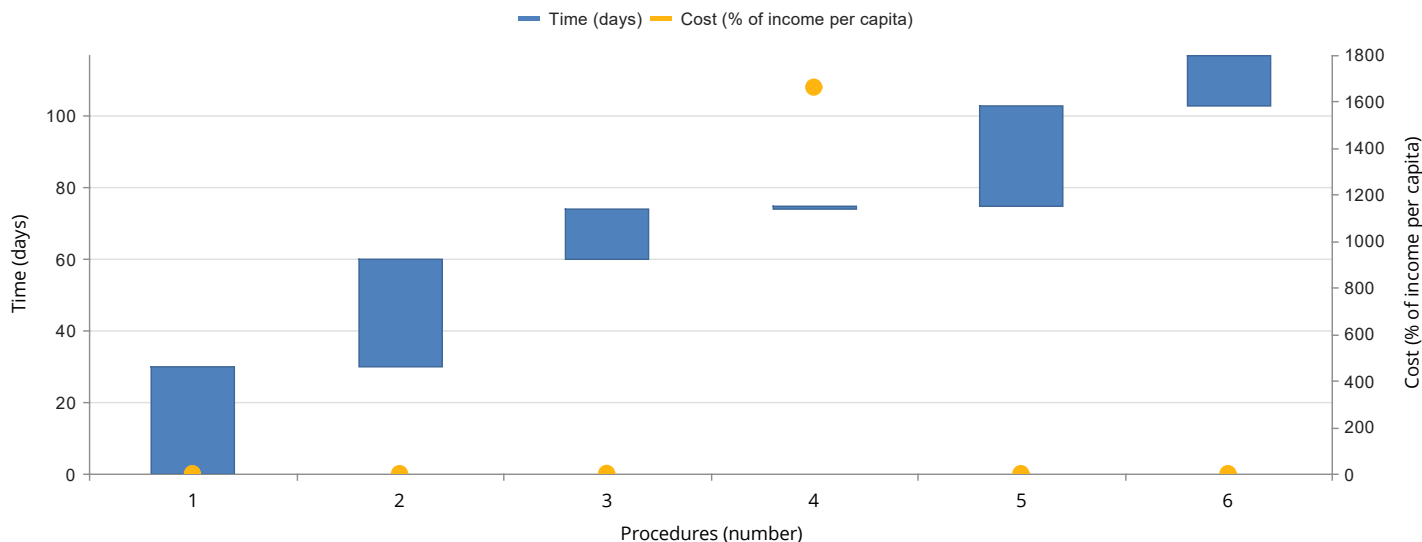
Indicator	Lahore	South Asia	OECD high income	Overall Best Performer
Procedures (number)	6	5.7	4.7	2 (United Arab Emirates)
Time (days)	117	136.4	79.1	10 (United Arab Emirates)
Cost (% of income per capita)	1660.2	1163.2	63.0	0.00 (Japan)
Reliability of supply and transparency of tariff index (0-8)	0	2.1	7.4	8.00 (28 Economies)

**Figure – Getting Electricity in Pakistan and comparator economies – Ranking and DTF**



Note: The ranking of economies on the ease of getting electricity is determined by sorting their distance to frontier scores for getting electricity. These scores are the simple average of the distance to frontier scores for each of the component indicators.

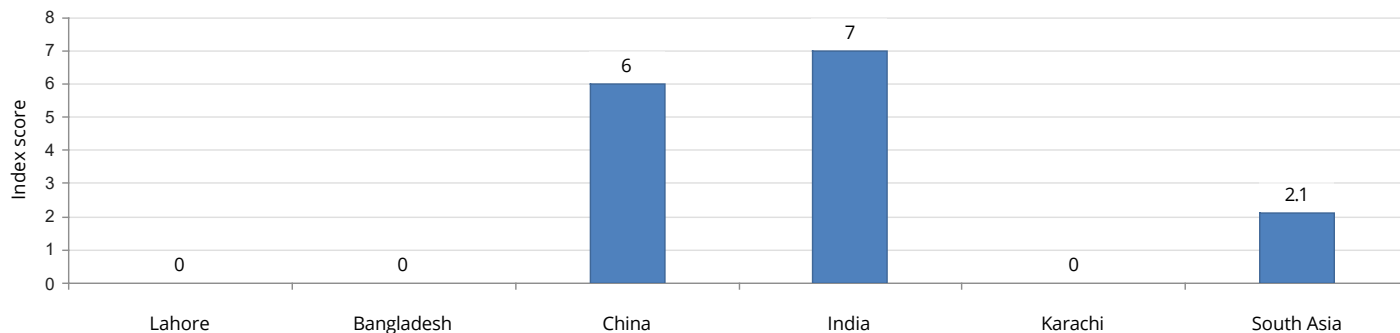
Figure – Getting Electricity in Lahore – Procedure, Time and Cost



\* This symbol is shown beside procedure numbers that take place simultaneously with the previous procedure.

Note: Online procedures account for 0.5 days in the total time calculation. For economies that have a different procedure list for men and women, the graph shows the time for women. For more information on methodology, see the Doing Business website (<http://www.doingbusiness.org/methodology>). For details on the procedures reflected here, see the summary below.

Figure – Getting Electricity in Lahore and comparator economies – Measure of Quality



## Details – Getting Electricity in Lahore – Procedure, Time and Cost

No.	Procedures	Time to Complete	Associated Costs
1	<p><b>Submit application to LESCO and await site inspection</b></p> <p>Agency : LESCO</p> <p>The application form should be verified by a Licensed Electrical Contractor. It should be accompanied with a copy of the computerized national identity card (CNIC) of the owner, a copy of the approved building plan, a copy of the approved layout plan, a copy of the trade license, the list of machinery, the equipment, details of chiller units (in case of centrally air conditioned units), a passport size photo of applicants, and a company letter head mentioning name of authorizing person and his CNIC number.</p> <p>The client submits the application to the marketing department of LESCO, which forwards it to the concerned authority in charge of the relevant load.</p>	30 calendar days	PKR 0
2	<p><b>Obtain site inspection by LESCO and receive estimate</b></p> <p>Agency : LESCO</p>	30 calendar days	PKR 0
3	<p><b>Obtain wiring inspection</b></p> <p>Agency : Electrical Inspector from Punjab Energy Department</p> <p>Contractor has to collect this test form from the Punjab Energy Department (they issue one form per connection application). He/she only needs to give the address of the property to obtain the form. The form certifies that the internal wiring complies with technical and safety norms.</p>	14 calendar days	PKR 1,480
4	<p><b>Pay estimate to LESCO, and submit the internal wiring test report</b></p> <p>Agency : LESCO</p> <p>The payment has to be made by cheque at the Bank counter of the utility. The internal wiring test report form is obtained by the licensed contractor testifying that the electrical wiring of the warehouse has been tested and meets the required testing guidelines.</p>	1 calendar day	PKR 2,701,421.9
5	<p><b>Receive external works and await final inspection</b></p> <p>Agency : Electrical Contractor</p> <p>The contractor of the client carries out the external connection. First an order has to be placed for the material through an accredited store. For the transformer, the store will put in a request with LESCO for the inspection and approval of the materials. Once approved, the contractor is notified to pay and collect the transformer. The external works themselves include the erection of poles, laying of HT/LT cables, and the completion of the PMT/Sub Station. Upon completion of the works, the contractor informs LESCO so that they can perform an inspection of the works - as well as the installation of the meter.</p>	28 calendar days	PKR 0
6	<p><b>Receive inspection of external works, meter installation and electricity flow from LESCO</b></p> <p>Agency : LESCO</p> <p>After the electrical external works are approved by LESCO, they will come and install the meter. Electricity can then be supplied.</p>	14 calendar days	PKR 0

⇒ Takes place simultaneously with previous procedure.

## Details – Getting Electricity in Lahore – Measure of Quality

	Answer
<b>Reliability of supply and transparency of tariff index (0-8)</b>	0
<b>Total duration and frequency of outages per customer a year (0-3)</b>	0
System average interruption duration index (SAIDI)	658.3
System average interruption frequency index (SAIFI)	410.8
What is the minimum outage time (in minutes) that the utility considers for the calculation of SAIDI/SAIFI	3.0
<b>Mechanisms for monitoring outages (0-1)</b>	1
Does the distribution utility use automated tools to monitor outages?	Yes
<b>Mechanisms for restoring service (0-1)</b>	1
Does the distribution utility use automated tools to restore service?	Yes
<b>Regulatory monitoring (0-1)</b>	1
Does a regulator—that is, an entity separate from the utility—monitor the utility's performance on reliability of supply?	Yes
<b>Financial deterrents aimed at limiting outages (0-1)</b>	1
Does the utility either pay compensation to customers or face fines by the regulator (or both) if outages exceed a certain cap?	Yes
<b>Communication of tariffs and tariff changes (0-1)</b>	0
Are effective tariffs available online?	Yes
Link to the website, if available online	<a href="http://www.lesco.gov.pk/3000063">http://www.lesco.gov.pk/3000063</a>
Are customers notified of a change in tariff ahead of the billing cycle?	No

**Note:**

If the duration and frequency of outages is 100 or less, the economy is eligible to score on the Reliability of supply and transparency of tariff index.

If the duration and frequency of outages is not available, or is over 100, the economy is not eligible to score on the index.

If the minimum outage time considered for SAIDI/SAIFI is over 5 minutes, the economy is not eligible to score on the index.

## Registering Property

This topic examines the steps, time and cost involved in registering property, assuming a standardized case of an entrepreneur who wants to purchase land and a building that is already registered and free of title dispute. In addition, the topic also measures the quality of the land administration system in each economy. The quality of land administration index has five dimensions: reliability of infrastructure, transparency of information, geographic coverage, land dispute resolution, and equal access to property rights. The most recent round of data collection for the project was completed in June 2017. [See the methodology for more information.](#)

### What the indicators measure

#### Procedures to legally transfer title on immovable property (number)

- Preregistration procedures (for example, checking for liens, notarizing sales agreement, paying property transfer taxes)
- Registration procedures in the economy's largest business city.
- Postregistration procedures (for example, filling title with municipality)

#### Time required to complete each procedure (calendar days)

- Does not include time spent gathering information
- Each procedure starts on a separate day - though procedures that can be fully completed online are an exception to this rule
- Procedure is considered completed once final document is received
- No prior contact with officials

#### Cost required to complete each procedure (% of property value)

- Official costs only (such as administrative fees, duties and taxes).
- Value Added Tax, Capital Gains Tax and illicit payments are excluded

#### Quality of land administration index (0-30)

- Reliability of infrastructure index (0-8)
- Transparency of information index (0-6)
- Geographic coverage index (0-8)
- Land dispute resolution index (0-8)
- Equal access to property rights index (-2-0)

### Case study assumptions

To make the data comparable across economies, several assumptions about the parties to the transaction, the property and the procedures are used.

#### The parties (buyer and seller):

- Are limited liability companies (or the legal equivalent).
- Are located in the periurban area of the economy's largest business city. For 11 economies the data are also collected for the second largest business city.
- Are 100% domestically and privately owned.
- Have 50 employees each, all of whom are nationals.
- Perform general commercial activities.

#### The property (fully owned by the seller):

- Has a value of 50 times income per capita, which equals the sale price.
- Is fully owned by the seller.
- Has no mortgages attached and has been under the same ownership for the past 10 years.
- Is registered in the land registry or cadastre, or both, and is free of title disputes.
- Is located in a periurban commercial zone, and no rezoning is required.
- Consists of land and a building. The land area is 557.4 square meters (6,000 square feet). A two-story warehouse of 929 square meters (10,000 square feet) is located on the land. The warehouse is 10 years old, is in good condition, has no heating system and complies with all safety standards, building codes and legal requirements. The property, consisting of land and building, will be transferred in its entirety.
- Will not be subject to renovations or additional construction following the purchase.
- Has no trees, natural water sources, natural reserves or historical monuments of any kind.
- Will not be used for special purposes, and no special permits, such as for residential use, industrial plants, waste storage or certain types of agricultural activities, are required.
- Has no occupants, and no other party holds a legal interest in it.



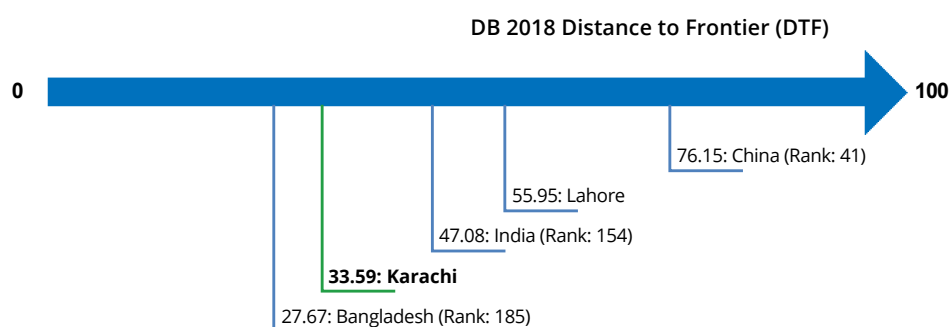
## Registering Property - Karachi

### Standard Property Transfer

Property value	PKR 8,140,382.70
City Covered	Karachi

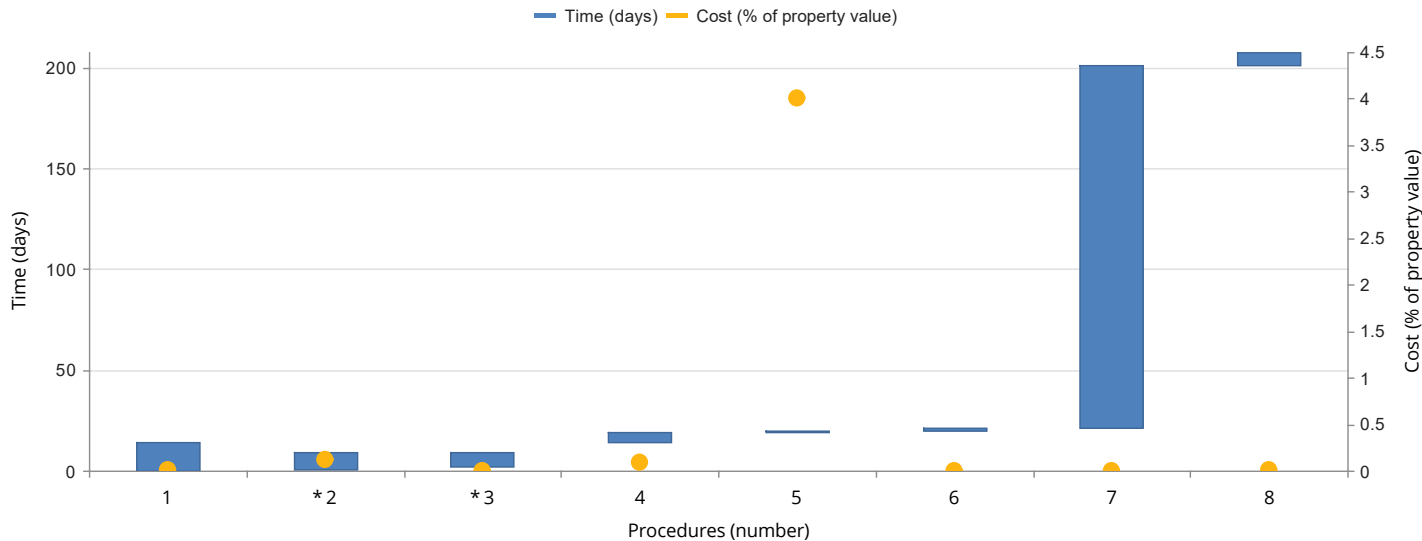
Indicator	Karachi	South Asia	OECD high income	Overall Best Performer
Procedures (number)	8	6.8	4.6	1.00 (4 Economies)
Time (days)	208	111.6	22.3	1.00 (3 Economies)
Cost (% of property value)	4.2	6.9	4.2	0.00 (5 Economies)
Quality of the land administration index (0-30)	6.0	8.0	22.7	29.00 (Singapore)

**Figure – Registering Property in Pakistan and comparator economies – Ranking and DTF**



Note: The ranking of economies on the ease of registering property is determined by sorting their distance to frontier scores for registering property. These scores are the simple average of the distance to frontier scores for each of the component indicators.

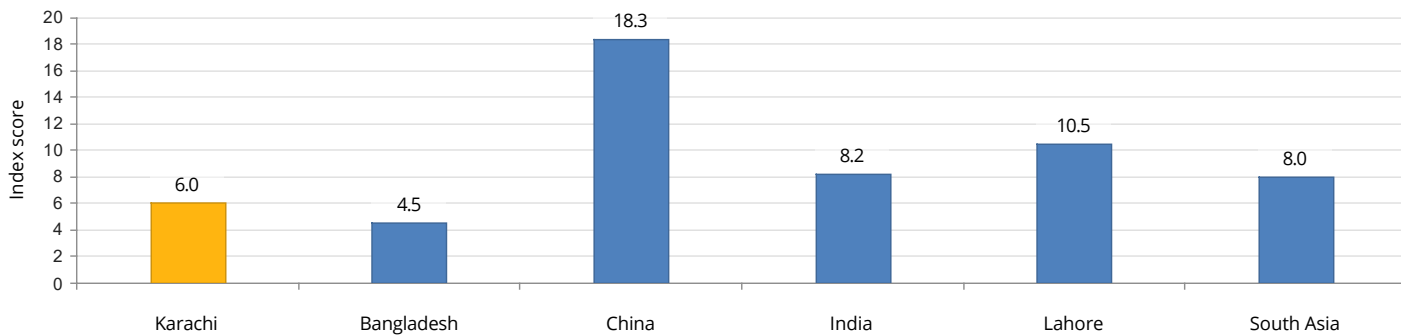
Figure – Registering Property in Karachi – Procedure, Time and Cost



\* This symbol is shown beside procedure numbers that take place simultaneously with the previous procedure.

Note: Online procedures account for 0.5 days in the total time calculation. For economies that have a different procedure list for men and women, the graph shows the time for women. For more information on methodology, see the Doing Business website (<http://www.doingbusiness.org/methodology>). For details on the procedures reflected here, see the summary below.

Figure – Registering Property in Karachi and comparator economies – Measure of Quality



## Details – Registering Property in Karachi – Procedure, Time and Cost

No.	Procedures	Time to Complete	Associated Costs
1	<p><b>Obtaining a Non-Objection Certificate</b></p> <p>Agency : District Officer Revenue</p> <p>The Deputy District Officer Revenue and the District Officer Revenue, at Town and city level respectively, issue a “No Objection Certificate” in favor of the Seller permitting the sale of the property, provided that the entire amount due and payable in respect of the property has been satisfied.</p>	2 weeks	PKR 1000
⇒ 2	<p><b>Advertisement of transaction in newspapers inviting objections</b></p> <p>Agency : Local Newspaper</p> <p>A Public notice is placed in two different newspapers having circulation of 100,000 copies, in English and in Urdu news paper, inviting objections/claims. After publication, there is a seven-day waiting time for arrival of objections, if any. Advertisement is published in local newspapers (dailies) having a large circulation. Simultaneously, the buyer will verify the authenticity of the documents presented by the seller as well his authority to act on behalf of the company to sell this property. At the same time, there is a checking for any encumbrances.</p>	one week and one day	PKR 10,000
⇒ 3	<p><b>Conduct title search</b></p> <p>Agency : Sub-Registrar's office</p> <p>As a part of the due diligence procedure, it is a common practice to search the books and verify whether the counterpart actually owns the property. Lawyers also look into the previous owners. The process is completely manual and does not have cost.</p>	one week	no cost
4	<p><b>Hire deed writer or lawyer to draft sale purchase agreement</b></p> <p>Agency : Deed writer or lawyer</p> <p>It is common practice in Pakistan to hire a lawyer to draft the sale purchase agreement.</p>	3-7 calendar days	PKR 5,000-10,000

<p><b>5 Payment of stamp duty, capital value tax, Town tax and registration fee</b></p> <p>Agency : Government Treasury or National Bank of Pakistan</p> <p>The following payments must be made: (i) Conveyance stamp duty 3% of property value. (ii) The capital value tax (CVT) decreased from 4% to 2.5% of the property value (Sindh Finance Act, 2010 which came into force on July 1st, 2010 amending the Sindh Urban Immoveable Property Tax Act, 1958, section 4). After the 18th constitutional amendment (April, 2010), the CVT on property was transferred to the provincial governments. CVT is applicable in urban areas for residential property exceeding an area of one kanal and in case of commercial properties without any threshold of land area or size of the property. However, where the value of such property is not recorded, the CVT is payable at Rs. 100 per square yard of land area. (iii) 1% of property value for the registration fee. (iv) 1% of the property value for the Town Tax Fees are paid at the Government Treasury or National Bank of Pakistan, an autonomous bank jointly owned by Government of Pakistan and public, who issue receipt of money which is taken to the Stamp office of the Government. The receipt of payment is taken to the Stamp Office of the Government. The Stamp office will, upon production of receipt, issue a stamp paper of the value (money deposited) on the Sale Deed. Such typed stamp paper will be presented later before the Registrar, who registers the change of ownership.</p>	1 calendar day	2% of property price (stamp duty) + 1% of property price (registration fee)+ 1% Town Tax + 2.5 % of the property price (Capital value tax) Capital value tax is not included into cost estimates.
<p><b>6 Receipt of payment is taken to Stamp Office</b></p> <p>Agency : Stamp Office of the Government</p> <p>The receipt of payment obtained in Procedure 4 is taken to the Stamp Office of the Government. The Stamp office will, upon production of receipt, issue a stamp paper of the value (money deposited) on the Sale Deed. Such typed stamp paper will be presented later before the Registrar, who registers the change of ownership.</p>	1 calendar day	no cost
<p><b>7 Execution and registration of the deed before the registration authority</b></p> <p>Agency : Sub-Registrar of Conveyance/Assurances</p> <p>The conveyance deed must be executed before the registering authority. Execution of the deed is done before the Sub-Registrar of Conveyance/Assurances of the area, official responsible under the Registration Act. Registration of the deed automatically follows the execution of sale deed. A receipt is issued immediately, but the deed is delivered a few weeks later. The name of the buyer is recorded in the new deed, showing the change in ownership. The documentation shall include: • Conveyance/Sale Deed (stamped after payment in Procedure 4) • ID of parties • Original title deed of seller • If the parties have authorized someone else through a power of attorney, the power of attorney in original with copies. The buyer will conduct post registration Procedures, such as changing the name at the utility companies, property taxation and municipal services.</p>	6 months	no cost

**8 Mutation**

one week

PKR 1000

Agency : Relevant land authority

Once the registration process is completed, and the sale deed has been collected from the registrar office, the mutation processes is carried out at the relevant land owning authority for transfer of ownership.

The mutation is the process of obtaining the new title document. A property mutation is simply the change of title ownership under certain conditions such as sale/purchase or death of an owner and even if the property is bought through a power of attorney (PoA). Through mutation, while the new owner gets the property in his name, the government is able to charge property tax from the right owner.

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⇒ Takes place simultaneously with previous procedure.

## Details – Registering Property in Karachi – Measure of Quality

	Answer	Score
<b>Quality of the land administration index (0-30)</b>		<b>6.0</b>
<b>Reliability of infrastructure index (0-8)</b>		<b>0.0</b>
What is the institution in charge of immovable property registration?	Office of Registrar	
In what format are the majority of title or deed records kept in the largest business city—in a paper format or in a computerized format (scanned or fully digital)?	Paper	0.0
Is there an electronic database for checking for encumbrances (liens, mortgages, restrictions and the like)?	No	0.0
Institution in charge of the plans showing legal boundaries in the largest business city:	Land Revenue Department, Board of Revenue	
In what format are the majority of maps of land plots kept in the largest business city—in a paper format or in a computerized format (scanned or fully digital)?	Paper	0.0
Is there an electronic database for recording boundaries, checking plans and providing cadastral information (geographic information system)?	No	0.0
Is the information recorded by the immovable property registration agency and the cadastral or mapping agency kept in a single database, in different but linked databases or in separate databases?	Separate databases	0.0
Do the immovable property registration agency and cadastral or mapping agency use the same identification number for properties?	No	0.0
<b>Transparency of information index (0-6)</b>		<b>2.5</b>
Who is able to obtain information on land ownership at the agency in charge of immovable property registration in the largest business city?	Anyone who pays the official fee	1.0
Is the list of documents that are required to complete any type of property transaction made publicly available—and if so, how?	Yes, online	0.5
Link for online access:	<a href="https://sindhzeen.gos.pk/demo_Registries/pdf/doc_RegistratiofProperty.pdf">https://sindhzeen.gos.pk/demo_Registries/pdf/doc_RegistratiofProperty.pdf</a>	
Is the applicable fee schedule for any property transaction at the agency in charge of immovable property registration in the largest business city made publicly available—and if so, how?	Yes, online	0.5
Link for online access:		

Does the agency in charge of immovable property registration commit to delivering a legally binding document that proves property ownership within a specific time frame—and if so, how does it communicate the service standard?	No	0.0
Link for online access:		
Is there a specific and separate mechanism for filing complaints about a problem that occurred at the agency in charge of immovable property registration?	No	0.0
Contact information:		
Are there publicly available official statistics tracking the number of transactions at the immovable property registration agency?	No	0.0
Number of property transfers in the largest business city in 2016:		
Who is able to consult maps of land plots in the largest business city?	Anyone who pays the official fee	0.5
Is the applicable fee schedule for accessing maps of land plots made publicly available—and if so, how?	Yes, in person	0.0
Link for online access:		
Does the cadastral or mapping agency commit to delivering an updated map within a specific time frame—and if so, how does it communicate the service standard?	No	0.0
Link for online access:		
Is there a specific and separate mechanism for filing complaints about a problem that occurred at the cadastral or mapping agency?	No	0.0
Contact information:		
<b>Geographic coverage index (0–8)</b>		<b>0.0</b>
Are all privately held land plots in the economy formally registered at the immovable property registry?	No	0.0
Are all privately held land plots in the largest business city formally registered at the immovable property registry?	No	0.0
Are all privately held land plots in the economy mapped?	No	0.0
Are all privately held land plots in the largest business city mapped?	No	0.0
<b>Land dispute resolution index (0–8)</b>		<b>3.5</b>
Does the law require that all property sale transactions be registered at the immovable property registry to make them opposable to third parties?	Yes	1.5
Is the system of immovable property registration subject to a state or private guarantee?	No	0.0
Is there a specific compensation mechanism to cover for losses incurred by parties who engaged in good faith in a property transaction based on erroneous information certified by the immovable property registry?	No	0.0

Does the legal system require a control of legality of the documents necessary for a property transaction (e.g., checking the compliance of contracts with requirements of the law)?	Yes	0.5
If yes, who is responsible for checking the legality of the documents?	Registrar; Interested Parties.	
Does the legal system require verification of the identity of the parties to a property transaction?	Yes	0.5
If yes, who is responsible for verifying the identity of the parties?	Registrar; Interested Parties.	
Is there a national database to verify the accuracy of identity documents?	Yes	1.0
For a standard land dispute between two local businesses over tenure rights of a property worth 50 times gross national income (GNI) per capita and located in the largest business city, what court would be in charge of the case in the first instance?	District Courts	
How long does it take on average to obtain a decision from the first-instance court for such a case (without appeal)?	More than 3 years	0.0
Are there any statistics on the number of land disputes in the first instance?	No	0.0
Number of land disputes in the largest business city in 2016:		
<b>Equal access to property rights index (-2-0)</b>		<b>0.0</b>
Do unmarried men and unmarried women have equal ownership rights to property?	Yes	0.0
Do married men and married women have equal ownership rights to property?	Yes	0.0



## Registering Property - Lahore

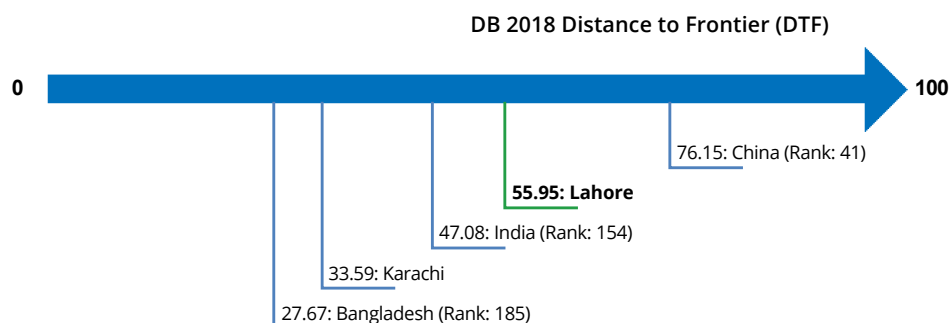
### Standard Property Transfer

Property value PKR 8,140,382.70

City Covered Lahore

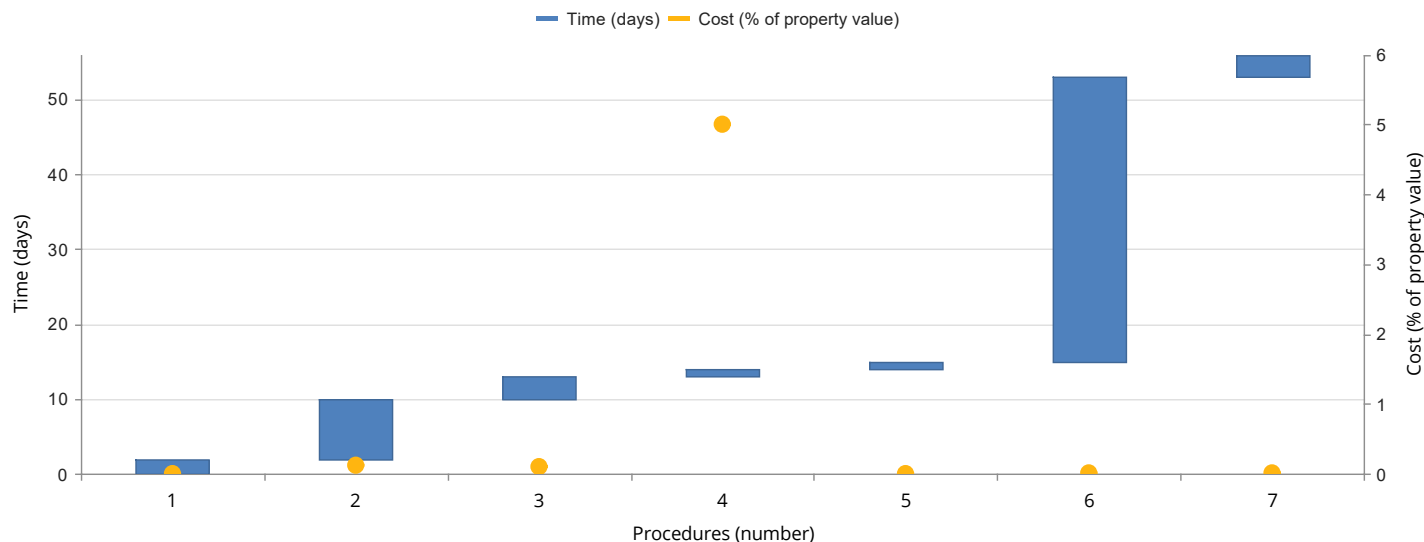
Indicator	Lahore	South Asia	OECD high income	Overall Best Performer
Procedures (number)	7	6.8	4.6	1.00 (4 Economies)
Time (days)	56	111.6	22.3	1.00 (3 Economies)
Cost (% of property value)	5.2	6.9	4.2	0.00 (5 Economies)
Quality of the land administration index (0-30)	10.5	8.0	22.7	29.00 (Singapore)

**Figure – Registering Property in Pakistan and comparator economies – Ranking and DTF**



Note: The ranking of economies on the ease of registering property is determined by sorting their distance to frontier scores for registering property. These scores are the simple average of the distance to frontier scores for each of the component indicators.

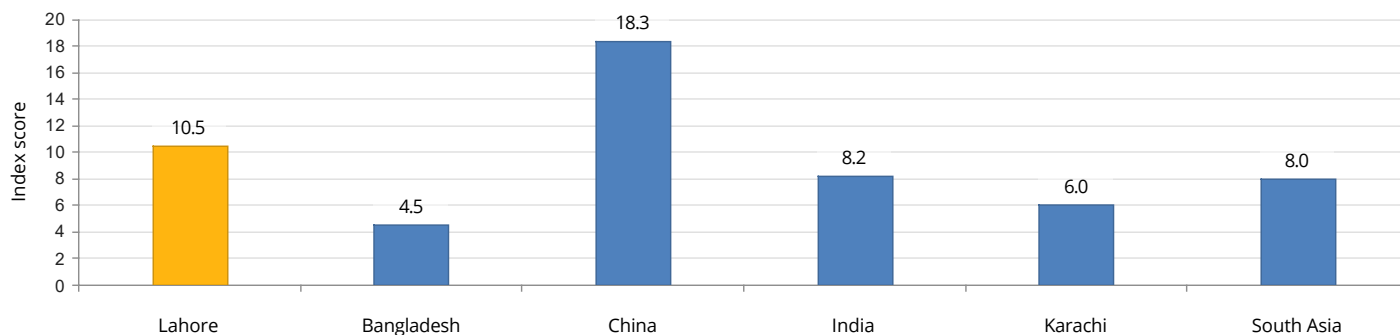
Figure – Registering Property in Lahore – Procedure, Time and Cost



\* This symbol is shown beside procedure numbers that take place simultaneously with the previous procedure.

Note: Online procedures account for 0.5 days in the total time calculation. For economies that have a different procedure list for men and women, the graph shows the time for women. For more information on methodology, see the Doing Business website (<http://www.doingbusiness.org/methodology>). For details on the procedures reflected here, see the summary below.

Figure – Registering Property in Lahore and comparator economies – Measure of Quality



## Details – Registering Property in Lahore – Procedure, Time and Cost

No.	Procedures	Time to Complete	Associated Costs
1	<p><b>Obtain the Fard (ownership and non-encumbrance certificate)</b> Agency : LRMIS</p> <p>To confirm ownership and records for the property the seller obtains the Fard.</p> <p>The Fard is an ownership certificate with the details of the property, the owner, the boundaries and any liens on the property.</p>	2 calendar days	PKR 150
2	<p><b>Advertisement of a transaction in newspapers and inviting objections</b> Agency : Local Newspaper</p> <p>The public notice in two different newspapers having circulation of 100,000 copies, in English and in Urdu news paper, inviting objections/claims should be placed. After publication, there is a seven-day waiting time for arrival of objections, if any. Advertisement is published in local newspapers (dailies) having a large circulation. Simultaneously, the buyer will verify the authenticity of the documents presented by the seller as well his authority to act on behalf of the company to sell this property. At the same time, there is a checking for any encumbrances.</p>	8 calendar days	PKR 10,000
3	<p><b>Hire the deed writer or the lawyer to draft the sale purchase agreement</b> Agency : Lawyer</p> <p>It is common practice in Pakistan to hire a lawyer to draft the sale purchase agreement. People who cannot afford lawyers hire a deed writer costing around PKP 1,000.</p>	3 calendar days	PKR 8,000
4	<p><b>Payment of the stamp duty, capital value tax, town tax and registration fee</b> Agency : Government Treasury or National Bank of Pakistan</p> <p>Following payments must be made:</p> <p>(i) Conveyance stamp duty 3% of property value. (ii) The capital value tax (CVT) is set at 2% of the property value (Punjab Finance Act, 2010). (This tax is not included in cost calculations.) (iii) 1% of property value for the registration fee. (iv) 1% of the property value for the Town Tax</p> <p>Fees are paid at the Government Treasury or National Bank of Pakistan, an autonomous bank jointly owned by Government of Pakistan and public, who issue receipt of money which is taken to the Stamp office of the Government.</p> <p>The receipt of payment is taken to the Stamp Office of the Government. The Stamp office will, upon production of receipt, issue a stamp paper of the value (money deposited) on the Sale Deed. Such typed stamp paper will be presented later before the Registrar, who registers the change of ownership.</p>	1 calendar day	2% of the property price (Capital value tax) (not included in calculations) + 3% of property price (stamp duty) + 1% of property price (registration fee) + 1% Town Tax

<b>5 Receipt of the payment is submitted to the Stamp Office</b>	1 calendar day	no cost
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Agency : Stamp Office of the Government

The receipt of payment obtained in Procedure 4 is taken to the Stamp Office of the Government. The Stamp office will, upon production of receipt, issue a stamp paper of the value (money deposited) on the Sale Deed. Such typed stamp paper will be presented later before the Registrar, who registers the change of ownership.

<b>6 Execution and registration of a deed before the registration authority</b>	38 calendar days	PKR 500
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Agency : Sub-Registrar of Conveyance/Assurances

The conveyance deed must be executed before the registering authority. Execution of the deed is done before the Sub-Registrar of Conveyance/Assurances of the area, official responsible under the Registration Act. Registration of the deed automatically follows the execution of sale deed. A receipt is issued immediately, but the deed is delivered a few weeks later. The name of the buyer is recorded in the new deed, showing the change in ownership. The documentation shall include: Conveyance/Sale Deed ID of parties Original title deed of seller If parties have authorized someone else through a power of attorney, the power of attorney in original with copies. The buyer will conduct post registration procedures, such as changing the name at the utility companies, property taxation and municipal services.

<b>7 Mutation</b>	3 calendar days	PKR 500
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Agency : Land authority of the district where the company is located

Once the registration process described above is completed, and the sale deed has been collected from the sub-registrar office, the mutation process is carried out by the buyer at the relevant land authority for transfer of ownership.

A property mutation is the change of the title ownership under certain conditions such as sale/purchase or death of an owner and even if the property is bought through a power of attorney (PoA). Through mutation, while the new owner gets the property in his name, the government is able to charge property tax from the right owner. The new owner needs to pick up the application with the purchase agreement with the sub-registrar and scanning office's stamp and take it to the Director's office of the concerned land authority. The owner is only the official owner once the mutation is completed and the new title issued.

⇒ Takes place simultaneously with previous procedure.

## Details – Registering Property in Lahore – Measure of Quality

	Answer	Score
<b>Quality of the land administration index (0-30)</b>		<b>10.5</b>
<b>Reliability of infrastructure index (0-8)</b>		<b>5.0</b>
What is the institution in charge of immovable property registration?	Land Records Management Information System	
In what format are the majority of title or deed records kept in the largest business city—in a paper format or in a computerized format (scanned or fully digital)?	Computer/Scanned	1.0
Is there an electronic database for checking for encumbrances (liens, mortgages, restrictions and the like)?	Yes	1.0
Institution in charge of the plans showing legal boundaries in the largest business city:	Land Record Management Information System	
In what format are the majority of maps of land plots kept in the largest business city—in a paper format or in a computerized format (scanned or fully digital)?	Computer/Scanned	1.0
Is there an electronic database for recording boundaries, checking plans and providing cadastral information (geographic information system)?	Yes	1.0
Is the information recorded by the immovable property registration agency and the cadastral or mapping agency kept in a single database, in different but linked databases or in separate databases?	Different databases but linked	1.0
Do the immovable property registration agency and cadastral or mapping agency use the same identification number for properties?	No	0.0
<b>Transparency of information index (0-6)</b>		<b>2.0</b>
Who is able to obtain information on land ownership at the agency in charge of immovable property registration in the largest business city?	Anyone who pays the official fee	1.0
Is the list of documents that are required to complete any type of property transaction made publicly available—and if so, how?	Yes, online	0.5
Link for online access:		
Is the applicable fee schedule for any property transaction at the agency in charge of immovable property registration in the largest business city made publicly available—and if so, how?	Yes, in person	0.0
Link for online access:		
Does the agency in charge of immovable property registration commit to delivering a legally binding document that proves property ownership within a specific time frame—and if so, how does it communicate the service standard?	No	0.0

Link for online access:

Is there a specific and separate mechanism for filing complaints about a problem that occurred at the agency in charge of immovable property registration?	No	0.0
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Contact information:

Are there publicly available official statistics tracking the number of transactions at the immovable property registration agency?	No	0.0
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Number of property transfers in the largest business city in 2016:

Who is able to consult maps of land plots in the largest business city?	Anyone who pays the official fee	0.5
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Is the applicable fee schedule for accessing maps of land plots made publicly available—and if so, how?	Yes, in person	0.0
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Link for online access:

Does the cadastral or mapping agency commit to delivering an updated map within a specific time frame—and if so, how does it communicate the service standard?	No	0.0
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Link for online access:

Is there a specific and separate mechanism for filing complaints about a problem that occurred at the cadastral or mapping agency?	No	0.0
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Contact information:

<b>Geographic coverage index (0–8)</b>		<b>0.0</b>
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Are all privately held land plots in the economy formally registered at the immovable property registry?	No	0.0
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Are all privately held land plots in the largest business city formally registered at the immovable property registry?	No	0.0
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Are all privately held land plots in the economy mapped?	No	0.0
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Are all privately held land plots in the largest business city mapped?	No	0.0
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<b>Land dispute resolution index (0–8)</b>		<b>3.5</b>
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Does the law require that all property sale transactions be registered at the immovable property registry to make them opposable to third parties?	Yes	1.5
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Is the system of immovable property registration subject to a state or private guarantee?	No	0.0
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Is there a specific compensation mechanism to cover for losses incurred by parties who engaged in good faith in a property transaction based on erroneous information certified by the immovable property registry?	No	0.0
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Does the legal system require a control of legality of the documents necessary for a property transaction (e.g., checking the compliance of contracts with requirements of the law)?	Yes	0.5
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If yes, who is responsible for checking the legality of the documents?	Registrar.	
Does the legal system require verification of the identity of the parties to a property transaction?	Yes	0.5
If yes, who is responsible for verifying the identity of the parties?	Registrar.	
Is there a national database to verify the accuracy of identity documents?	Yes	1.0
For a standard land dispute between two local businesses over tenure rights of a property worth 50 times gross national income (GNI) per capita and located in the largest business city, what court would be in charge of the case in the first instance?	District Court	
How long does it take on average to obtain a decision from the first-instance court for such a case (without appeal)?	More than 3 years	0.0
Are there any statistics on the number of land disputes in the first instance?	No	0.0
Number of land disputes in the largest business city in 2016:		
<b>Equal access to property rights index (-2-0)</b>		<b>0.0</b>
Do unmarried men and unmarried women have equal ownership rights to property?	Yes	0.0
Do married men and married women have equal ownership rights to property?	Yes	0.0

## Getting Credit

This topic explores two sets of issues—the strength of credit reporting systems and the effectiveness of collateral and bankruptcy laws in facilitating lending. The most recent round of data collection for the project was completed in June 2017. [See the methodology for more information.](#)

### What the indicators measure

#### Strength of legal rights index (0–12)

- Rights of borrowers and lenders through collateral laws (0-10)
- Protection of secured creditors' rights through bankruptcy laws (0-2)

#### Depth of credit information index (0–8)

- Scope and accessibility of credit information distributed by credit bureaus and credit registries (0-8)

#### Credit bureau coverage (% of adults)

- Number of individuals and firms listed in largest credit bureau as a percentage of adult population

#### Credit registry coverage (% of adults)

- Number of individuals and firms listed in credit registry as a percentage of adult population

### Case study assumptions

Doing Business assesses the sharing of credit information and the legal rights of borrowers and lenders with respect to secured transactions through 2 sets of indicators. The depth of credit information index measures rules and practices affecting the coverage, scope and accessibility of credit information available through a credit registry or a credit bureau. The strength of legal rights index measures the degree to which collateral and bankruptcy laws protect the rights of borrowers and lenders and thus facilitate lending. For each economy it is first determined whether a unitary secured transactions system exists. Then two case scenarios, case A and case B, are used to determine how a nonpossessory security interest is created, publicized and enforced according to the law. Special emphasis is given to how the collateral registry operates (if registration of security interests is possible). The case scenarios involve a secured borrower, company ABC, and a secured lender, BizBank.

In some economies the legal framework for secured transactions will allow only case A or case B (not both) to apply. Both cases examine the same set of legal provisions relating to the use of movable collateral.

#### Several assumptions about the secured borrower (ABC) and lender (BizBank) are used:

- ABC is a domestic limited liability company (or its legal equivalent).
- ABC has up to 50 employees.
- ABC has its headquarters and only base of operations in the economy's largest business city. For 11 economies the data are also collected for the second largest business city.
- Both ABC and BizBank are 100% domestically owned.

The case scenarios also involve assumptions. In case A, as collateral for the loan, ABC grants BizBank a nonpossessory security interest in one category of movable assets, for example, its machinery or its inventory. ABC wants to keep both possession and ownership of the collateral. In economies where the law does not allow nonpossessory security interests in movable property, ABC and BizBank use a fiduciary transfer-of-title arrangement (or a similar substitute for nonpossessory security interests).

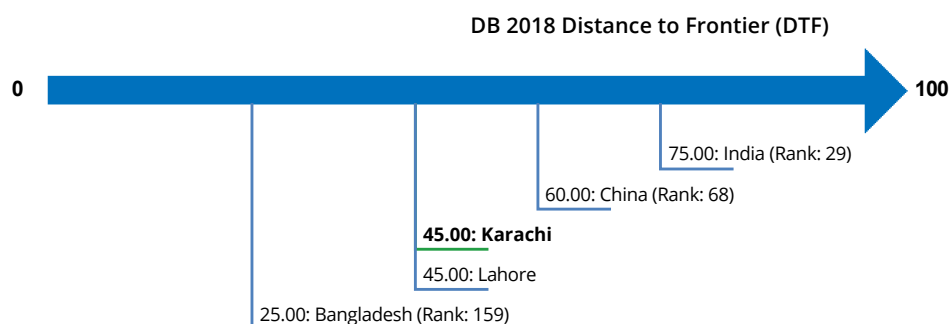
In case B, ABC grants BizBank a business charge, enterprise charge, floating charge or any charge that gives BizBank a security interest over ABC's combined movable assets (or as much of ABC's movable assets as possible). ABC keeps ownership and possession of the assets.



## Getting Credit - Karachi

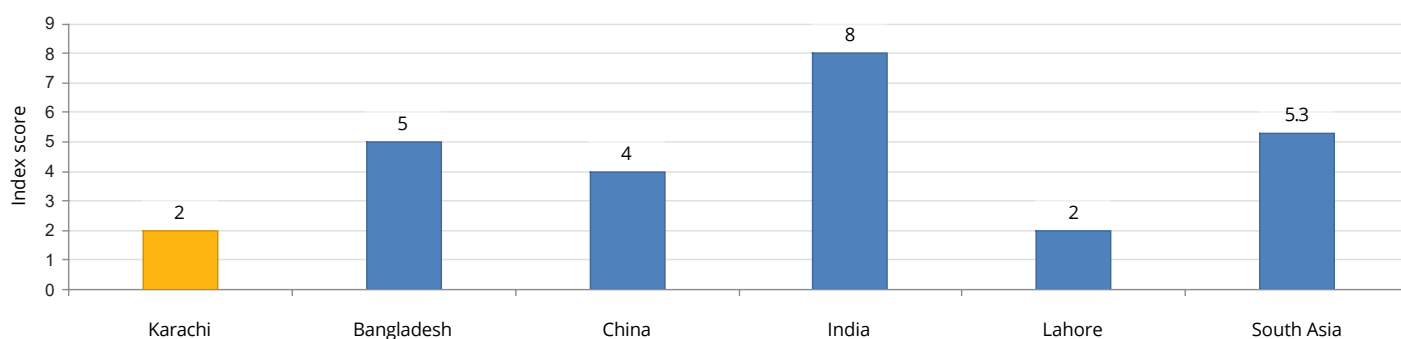
Indicator	Karachi	South Asia	OECD high income	Overall Best Performer
Strength of legal rights index (0-12)	2	5.3	6.0	12.00 (4 Economies)
Depth of credit information index (0-8)	7	4.0	6.6	8.00 (34 Economies)
Credit registry coverage (% of adults)	9.9	3.8	18.3	100.00 (3 Economies)
Credit bureau coverage (% of adults)	6.7	14.1	63.7	100.00 (23 Economies)

**Figure – Getting Credit in Pakistan and comparator economies – Ranking and DTF**



Note: The ranking of economies on the ease of getting credit is determined by sorting their distance to frontier scores for getting credit. These scores are the distance to frontier score for the sum of the strength of legal rights index and the depth of credit information index.

**Figure – Legal Rights in Karachi and comparator economies**



Details – Legal Rights in Karachi

Strength of legal rights index (0-12)

2

Does an integrated or unified legal framework for secured transactions that extends to the creation, publicity and enforcement of functional equivalents to security interests in movable assets exist in the economy? No

Does the law allow businesses to grant a non possessory security right in a single category of movable assets, without requiring a specific description of collateral? Yes

Does the law allow businesses to grant a non possessory security right in substantially all of its assets, without requiring a specific description of collateral? Yes

May a security right extend to future or after-acquired assets, and does it extend automatically to the products, proceeds and replacements of the original assets? No

Is a general description of debts and obligations permitted in collateral agreements; can all types of debts and obligations be secured between parties; and can the collateral agreement include a maximum amount for which the assets are encumbered? No

Is a collateral registry in operation for both incorporated and non-incorporated entities, that is unified geographically and by asset type, with an electronic database indexed by debtor's name? No

Does a notice-based collateral registry exist in which all functional equivalents can be registered? No

Does a modern collateral registry exist in which registrations, amendments, cancellations and searches can be performed online by any interested third party? No

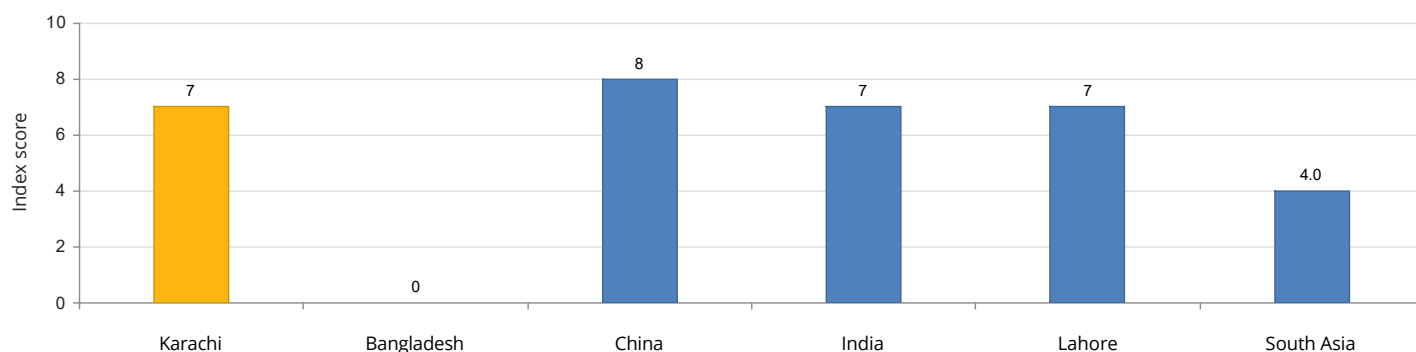
Are secured creditors paid first (i.e. before tax claims and employee claims) when a debtor defaults outside an insolvency procedure? No

Are secured creditors paid first (i.e. before tax claims and employee claims) when a business is liquidated? No

Are secured creditors subject to an automatic stay on enforcement when a debtor enters a court-supervised reorganization procedure? Does the law protect secured creditors' rights by providing clear grounds for relief from the stay and sets a time limit for it? No

Does the law allow parties to agree on out of court enforcement at the time a security interest is created? Does the law allow the secured creditor to sell the collateral through public auction or private tender, as well as, for the secured creditor to keep the asset in satisfaction of the debt? No

Figure – Credit Information in Karachi and comparator economies



## Details – Credit Information in Karachi

Depth of credit information index (0-8)	Credit bureau	Credit registry	Score
Are data on both firms and individuals distributed?	No	Yes	1
Are both positive and negative credit data distributed?	Yes	No	1
Are data from retailers or utility companies - in addition to data from banks and financial institutions - distributed?	No	No	0
Are at least 2 years of historical data distributed? (Credit bureaus and registries that distribute more than 10 years of negative data or erase data on defaults as soon as they are repaid obtain a score of 0 for this component.)	Yes	No	1
Are data on loan amounts below 1% of income per capita distributed?	Yes	Yes	1
By law, do borrowers have the right to access their data in the credit bureau or credit registry?	Yes	No	1
Can banks and financial institutions access borrowers' credit information online (for example, through an online platform, a system-to-system connection or both)?	Yes	Yes	1
Are bureau or registry credit scores offered as a value-added service to help banks and financial institutions assess the creditworthiness of borrowers?	Yes	No	1
<b>Score ("yes" to either public bureau or private registry)</b>			<b>7</b>

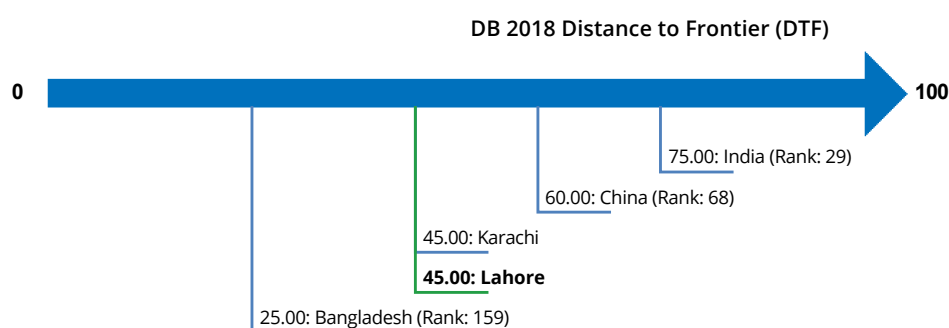
Note: An economy receives a score of 1 if there is a "yes" to either bureau or registry. If the credit bureau or registry is not operational or covers less than 5% of the adult population, the total score on the depth of credit information index is 0.

Coverage	Credit bureau	Credit registry
Number of individuals	7,869,665	11,523,845
Number of firms	0	122,955
Total	7,869,665	11,646,800
<b>Percentage of adult population</b>	<b>6.7</b>	<b>9.9</b>

### Getting Credit - Lahore

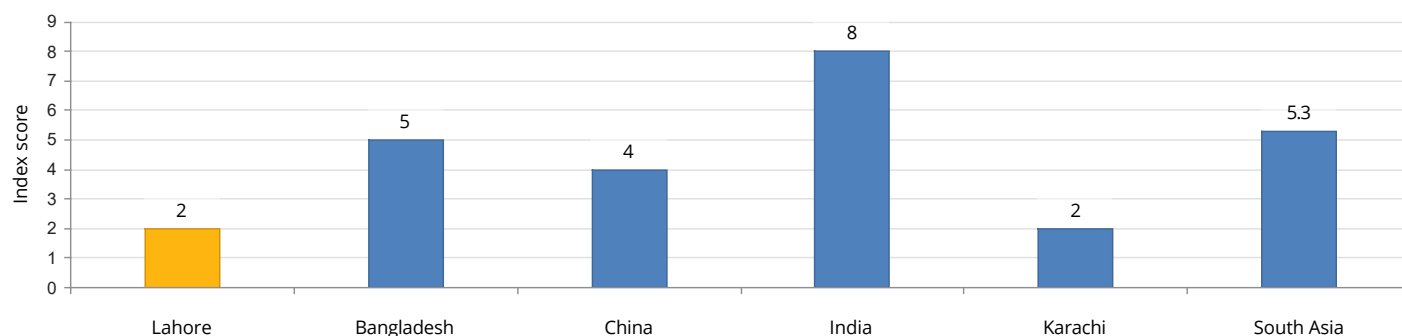
Indicator	Lahore	South Asia	OECD high income	Overall Best Performer
Strength of legal rights index (0-12)	2	5.3	6.0	12.00 (4 Economies)
Depth of credit information index (0-8)	7	4.0	6.6	8.00 (34 Economies)
Credit registry coverage (% of adults)	9.9	3.8	18.3	100.00 (3 Economies)
Credit bureau coverage (% of adults)	6.7	14.1	63.7	100.00 (23 Economies)

**Figure – Getting Credit in Pakistan and comparator economies – Ranking and DTF**



Note: The ranking of economies on the ease of getting credit is determined by sorting their distance to frontier scores for getting credit. These scores are the distance to frontier score for the sum of the strength of legal rights index and the depth of credit information index.

**Figure – Legal Rights in Lahore and comparator economies**



Details – Legal Rights in Lahore

**Strength of legal rights index (0-12)** **2**

Does an integrated or unified legal framework for secured transactions that extends to the creation, publicity and enforcement of functional equivalents to security interests in movable assets exist in the economy? No

Does the law allow businesses to grant a non possessory security right in a single category of movable assets, without requiring a specific description of collateral? Yes

Does the law allow businesses to grant a non possessory security right in substantially all of its assets, without requiring a specific description of collateral? Yes

May a security right extend to future or after-acquired assets, and does it extend automatically to the products, proceeds and replacements of the original assets? No

Is a general description of debts and obligations permitted in collateral agreements; can all types of debts and obligations be secured between parties; and can the collateral agreement include a maximum amount for which the assets are encumbered? No

Is a collateral registry in operation for both incorporated and non-incorporated entities, that is unified geographically and by asset type, with an electronic database indexed by debtor's name? No

Does a notice-based collateral registry exist in which all functional equivalents can be registered? No

Does a modern collateral registry exist in which registrations, amendments, cancellations and searches can be performed online by any interested third party? No

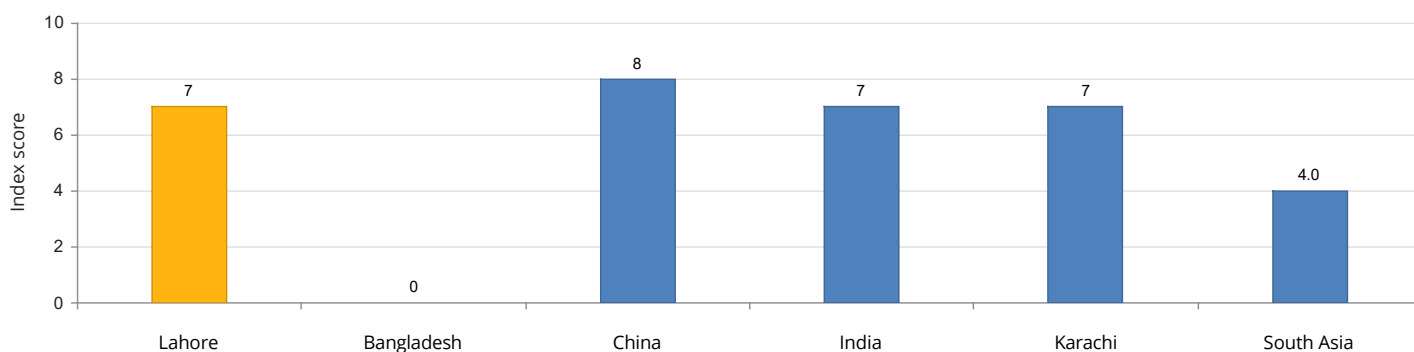
Are secured creditors paid first (i.e. before tax claims and employee claims) when a debtor defaults outside an insolvency procedure? No

Are secured creditors paid first (i.e. before tax claims and employee claims) when a business is liquidated? No

Are secured creditors subject to an automatic stay on enforcement when a debtor enters a court-supervised reorganization procedure? Does the law protect secured creditors' rights by providing clear grounds for relief from the stay and sets a time limit for it? No

Does the law allow parties to agree on out of court enforcement at the time a security interest is created? Does the law allow the secured creditor to sell the collateral through public auction or private tender, as well as, for the secured creditor to keep the asset in satisfaction of the debt? No

Figure – Credit Information in Lahore and comparator economies



## Details – Credit Information in Lahore

Depth of credit information index (0-8)	Credit bureau	Credit registry	Score
Are data on both firms and individuals distributed?	No	Yes	1
Are both positive and negative credit data distributed?	Yes	No	1
Are data from retailers or utility companies - in addition to data from banks and financial institutions - distributed?	No	No	0
Are at least 2 years of historical data distributed? (Credit bureaus and registries that distribute more than 10 years of negative data or erase data on defaults as soon as they are repaid obtain a score of 0 for this component.)	Yes	No	1
Are data on loan amounts below 1% of income per capita distributed?	Yes	Yes	1
By law, do borrowers have the right to access their data in the credit bureau or credit registry?	Yes	No	1
Can banks and financial institutions access borrowers' credit information online (for example, through an online platform, a system-to-system connection or both)?	Yes	Yes	1
Are bureau or registry credit scores offered as a value-added service to help banks and financial institutions assess the creditworthiness of borrowers?	Yes	No	1
<b>Score ("yes" to either public bureau or private registry)</b>			<b>7</b>

Note: An economy receives a score of 1 if there is a "yes" to either bureau or registry. If the credit bureau or registry is not operational or covers less than 5% of the adult population, the total score on the depth of credit information index is 0.

Coverage	Credit bureau	Credit registry
Number of individuals	7,869,665	11,523,845
Number of firms	0	122,955
Total	7,869,665	11,646,800
<b>Percentage of adult population</b>	<b>6.7</b>	<b>9.9</b>

## ↗ Protecting Minority Investors

This topic measures the strength of minority shareholder protections against misuse of corporate assets by directors for their personal gain as well as shareholder rights, governance safeguards and corporate transparency requirements that reduce the risk of abuse. The most recent round of data collection for the project was completed in June 2017. [See the methodology for more information.](#)

### What the indicators measure

- **Extent of disclosure index (0–10):** Review and approval requirements for related-party transactions; Disclosure requirements for related-party transactions
- **Extent of director liability index (0–10):** Ability of minority shareholders to sue and hold interested directors liable for prejudicial related-party transactions; Available legal remedies (damages, disgorgement of profits, fines, imprisonment, rescission of the transaction)
- **Ease of shareholder suits index (0–10):** Access to internal corporate documents; Evidence obtainable during trial and allocation of legal expenses
- **Extent of conflict of interest regulation index (0–10):** Simple average of the extent of disclosure, extent of director liability and ease of shareholder indices
- **Extent of shareholder rights index (0–10):** Shareholders' rights and role in major corporate decisions
- **Extent of ownership and control index (0–10):** Governance safeguards protecting shareholders from undue board control and entrenchment
- **Extent of corporate transparency index (0–10):** Corporate transparency on ownership stakes, compensation, audits and financial prospects
- **Extent of shareholder governance index (0–10):** Simple average of the extent of shareholders rights, extent of ownership and control and extent of corporate transparency indices
- **Strength of minority investor protection index (0–10):** Simple average of the extent of conflict of interest regulation and extent of shareholder governance indices

### Case study assumptions

To make the data comparable across economies, a case study uses several assumptions about the business and the transaction.

#### The business (Buyer):

- Is a publicly traded corporation listed on the economy's most important stock exchange. If the number of publicly traded companies listed on that exchange is less than 10, or if there is no stock exchange in the economy, it is assumed that Buyer is a large private company with multiple shareholders.
- Has a board of directors and a chief executive officer (CEO) who may legally act on behalf of Buyer where permitted, even if this is not specifically required by law.
- Has a supervisory board (applicable to economies with a two-tier board system) on which 60% of the shareholder-elected members have been appointed by Mr. James, who is Buyer's controlling shareholder and a member of Buyer's board of directors.
- Has not adopted any bylaws or articles of association that differ from default minimum standards and does not follow any nonmandatory codes, principles, recommendations or guidelines relating to corporate governance.
- Is a manufacturing company with its own distribution network.

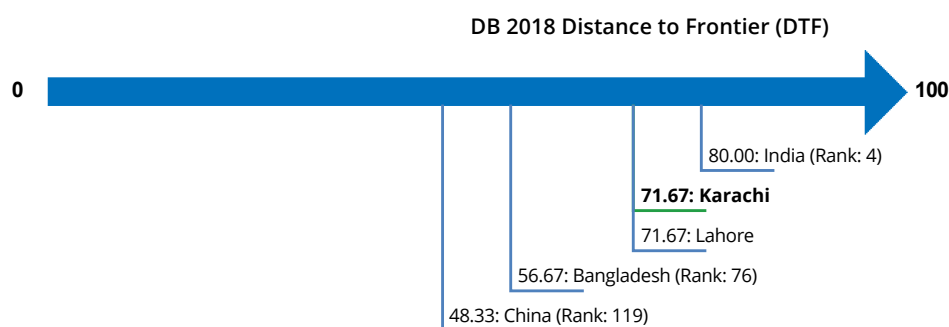
#### The transaction involves the following details:

- Mr. James owns 60% of Buyer and elected two directors to Buyer's five-member board.
- Mr. James also owns 90% of Seller, a company that operates a chain of retail hardware stores. Seller recently closed a large number of its stores.
- Mr. James proposes that Buyer purchase Seller's unused fleet of trucks to expand Buyer's distribution of its food products, a proposal to which Buyer agrees. The price is equal to 10% of Buyer's assets and is higher than the market value.
- The proposed transaction is part of the company's ordinary course of business and is not outside the authority of the company.
- Buyer enters into the transaction. All required approvals are obtained, and all required disclosures made (that is, the transaction is not fraudulent).
- The transaction causes damages to Buyer. Shareholders sue Mr. James and the other parties that approved the transaction.

### Protecting Minority Investors - Karachi

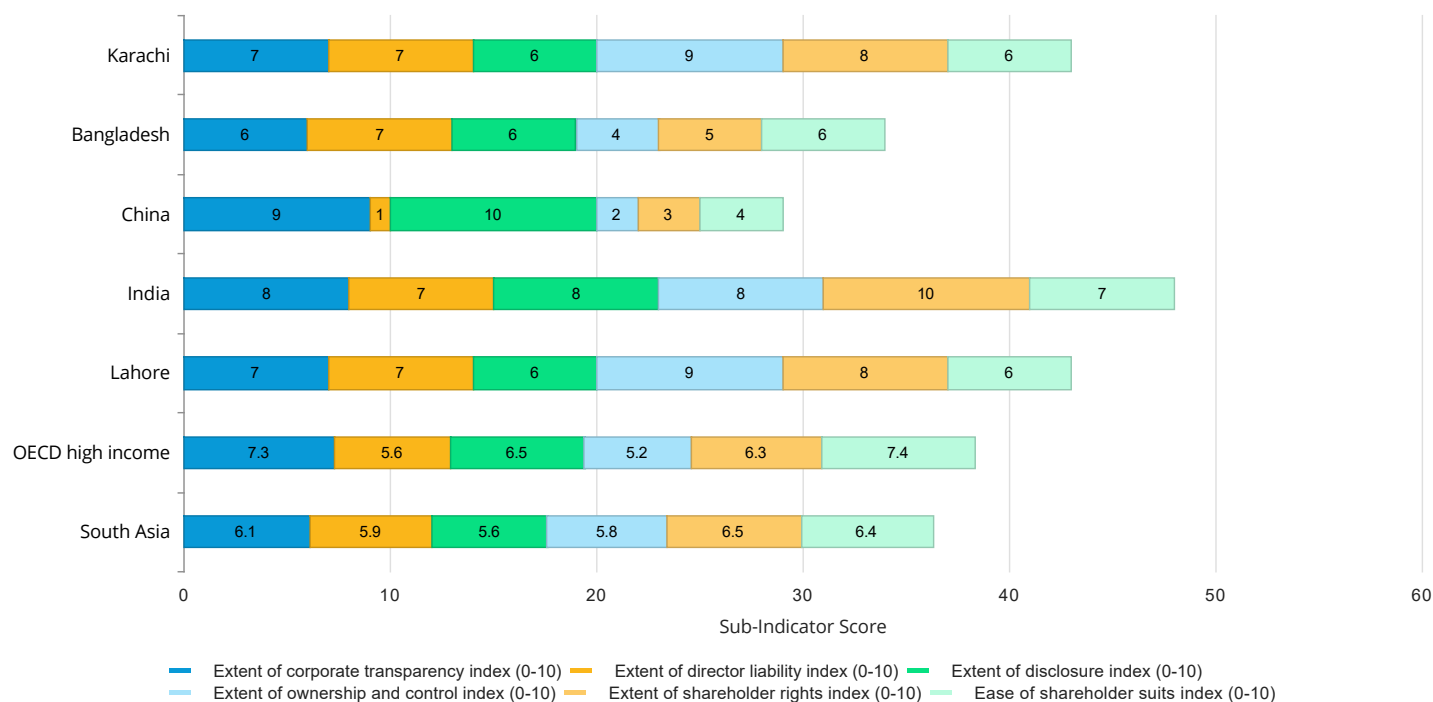
Indicator	Karachi	South Asia	OECD high income	Overall Best Performer
Extent of conflict of interest regulation index (0-10)	6.3	5.5	6.4	9.3 (New Zealand)
Extent of shareholder governance index (0-10)	8	5.3	6.4	9.00 (Kazakhstan)

**Figure – Protecting Minority Investors in Pakistan and comparator economies – Ranking and DTF**



Note: The ranking of economies on the strength of minority investor protections is determined by sorting their distance to frontier scores for protecting minority investors. These scores are the simple average of the distance to frontier scores for the extent of conflict of interest regulation index and the extent of shareholder governance index.

**Figure – Protecting Minority Investors in Karachi and comparator economies – Measure of Quality**





## Details – Protecting Minority Investors in Karachi – Measure of Quality

	Answer	Score
<b>Extent of conflict of interest regulation index (0-10)</b>		<b>6.3</b>
<b>Extent of disclosure index (0-10)</b>		<b>6</b>
Which corporate body is legally sufficient to approve the Buyer-Seller transaction? (0-3)	Board of directors excluding interested members	2.0
Must an external body review the terms of the transaction before it takes place? (0-1)	No	0.0
Must Mr. James disclose his conflict of interest to the board of directors? (0-2)	Full disclosure of all material facts	2.0
Must Buyer disclose the transaction in published periodic filings (annual reports)? (0-2)	Disclosure on the transaction and on the conflict of interest	2.0
Must Buyer immediately disclose the transaction to the public and/or shareholders? (0-2)	No disclosure obligation	0.0
<b>Extent of director liability index (0-10)</b>		<b>7</b>
Can shareholders representing 10% of Buyer's share capital sue directly or derivatively for the damage the transaction caused to Buyer? (0-1)	Yes	1.0
Can shareholders hold the interested director liable for the damage the transaction caused to Buyer? (0-2)	Liable if negligent	1.0
Can shareholders hold the other directors liable for the damage the transaction caused to Buyer (0-2)	Liable if negligent	1.0
Must Mr. James pay damages for the harm caused to Buyer upon a successful claim by shareholders? (0-1)	Yes	1.0
Must Mr. James repay profits made from the transaction upon a successful claim by shareholders? (0-1)	Yes	1.0
Is Mr. James disqualified or fined and imprisoned upon a successful claim by shareholders? (0-1)	Yes	1.0
Can a court void the transaction upon a successful claim by shareholders? (0-2)	Voidable if negligently concluded	1.0
<b>Ease of shareholder suits index (0-10)</b>		<b>6</b>
Before suing can shareholders representing 10% of Buyer's share capital inspect the transaction documents? (0-1)	Yes	1.0

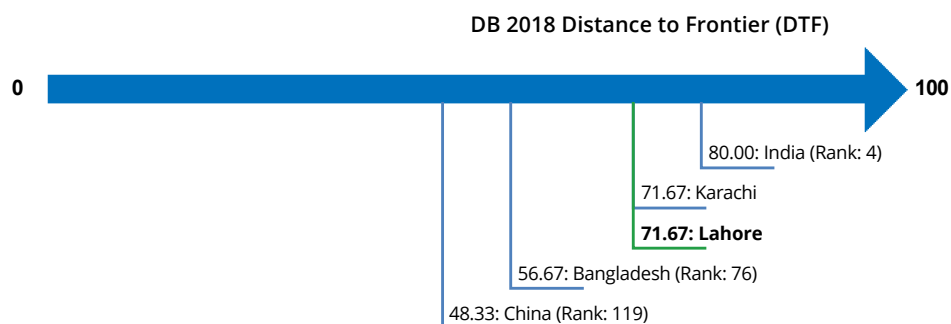
Can the plaintiff obtain any documents from the defendant and witnesses at trial? (0-3)	Any relevant document	3.0
Can the plaintiff request categories of documents from the defendant without identifying specific ones? (0-1)	No	0.0
Can the plaintiff directly question the defendant and witnesses at trial? (0-2)	Preapproved questions only	1.0
Is the level of proof required for civil suits lower than that of criminal cases? (0-1)	Yes	1.0
Can shareholder plaintiffs recover their legal expenses from the company? (0-2)	At the discretion of the court	0.0
<b>Extent of shareholder governance index (0-10)</b>		<b>8</b>
<b>Extent of shareholder rights index (0-10)</b>		<b>8</b>
Does the sale of 51% of Buyer's assets require shareholder approval?	Yes	1.0
Can shareholders representing 10% of Buyer's share capital call for a meeting of shareholders?	Yes	1.0
Must Buyer obtain its shareholders' approval every time it issues new shares?	No	0.0
Do shareholders automatically receive preemption rights every time Buyer issues new shares?	Yes	1.0
Must shareholders approve the election and dismissal of the external auditor?	Yes	1.0
Are changes to the rights of a class of shares only possible if the holders of the affected shares approve?	Yes	1.0
Assuming that Buyer is a limited company, does the sale of 51% of its assets require member approval?	Yes	1.0
Assuming that Buyer is a limited company, can members representing 10% call for a meeting of members?	Yes	1.0
Assuming that Buyer is a limited company, must all members consent to add a new member?	No	0.0
Assuming that Buyer is a limited company, must a member first offer to sell their interest to the existing members before they can sell to non-members?	Yes	1.0
<b>Extent of ownership and control index (0-10)</b>		<b>9</b>
Is it forbidden to appoint the same individual as CEO and chair of the board of directors?	Yes	1.0
Must the board of directors include independent and nonexecutive board members?	Yes	1.0
Can shareholders remove members of the board of directors without cause before the end of their term?	Yes	1.0
Must the board of directors include a separate audit committee exclusively comprising board members?	Yes	1.0

Must a potential acquirer make a tender offer to all shareholders upon acquiring 50% of Buyer?	Yes	1.0
Must Buyer pay declared dividends within a maximum period set by law?	Yes	1.0
Is a subsidiary prohibited from acquiring shares issued by its parent company?	Yes	1.0
Assuming that Buyer is a limited company, must Buyer have a mechanism to resolve disagreements among members?	Yes	1.0
Assuming that Buyer is a limited company, must a potential acquirer make a tender offer to all shareholders upon acquiring 50% of Buyer?	No	0.0
Assuming that Buyer is a limited company, must Buyer distribute profits within a maximum period set by law?	Yes	1.0
<b>Extent of corporate transparency index (0-10)</b>		<b>7</b>
Must Buyer disclose direct and indirect beneficial ownership stakes representing 5%?	Yes	1.0
Must Buyer disclose information about board members' primary employment and directorships in other companies?	Yes	1.0
Must Buyer disclose the compensation of individual managers?	No	0.0
Must a detailed notice of general meeting be sent 21 days before the meeting?	Yes	1.0
Can shareholders representing 5% of Buyer's share capital put items on the general meeting agenda?	No	0.0
Must Buyer's annual financial statements be audited by an external auditor?	Yes	1.0
Must Buyer disclose its audit reports to the public?	Yes	1.0
Assuming that Buyer is a limited company, must members meet at least once a year?	Yes	1.0
Assuming that Buyer is a limited company, can members representing 5% put items on the meeting agenda?	No	0.0
Assuming that Buyer is a limited company, must Buyer's annual financial statements be audited by an external auditor?	Yes	1.0

### Protecting Minority Investors - Lahore

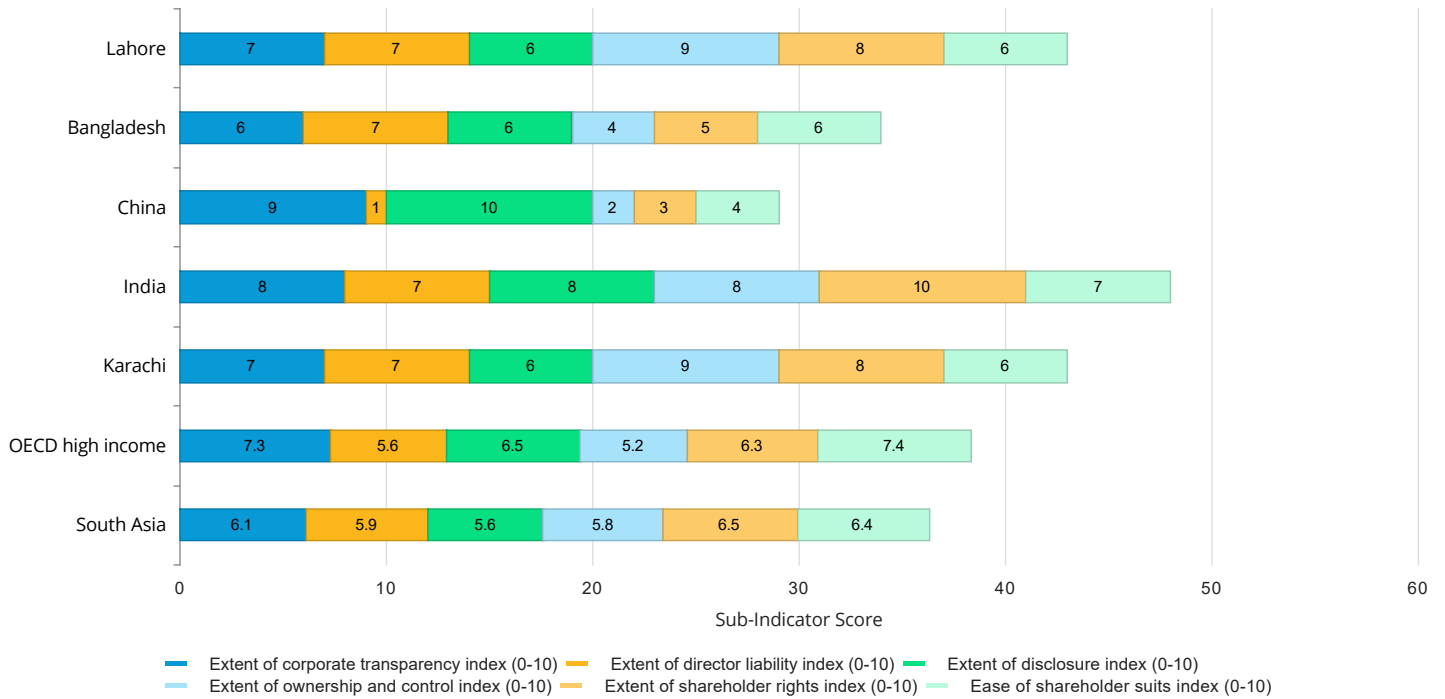
Indicator	Lahore	South Asia	OECD high income	Overall Best Performer
Extent of conflict of interest regulation index (0-10)	6.3	5.5	6.4	9.3 (New Zealand)
Extent of shareholder governance index (0-10)	8	5.3	6.4	9.00 (Kazakhstan)

**Figure – Protecting Minority Investors in Pakistan and comparator economies – Ranking and DTF**



Note: The ranking of economies on the strength of minority investor protections is determined by sorting their distance to frontier scores for protecting minority investors. These scores are the simple average of the distance to frontier scores for the extent of conflict of interest regulation index and the extent of shareholder governance index.

Figure – Protecting Minority Investors in Lahore and comparator economies – Measure of Quality



## Details – Protecting Minority Investors in Lahore – Measure of Quality

	Answer	Score
<b>Extent of conflict of interest regulation index (0-10)</b>		<b>6.3</b>
<b>Extent of disclosure index (0-10)</b>		<b>6</b>
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Must an external body review the terms of the transaction before it takes place? (0-1)	No	0.0
Must Mr. James disclose his conflict of interest to the board of directors? (0-2)	Full disclosure of all material facts	2.0
Must Buyer disclose the transaction in published periodic filings (annual reports)? (0-2)	Disclosure on the transaction and on the conflict of interest	2.0
Must Buyer immediately disclose the transaction to the public and/or shareholders? (0-2)	No disclosure obligation	0.0
<b>Extent of director liability index (0-10)</b>		<b>7</b>
Can shareholders representing 10% of Buyer's share capital sue directly or derivatively for the damage the transaction caused to Buyer? (0-1)	Yes	1.0
Can shareholders hold the interested director liable for the damage the transaction caused to Buyer? (0-2)	Liable if negligent	1.0
Can shareholders hold the other directors liable for the damage the transaction caused to Buyer (0-2)	Liable if negligent	1.0
Must Mr. James pay damages for the harm caused to Buyer upon a successful claim by shareholders? (0-1)	Yes	1.0
Must Mr. James repay profits made from the transaction upon a successful claim by shareholders? (0-1)	Yes	1.0
Is Mr. James disqualified or fined and imprisoned upon a successful claim by shareholders? (0-1)	Yes	1.0
Can a court void the transaction upon a successful claim by shareholders? (0-2)	Voidable if negligently concluded	1.0
<b>Ease of shareholder suits index (0-10)</b>		<b>6</b>
Before suing can shareholders representing 10% of Buyer's share capital inspect the transaction documents? (0-1)	Yes	1.0

Can the plaintiff obtain any documents from the defendant and witnesses at trial? (0-3)	Any relevant document	3.0
Can the plaintiff request categories of documents from the defendant without identifying specific ones? (0-1)	No	0.0
Can the plaintiff directly question the defendant and witnesses at trial? (0-2)	Preapproved questions only	1.0
Is the level of proof required for civil suits lower than that of criminal cases? (0-1)	Yes	1.0
Can shareholder plaintiffs recover their legal expenses from the company? (0-2)	At the discretion of the court	0.0
<b>Extent of shareholder governance index (0-10)</b>		<b>8</b>
<b>Extent of shareholder rights index (0-10)</b>		<b>8</b>
Does the sale of 51% of Buyer's assets require shareholder approval?	Yes	1.0
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Must Buyer obtain its shareholders' approval every time it issues new shares?	No	0.0
Do shareholders automatically receive preemption rights every time Buyer issues new shares?	Yes	1.0
Must shareholders approve the election and dismissal of the external auditor?	Yes	1.0
Are changes to the rights of a class of shares only possible if the holders of the affected shares approve?	Yes	1.0
Assuming that Buyer is a limited company, does the sale of 51% of its assets require member approval?	Yes	1.0
Assuming that Buyer is a limited company, can members representing 10% call for a meeting of members?	Yes	1.0
Assuming that Buyer is a limited company, must all members consent to add a new member?	No	0.0
Assuming that Buyer is a limited company, must a member first offer to sell their interest to the existing members before they can sell to non-members?	Yes	1.0
<b>Extent of ownership and control index (0-10)</b>		<b>9</b>
Is it forbidden to appoint the same individual as CEO and chair of the board of directors?	Yes	1.0
Must the board of directors include independent and nonexecutive board members?	Yes	1.0
Can shareholders remove members of the board of directors without cause before the end of their term?	Yes	1.0
Must the board of directors include a separate audit committee exclusively comprising board members?	Yes	1.0

Must a potential acquirer make a tender offer to all shareholders upon acquiring 50% of Buyer?	Yes	1.0
Must Buyer pay declared dividends within a maximum period set by law?	Yes	1.0
Is a subsidiary prohibited from acquiring shares issued by its parent company?	Yes	1.0
Assuming that Buyer is a limited company, must Buyer have a mechanism to resolve disagreements among members?	Yes	1.0
Assuming that Buyer is a limited company, must a potential acquirer make a tender offer to all shareholders upon acquiring 50% of Buyer?	No	0.0
Assuming that Buyer is a limited company, must Buyer distribute profits within a maximum period set by law?	Yes	1.0
<b>Extent of corporate transparency index (0-10)</b>		<b>7</b>
Must Buyer disclose direct and indirect beneficial ownership stakes representing 5%?	Yes	1.0
Must Buyer disclose information about board members' primary employment and directorships in other companies?	Yes	1.0
Must Buyer disclose the compensation of individual managers?	No	0.0
Must a detailed notice of general meeting be sent 21 days before the meeting?	Yes	1.0
Can shareholders representing 5% of Buyer's share capital put items on the general meeting agenda?	No	0.0
Must Buyer's annual financial statements be audited by an external auditor?	Yes	1.0
Must Buyer disclose its audit reports to the public?	Yes	1.0
Assuming that Buyer is a limited company, must members meet at least once a year?	Yes	1.0
Assuming that Buyer is a limited company, can members representing 5% put items on the meeting agenda?	No	0.0
Assuming that Buyer is a limited company, must Buyer's annual financial statements be audited by an external auditor?	Yes	1.0



## Paying Taxes

This topic records the taxes and mandatory contributions that a medium-size company must pay or withhold in a given year, as well as measures the administrative burden in paying taxes and contributions. The most recent round of data collection for the project was completed on June 30, 2017 covering for the Paying Taxes indicator calendar year 2016 (January 1, 2016 – December 31, 2016).

Last year (Doing Business 2017) the scope of data collection was expanded to better understand the overall tax environment in an economy. The questionnaire was expanded to include new questions on post-filing processes: VAT refund and tax audit. The data shows where postfiling processes and practices work efficiently and what drives the differences in the overall tax compliance cost across economies.

The new section covers both the legal framework and the administrative burden on businesses to comply with postfiling processes.

[See the methodology for more information.](#)

### What the indicators measure

#### Tax payments for a manufacturing company in 2016 (number per year adjusted for electronic and joint filing and payment)

- Total number of taxes and contributions paid, including consumption taxes (value added tax, sales tax or goods and service tax)
- Method and frequency of filing and payment

#### Time required to comply with 3 major taxes (hours per year)

- Collecting information, computing tax payable
- Completing tax return, filing with agencies
- Arranging payment or withholding
- Preparing separate tax accounting books, if required

#### Total tax and contribution rate (% of profit before all taxes)

- Profit or corporate income tax
- Social contributions, labor taxes paid by employer
- Property and property transfer taxes
- Dividend, capital gains, financial transactions taxes
- Waste collection, vehicle, road and other taxes

#### Postfiling Index

- Time to comply with a VAT refund
- Time to receive a VAT refund
- Time to comply with a corporate income tax audit
- Time to complete a corporate income tax audit

### Case study assumptions

Using a case scenario, Doing Business records taxes and mandatory contributions a medium size company must pay in a year, and measures the administrative burden of paying taxes, contributions and dealing with postfiling processes. Information is also compiled on frequency of filing and payments, time taken to comply with tax laws, time taken to comply with the requirements of postfiling processes and time waiting.

To make data comparable across economies, several assumptions are used:

- TaxpayerCo is a medium-size business that started operations on January 1, 2015. It produces ceramic flowerpots and sells them at retail. All taxes and contributions recorded are paid in the second year of operation (calendar year 2016). Taxes and mandatory contributions are measured at all levels of government.

#### The VAT refund process:

- In June 2016, TaxpayerCo. makes a large capital purchase: the value of the machine is 65 times income per capita of the economy. Sales are equally spread per month (1,050 times income per capita divided by 12) and cost of goods sold are equally expensed per month (875 times income per capita divided by 12). The machinery seller is registered for VAT and excess input VAT incurred in June will be fully recovered after four consecutive months if the VAT rate is the same for inputs, sales and the machine and the tax reporting period is every month. Input VAT will exceed Output VAT in June 2016.

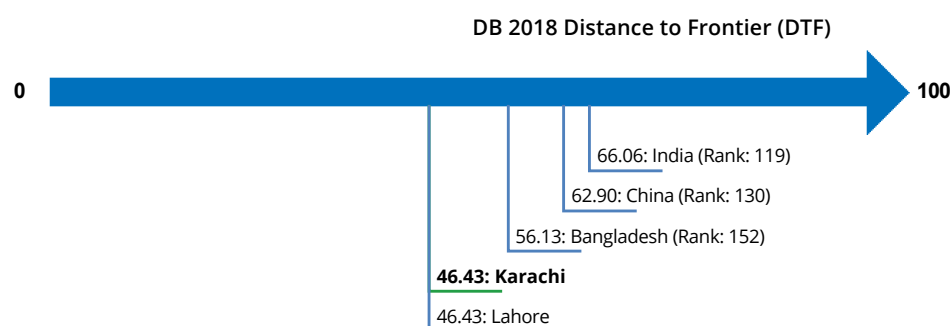
#### The corporate income tax audit process:

- An error in calculation of income tax liability (for example, use of incorrect tax depreciation rates, or incorrectly treating an expense as tax deductible) leads to an incorrect income tax return and a corporate income tax underpayment. TaxpayerCo. discovered the error and voluntarily notified the tax authority. The value of the underpaid income tax liability is 5% of the corporate income tax liability due. TaxpayerCo. submits corrected information after the deadline for submitting the annual tax return, but within the tax assessment period.

## Paying Taxes - Karachi

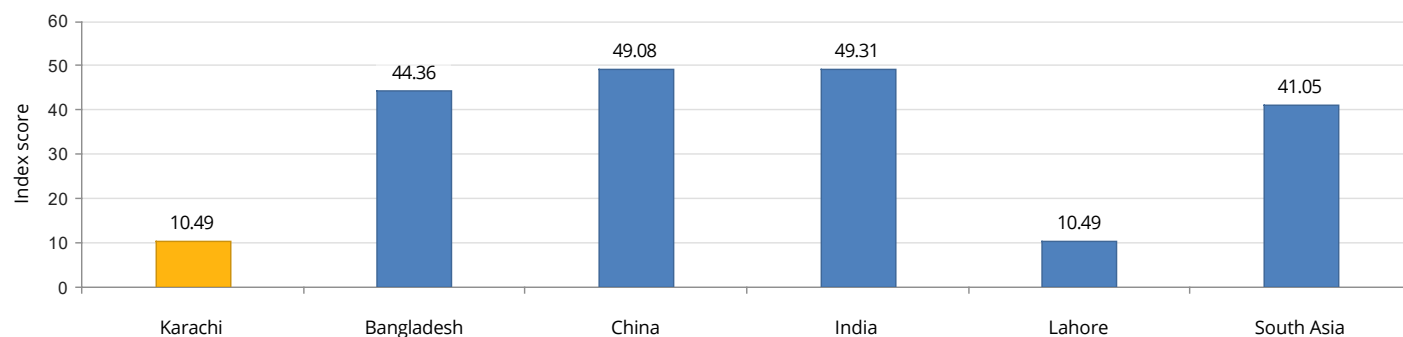
Indicator	Karachi	South Asia	OECD high income	Overall Best Performer
Payments (number per year)	47	28.5	10.9	3 (Hong Kong SAR, China)
Time (hours per year)	311.5	277.3	160.7	50 (Estonia)
Total tax and contribution rate (% of profit)	33.8	43.0	40.1	18.47 (32 Economies)
Postfiling index (0-100)	10.49	41.05	83.45	99.38 (Estonia)

Figure – Paying Taxes in Pakistan and comparator economies – Ranking and DTF



Note: The ranking of economies on the ease of paying taxes is determined by sorting their distance to frontier scores on the ease of paying taxes. These scores are the simple average of the distance to frontier scores for each of the four component indicators – number of tax payments, time, total tax rate and postfiling index – with a threshold and a nonlinear transformation applied to one of the component indicators, the total tax rate. The nonlinear distance to frontier for the total tax rate is equal to the distance to frontier for the total tax rate to the power of 0.8. The threshold is defined as the total tax rate at the 15th percentile of the overall distribution for all years included in the analysis up to and including Doing Business 2015, which is 26.1%. All economies with a total tax rate below this threshold receive the same score as the economy at the threshold.

Figure – Paying Taxes in Karachi and comparator economies – Measure of Quality



Details – Paying Taxes in Karachi

Tax or mandatory contribution	Payments (number)	Notes on Payments	Time (hours)	Statutory tax rate	Tax base	Total tax and contribution rate (% of profit)	Notes on TTR
Corporate income tax	5.0		40.0	25%	taxable profit	18.29	
Employer paid - Pension contributions	12.0			5% or PKR 700 per employee per month	gross salaries	7.06	
Social security contributions	12.0		40.0	6% up to PKR 15,000 wage ceiling	gross salaries	6.46	
Education cess	1.0			PKR 100 per month	per worker	0.93	
Property tax	1.0			18% (including 10% discount)	annual rental value of property	0.89	
Tax on interest	0.0			10%	interest	0.26	included in other taxes
Professional tax	1.0			PKR 10,000	fixed fee	0.14	
Vehicle tax	1.0			varies	fixed fee depending on type of vehicle	0.07	
Stamp duty	1.0			rate based on contract value		0.00	
Employee paid - Pension contributions	0.0	jointly		1% or PKR 140 per employee per month	gross salaries	0.00	withheld

Fuel tax	1.0		25%	included into fuel price	0.00	small amount
Goods and sales tax (VAT)	12.0	231.5	17%	value added	0.00	not included
<b>Totals</b>	<b>47</b>	<b>311.5</b>			<b>33.8</b>	

#### Details – Paying Taxes in Karachi – Tax by Type

Taxes by type	Answer
Profit tax (% of profit)	18.3
Labor tax and contributions (% of profit)	14.5
Other taxes (% of profit)	1.1

#### Details – Paying Taxes in Karachi – Measure of Quality

	Answer	Score
<b>Postfiling index (0-100)</b>		<b>10.49</b>
<b>VAT refunds</b>		
Does VAT exist?	Yes	
Does a VAT refund process exist per the case study?	Yes	
Restrictions on VAT refund process	Carry forward for 6 months	
Percentage of cases exposed to a VAT audit (%)	50% - 74%	
Is there a mandatory carry forward period?	Yes	
Time to comply with VAT refund (hours)	84.0	0
Time to obtain a VAT refund (weeks)	79.0	0
<b>Corporate income tax audits</b>		
Does corporate income tax exist?	Yes	
Percentage of cases exposed to a corporate income tax audit (%)	25% - 49%	
Time to comply with a corporate income tax audit (hours)	69.0	0
Time to complete a corporate income tax audit (weeks)	18.6	41.96

**Notes:** Names of taxes have been standardized. For instance income tax, profit tax, tax on company's income are all named corporate income tax in this table.

The hours for VAT include all the VAT and sales taxes applicable.

The hours for Social Security include all the hours for labor taxes and mandatory contributions in general.

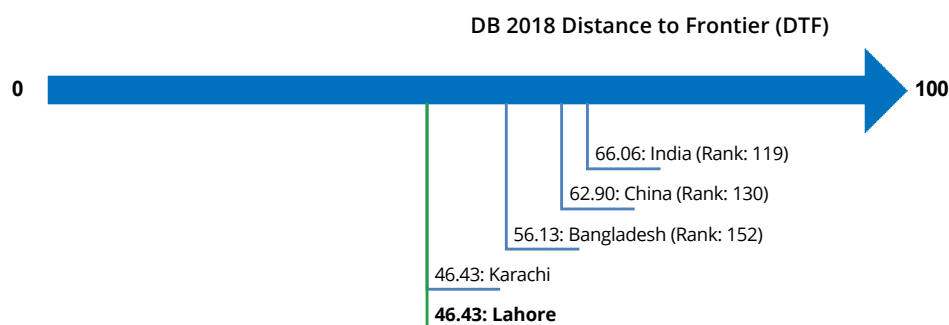
The postfiling index is the average of the scores on time to comply with VAT refund, time to obtain a VAT refund, time to comply with a corporate income tax audit and time to complete a corporate income tax audit.

N/A = Not applicable.

## Paying Taxes - Lahore

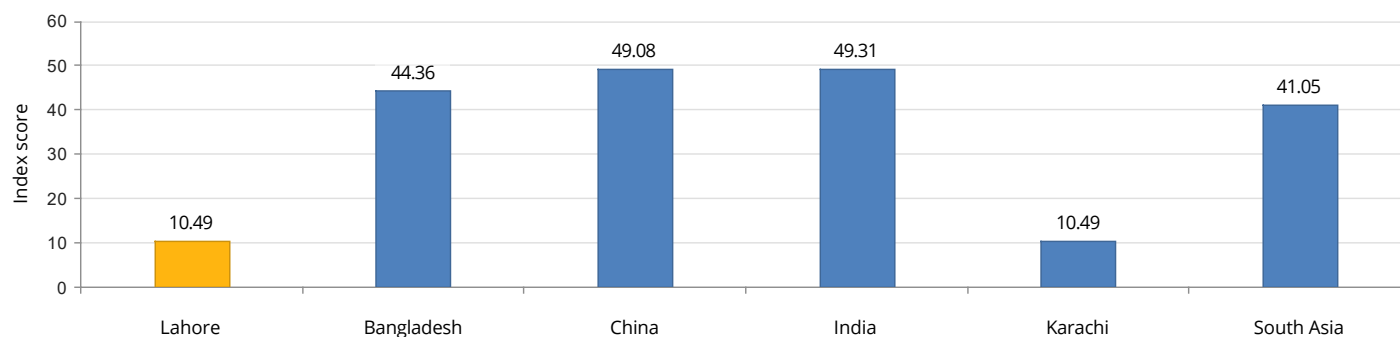
Indicator	Lahore	South Asia	OECD high income	Overall Best Performer
Payments (number per year)	47	28.5	10.9	3 (Hong Kong SAR, China)
Time (hours per year)	311.5	277.3	160.7	50 (Estonia)
Total tax and contribution rate (% of profit)	33.8	43.0	40.1	18.47 (32 Economies)
Postfiling index (0-100)	10.49	41.05	83.45	99.38 (Estonia)

**Figure – Paying Taxes in Pakistan and comparator economies – Ranking and DTF**



Note: The ranking of economies on the ease of paying taxes is determined by sorting their distance to frontier scores on the ease of paying taxes. These scores are the simple average of the distance to frontier scores for each of the four component indicators – number of tax payments, time, total tax rate and postfiling index – with a threshold and a nonlinear transformation applied to one of the component indicators, the total tax rate. The nonlinear distance to frontier for the total tax rate is equal to the distance to frontier for the total tax rate to the power of 0.8. The threshold is defined as the total tax rate at the 15th percentile of the overall distribution for all years included in the analysis up to and including Doing Business 2015, which is 26.1%. All economies with a total tax rate below this threshold receive the same score as the economy at the threshold.

Figure – Paying Taxes in Lahore and comparator economies – Measure of Quality



## Details – Paying Taxes in Lahore

Tax or mandatory contribution	Payments (number)	Notes on Payments	Time (hours)	Statutory tax rate	Tax base	Total tax and contribution rate (% of profit)	Notes on TTR
Corporate income tax	5.0		40.0	25%	taxable profit	18.29	
Employer paid - Pension contributions	12.0			5% or PKR 700 per employee per month	gross salaries	7.06	
Social security contributions	12.0		40.0	6% up to PKR 15,000 wage ceiling	gross salaries	6.46	
Education cess	1.0			PKR 100 per month	per worker	0.93	
Property tax	1.0			18% (including 10% discount)	annual rental value of property	0.89	
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Professional tax	1.0			PKR 10,000	fixed fee	0.14	
Vehicle tax	1.0			varies	fixed fee depending on type of vehicle	0.07	
Stamp duty	1.0			rate based on contract value		0.00	
Employee paid - Pension contributions	0.0	jointly		1% or PKR 140 per employee per month	gross salaries	0.00	withheld

Fuel tax	1.0		25%	included into fuel price	0.00	small amount
Goods and sales tax (VAT)	12.0	231.5	17%	value added	0.00	not included
<b>Totals</b>	<b>47</b>	<b>311.5</b>			<b>33.8</b>	

#### Details – Paying Taxes in Lahore – Tax by Type

Taxes by type	Answer
Profit tax (% of profit)	18.3
Labor tax and contributions (% of profit)	14.5
Other taxes (% of profit)	1.1

#### Details – Paying Taxes in Lahore – Measure of Quality

	Answer	Score
<b>Postfiling index (0-100)</b>		<b>10.49</b>
<b>VAT refunds</b>		
Does VAT exist?	Yes	
Does a VAT refund process exist per the case study?	Yes	
Restrictions on VAT refund process	Carry forward for 6 months	
Percentage of cases exposed to a VAT audit (%)	50% - 74%	
Is there a mandatory carry forward period?	Yes	
Time to comply with VAT refund (hours)	84.0	0
Time to obtain a VAT refund (weeks)	79.0	0
<b>Corporate income tax audits</b>		
Does corporate income tax exist?	Yes	
Percentage of cases exposed to a corporate income tax audit (%)	25% - 49%	
Time to comply with a corporate income tax audit (hours)	69.0	0
Time to complete a corporate income tax audit (weeks)	18.6	41.96

**Notes:** Names of taxes have been standardized. For instance income tax, profit tax, tax on company's income are all named corporate income tax in this table.

The hours for VAT include all the VAT and sales taxes applicable.

The hours for Social Security include all the hours for labor taxes and mandatory contributions in general.



The postfiling index is the average of the scores on time to comply with VAT refund, time to obtain a VAT refund, time to comply with a corporate income tax audit and time to complete a corporate income tax audit.

N/A = Not applicable.

## Trading across Borders

Doing Business records the time and cost associated with the logistical process of exporting and importing goods. Doing Business measures the time and cost (excluding tariffs) associated with three sets of procedures—documentary compliance, border compliance and domestic transport—within the overall process of exporting or importing a shipment of goods. The most recent round of data collection for the project was completed in June 2017. [See the methodology for more information.](#)

Given the importance of trade digitalization, in Doing Business 2018, the Trading across Borders questionnaire included research questions on the availability and status of implementation of Electronic Data Interchange (EDI) and Single Window (SW) systems. With this information, Doing Business built a comprehensive dataset on the adoption and level of sophistication of electronic platforms in 190 economies. These data are not used to compute the distance to frontier score or ranking of the ease of doing business. The new dataset on EDI and SW systems is available [here](#).

### What the indicators measure

#### Documentary compliance

- Obtaining, preparing and submitting documents during transport, clearance, inspections and port or border handling in origin economy
- Obtaining, preparing and submitting documents required by destination economy and any transit economies
- Covers all documents required by law and in practice, including electronic submissions of information

#### Border compliance

- Customs clearance and inspections
- Inspections by other agencies (if applied to more than 20% of shipments)
- Handling and inspections that take place at the economy's port or border

#### Domestic transport

- Loading or unloading of the shipment at the warehouse or port/border
- Transport between warehouse and port/border
- Traffic delays and road police checks while shipment is en route

### Case study assumptions

To make the data comparable across economies, a few assumptions are made about the traded goods and the transactions:

**Time:** Time is measured in hours, and 1 day is 24 hours (for example, 22 days are recorded as  $22 \times 24 = 528$  hours). If customs clearance takes 7.5 hours, the data are recorded as is. Alternatively, suppose documents are submitted to a customs agency at 8:00a.m., are processed overnight and can be picked up at 8:00a.m. the next day. The time for customs clearance would be recorded as 24 hours because the actual procedure took 24 hours.

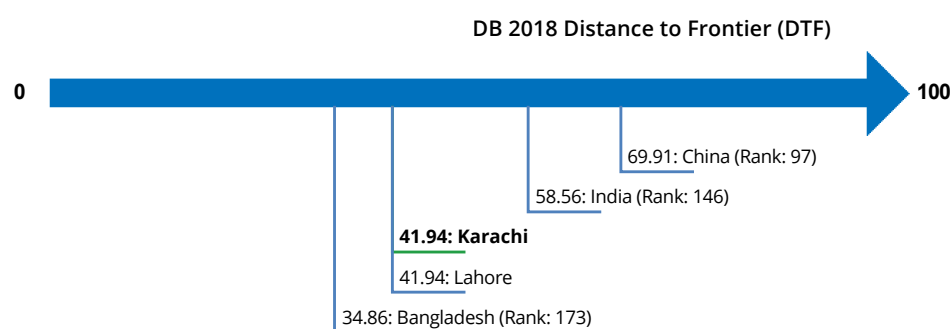
**Cost:** Insurance cost and informal payments for which no receipt is issued are excluded from the costs recorded. Costs are reported in U.S. dollars. Contributors are asked to convert local currency into U.S. dollars based on the exchange rate prevailing on the day they answer the questionnaire. Contributors are private sector experts in international trade logistics and are informed about exchange rates.

**Assumptions of the case study:** - For all 190 economies covered by Doing Business, it is assumed a shipment is in a warehouse in the largest business city of the exporting economy and travels to a warehouse in the largest business city of the importing economy. - It is assumed each economy imports 15 metric tons of containerized auto parts (HS 8708) from its natural import partner—the economy from which it imports the largest value (price times quantity) of auto parts. It is assumed each economy exports the product of its comparative advantage (defined by the largest export value) to its natural export partner—the economy that is the largest purchaser of this product. Shipment value is assumed to be \$50,000. - The mode of transport is the one most widely used for the chosen export or import product and the trading partner, as is the seaport, or land border crossing. - All electronic information submissions requested by any government agency in connection with the shipment are considered to be documents obtained, prepared and submitted during the export or import process. - A port or border is a place (seaport, airport or land border crossing) where merchandise can enter or leave an economy. - Relevant government agencies include customs, port authorities, road police, border guards, standardization agencies, ministries or departments of agriculture or industry, national security agencies and any other government authorities.

## Trading across Borders - Karachi

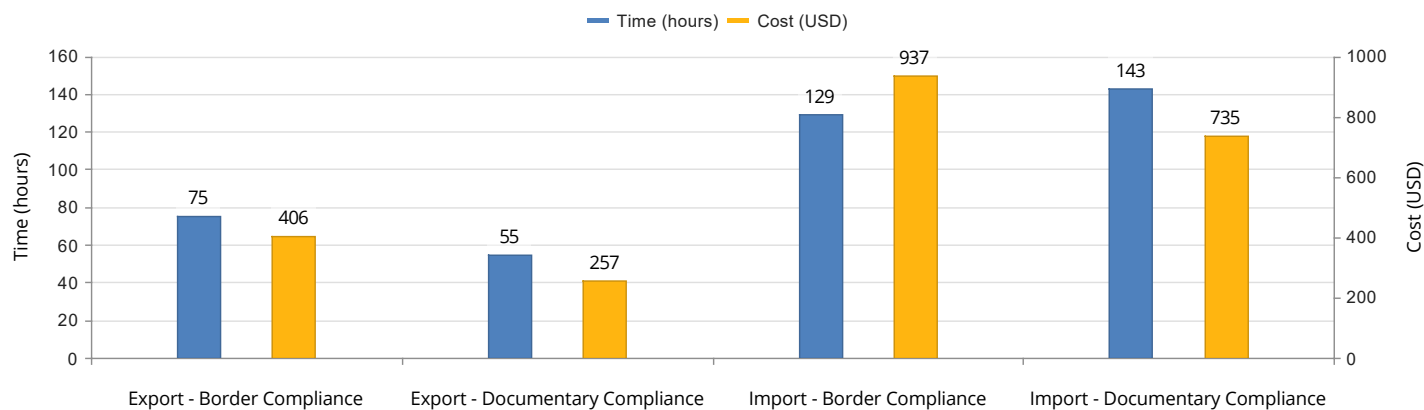
Indicator	Karachi	South Asia	OECD high income	Overall Best Performer
Time to export: Border compliance (hours)	75	59.4	12.7	0 (17 Economies)
Cost to export: Border compliance (USD)	406	369.8	149.9	0.00 (19 Economies)
Time to export: Documentary compliance (hours)	55	77.0	2.4	1.0 (25 Economies)
Cost to export: Documentary compliance (USD)	257	179.5	35.4	0.00 (19 Economies)
Time to import: Border compliance (hours)	129	113.8	8.7	0.00 (21 Economies)
Cost to import: Border compliance (USD)	937	638.0	111.6	0.00 (27 Economies)
Time to import: Documentary compliance (hours)	143	104.7	3.5	1.0 (30 Economies)
Cost to import: Documentary compliance (USD)	735	341.6	25.6	0.00 (30 Economies)

**Figure – Trading across Borders in Pakistan and comparator economies – Ranking and DTF**



Note: The ranking of economies on the ease of trading across borders is determined by sorting their distance to frontier scores for trading across borders. These scores are the simple average of the distance to frontier scores for the time and cost for documentary compliance and border compliance to export and import (domestic transport is not used for calculating the ranking).

Figure – Trading across Borders in Karachi – Time and Cost



Details – Trading across Borders in Karachi

Characteristics	Export	Import
Product	HS 52 : Cotton	HS 8708: Parts and accessories of motor vehicles
Trade partner	China	Thailand
Border	Qasim port	Qasim port
Distance (km)	54	54
Domestic transport time (hours)	6	4
Domestic transport cost (USD)	200	200

**Details – Trading across Borders in Karachi – Components of Border Compliance**

	Time to Complete (hours)	Associated Costs (USD)
Export: Clearance and inspections required by customs authorities	30.9	150.0
Export: Clearance and inspections required by agencies other than customs	24.0	100.0
Export: Port or border handling	75.0	156.0
Import: Clearance and inspections required by customs authorities	34.0	285.7
Import: Clearance and inspections required by agencies other than customs	89.6	342.9
Import: Port or border handling	120.0	308.0

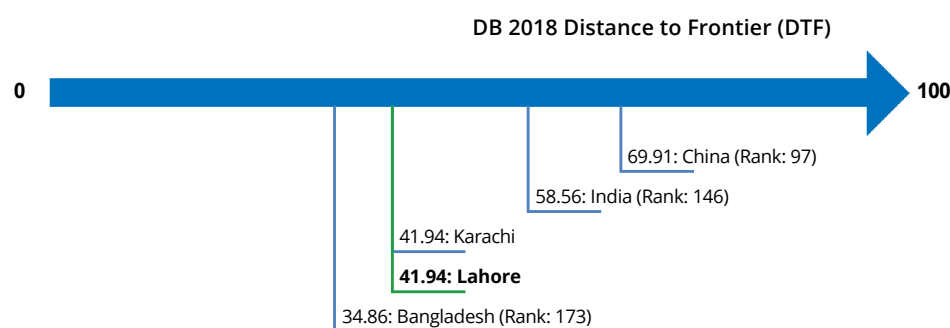
**Details – Trading across Borders in Karachi – Trade Documents**

Export	Import
Bill of lading	Bill of lading
Packing list	Packing list
Certificate of origin	Certificate of origin
Inspection report	Pre-shipment inspection certificate
Insurance certificate	Technical standards certificate
Export General Manifest (EGM)	Form I
E Form (with Commercial Bank)	Import general manifest
Customs Export Declaration	Import declaration
Price certificate	SOLAS certificate
Phytosanitary certificate	
Gate pass	
SOLAS certificate	

## Trading across Borders - Lahore

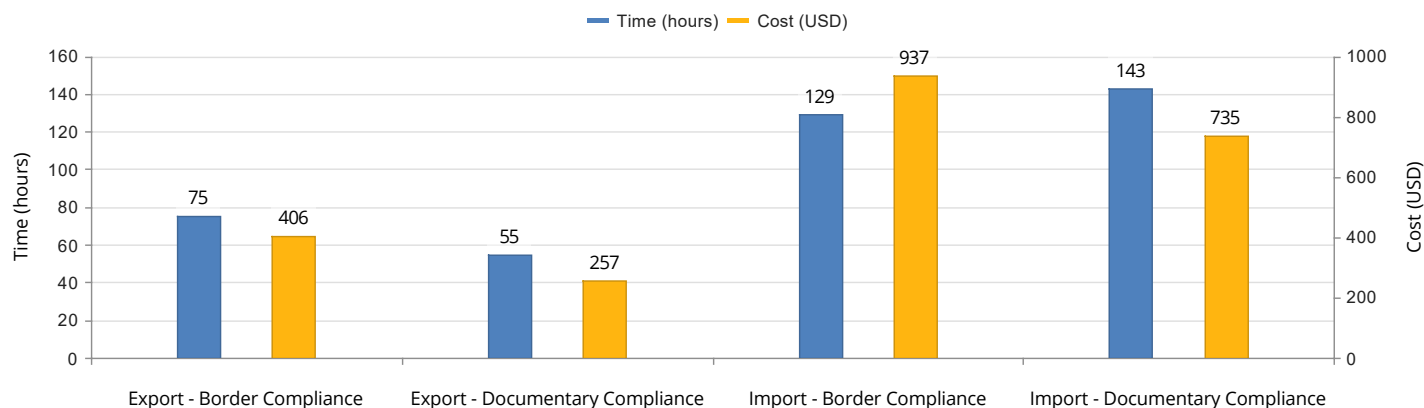
Indicator	Lahore	South Asia	OECD high income	Overall Best Performer
Time to export: Border compliance (hours)	75	59.4	12.7	0 (17 Economies)
Cost to export: Border compliance (USD)	406	369.8	149.9	0.00 (19 Economies)
Time to export: Documentary compliance (hours)	55	77.0	2.4	1.0 (25 Economies)
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Figure – Trading across Borders in Pakistan and comparator economies – Ranking and DTF



Note: The ranking of economies on the ease of trading across borders is determined by sorting their distance to frontier scores for trading across borders. These scores are the simple average of the distance to frontier scores for the time and cost for documentary compliance and border compliance to export and import (domestic transport is not used for calculating the ranking).

Figure – Trading across Borders in Lahore – Time and Cost



Details – Trading across Borders in Lahore

Characteristics	Export	Import
Product	HS 52 : Cotton	HS 8708: Parts and accessories of motor vehicles
Trade partner	China	Thailand
Border	Qasim port	Qasim port
Distance (km)	1296	1296
Domestic transport time (hours)	48	48
Domestic transport cost (USD)	500	500

**Details – Trading across Borders in Lahore – Components of Border Compliance**

	Time to Complete (hours)	Associated Costs (USD)
Export: Clearance and inspections required by customs authorities	30.9	150.0
Export: Clearance and inspections required by agencies other than customs	24.0	100.0
Export: Port or border handling	75.0	156.0
Import: Clearance and inspections required by customs authorities	34.0	285.7
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**Details – Trading across Borders in Lahore – Trade Documents**

Export	Import
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Export General Manifest (EGM)	Form I
E Form (with Commercial Bank)	Import General Manifest
Customs Export Declaration	Import declaration
Gate pass	SOLAS certificate
Price certificate issued by the All Pakistan Textile Mills Association	
Phytosanitary certificate	
SOLAS certificate	



## Enforcing Contracts

The enforcing contracts indicator measures the time and cost for resolving a commercial dispute through a local first-instance court, and the quality of judicial processes index, evaluating whether each economy has adopted a series of good practices that promote quality and efficiency in the court system. The most recent round of data collection was completed in June 2017. [See the methodology for more information.](#)

### What the indicators measure

#### Time required to enforce a contract through the courts (calendar days)

- Time to file and serve the case
- Time for trial and to obtain the judgment
- Time to enforce the judgment

#### Cost required to enforce a contract through the courts (% of claim)

- Attorney fees
- Court fees
- Enforcement fees

#### Quality of judicial processes index (0-18)

- Court structure and proceedings (-1-5)
- Case management (0-6)
- Court automation (0-4)
- Alternative dispute resolution (0-3)

### Case study assumptions

The dispute in the case study involves the breach of a sales contract between 2 domestic businesses. The case study assumes that the court hears an expert on the quality of the goods in dispute. This distinguishes the case from simple debt enforcement.

To make the data comparable across economies, Doing Business uses several assumptions about the case:

- The dispute concerns a lawful transaction between two businesses (Seller and Buyer), both located in the economy's largest business city. For 11 economies the data are also collected for the second largest business city.
- The buyer orders custom-made goods, then fails to pay.
- The value of the dispute is 200% of the income per capita or the equivalent in local currency of USD 5,000, whichever is greater.
- The seller sues the buyer before the court with jurisdiction over commercial cases worth 200% of income per capita or \$5,000.
- The seller requests a pretrial attachment to secure the claim.
- The dispute on the quality of the goods requires an expert opinion.
- The judge decides in favor of the seller; there is no appeal.
- The seller enforces the judgment through a public sale of the buyer's movable assets.

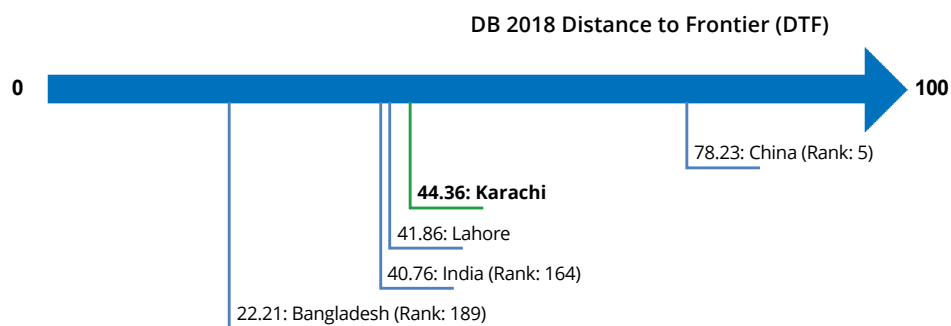
## Enforcing Contracts - Karachi

### Standardized Case

Claim value	PKR 533,051.00
Court name	Karachi District Court
City Covered	Karachi

Indicator	Karachi	South Asia	OECD high income	Overall Best Performer
Time (days)	1096	1101.6	577.8	164.00 (Singapore)
Cost (% of claim value)	18.1	29.6	21.5	9.00 (Iceland)
Quality of judicial processes index (0-18)	6.0	7.0	11.0	15.50 (Australia)

Figure – Enforcing Contracts in Pakistan and comparator economies – Ranking and DTF



Note: The ranking of economies on the ease of enforcing contracts is determined by sorting their distance to frontier scores for enforcing contracts. These scores are the simple average of the distance to frontier scores for each of the component indicators.

Figure – Enforcing Contracts in Karachi – Time and Cost

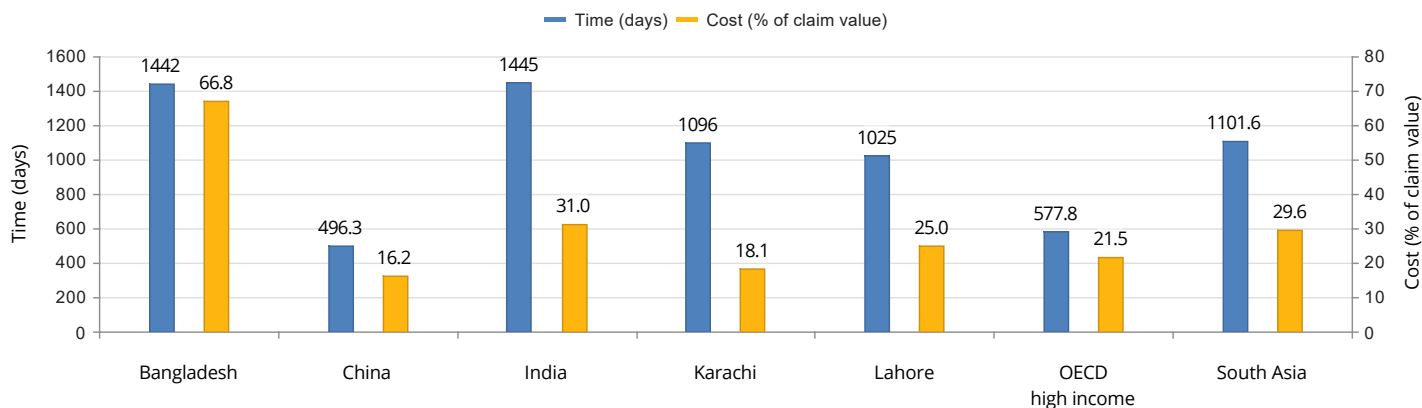
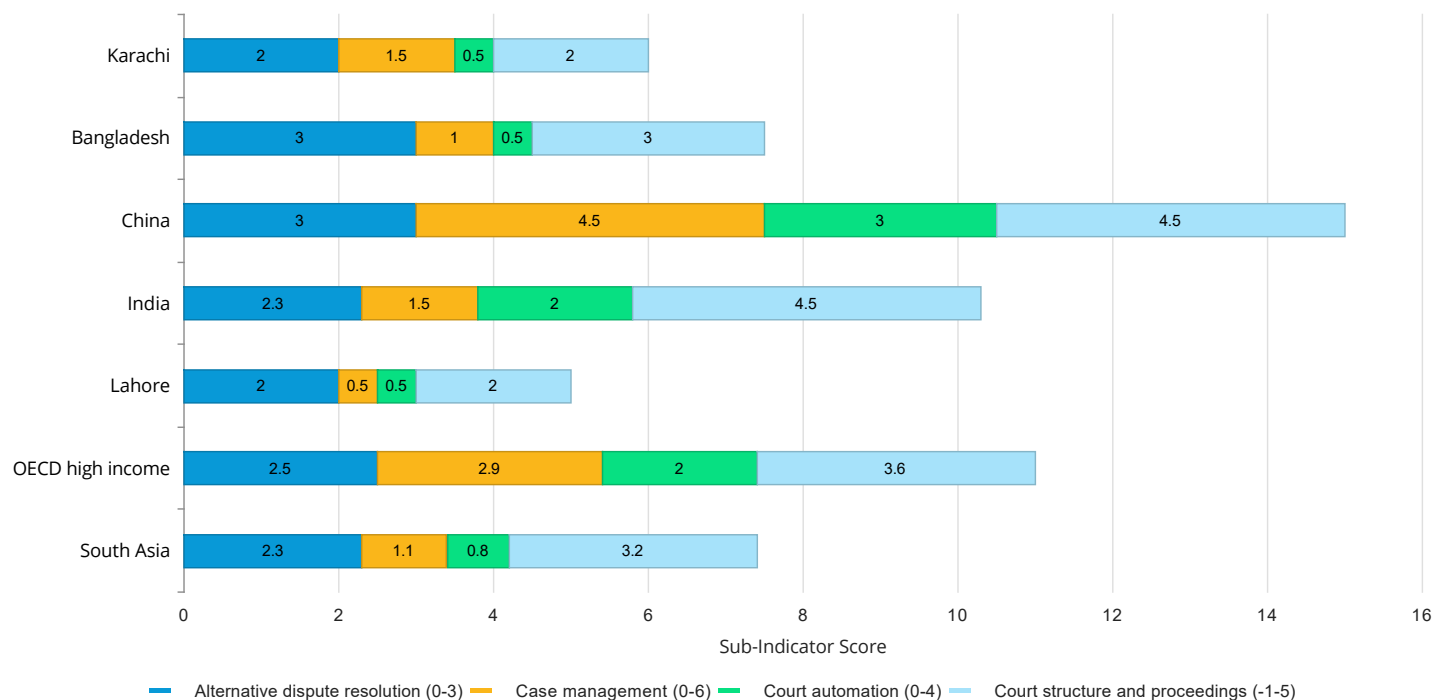


Figure – Enforcing Contracts in Karachi and comparator economies – Measure of Quality



Details – Enforcing Contracts in Karachi

	Indicator
<b>Time (days)</b>	<b>1096</b>
Filing and service	96
Trial and judgment	700
Enforcement of judgment	300
<b>Cost (% of claim value)</b>	<b>18.1</b>
Attorney fees	11
Court fees	5.9
Enforcement fees	1.2
<b>Quality of judicial processes index (0-18)</b>	<b>6.0</b>
Court structure and proceedings (-1-5)	2.0
Case management (0-6)	1.5
Court automation (0-4)	0.5
Alternative dispute resolution (0-3)	2.0

## Details – Enforcing Contracts in Karachi – Measure of Quality

	Answer	Score
<b>Quality of judicial processes index (0-18)</b>		<b>6.0</b>
<b>Court structure and proceedings (-1-5)</b>		<b>2.0</b>
1. Is there a court or division of a court dedicated solely to hearing commercial cases?	No	0.0
2. Small claims court		1.5
2.a. Is there a small claims court or a fast-track procedure for small claims?	Yes	
2.b. If yes, is self-representation allowed?	Yes	
3. Is pretrial attachment available?	Yes	1.0
4. Are new cases assigned randomly to judges?	Yes, but manual	0.5
5. Does a woman's testimony carry the same evidentiary weight in court as a man's?	No	-1.0
<b>Case management (0-6)</b>		<b>1.5</b>
1. Time standards		0.5
1.a. Are there laws setting overall time standards for key court events in a civil case?	Yes	
1.b. If yes, are the time standards set for at least three court events?	Yes	
1.c. Are these time standards respected in more than 50% of cases?	No	
2. Adjournments		0.0
2.a. Does the law regulate the maximum number of adjournments that can be granted?	No	
2.b. Are adjournments limited to unforeseen and exceptional circumstances?	No	
2.c. If rules on adjournments exist, are they respected in more than 50% of cases?	n.a.	
3. Can two of the following four reports be generated about the competent court: (i) time to disposition report; (ii) clearance rate report; (iii) age of pending cases report; and (iv) single case progress report?	No	0.0
4. Is a pretrial conference among the case management techniques used before the competent court?	No	0.0
5. Are there any electronic case management tools in place within the competent court for use by judges?	Yes	1.0
6. Are there any electronic case management tools in place within the competent court for use by lawyers?	No	0.0
<b>Court automation (0-4)</b>		<b>0.5</b>
1. Can the initial complaint be filed electronically through a dedicated platform within the competent court?	No	0.0

2. Is it possible to carry out service of process electronically for claims filed before the competent court?	No	0.0
3. Can court fees be paid electronically within the competent court?	No	0.0
4. Publication of judgments		0.5
4.a Are judgments rendered in commercial cases at all levels made available to the general public through publication in official gazettes, in newspapers or on the internet or court website?	No	
4.b. Are judgments rendered in commercial cases at the appellate and supreme court level made available to the general public through publication in official gazettes, in newspapers or on the internet or court website?	Yes	
<b>Alternative dispute resolution (0-3)</b>		<b>2.0</b>
1. Arbitration		1.5
1.a. Is domestic commercial arbitration governed by a consolidated law or consolidated chapter or section of the applicable code of civil procedure encompassing substantially all its aspects?	Yes	
1.b. Are there any commercial disputes—aside from those that deal with public order or public policy—that cannot be submitted to arbitration?	No	
1.c. Are valid arbitration clauses or agreements usually enforced by the courts?	Yes	
2. Mediation/Conciliation		0.5
2.a. Is voluntary mediation or conciliation available?	Yes	
2.b. Are mediation, conciliation or both governed by a consolidated law or consolidated chapter or section of the applicable code of civil procedure encompassing substantially all their aspects?	No	
2.c. Are there financial incentives for parties to attempt mediation or conciliation (i.e., if mediation or conciliation is successful, a refund of court filing fees, income tax credits or the like)?	No	

## Enforcing Contracts - Lahore

### Standardized Case

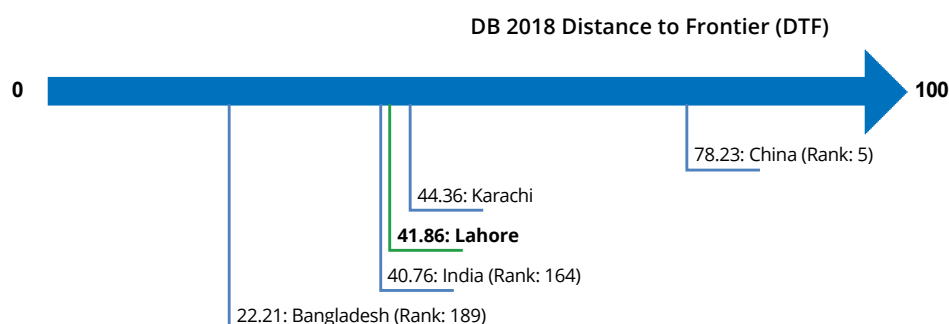
Claim value PKR 533,051.00

Court name Lahore District Court

City Covered Lahore

Indicator	Lahore	South Asia	OECD high income	Overall Best Performer
Time (days)	1025	1101.6	577.8	164.00 (Singapore)
Cost (% of claim value)	25.0	29.6	21.5	9.00 (Iceland)
Quality of judicial processes index (0-18)	5.0	7.0	11.0	15.50 (Australia)

Figure – Enforcing Contracts in Pakistan and comparator economies – Ranking and DTF



Note: The ranking of economies on the ease of enforcing contracts is determined by sorting their distance to frontier scores for enforcing contracts. These scores are the simple average of the distance to frontier scores for each of the component indicators.

Figure – Enforcing Contracts in Lahore – Time and Cost

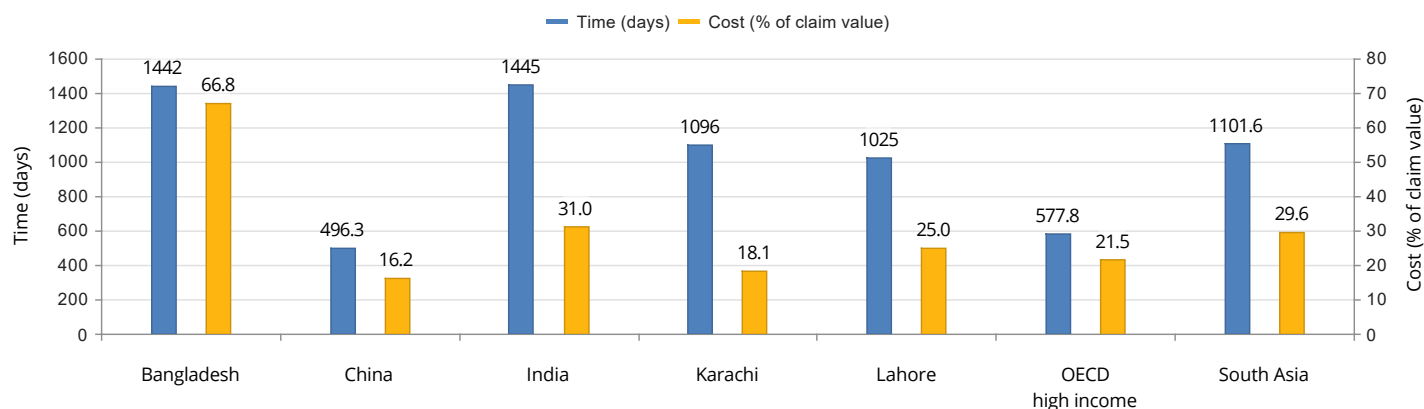
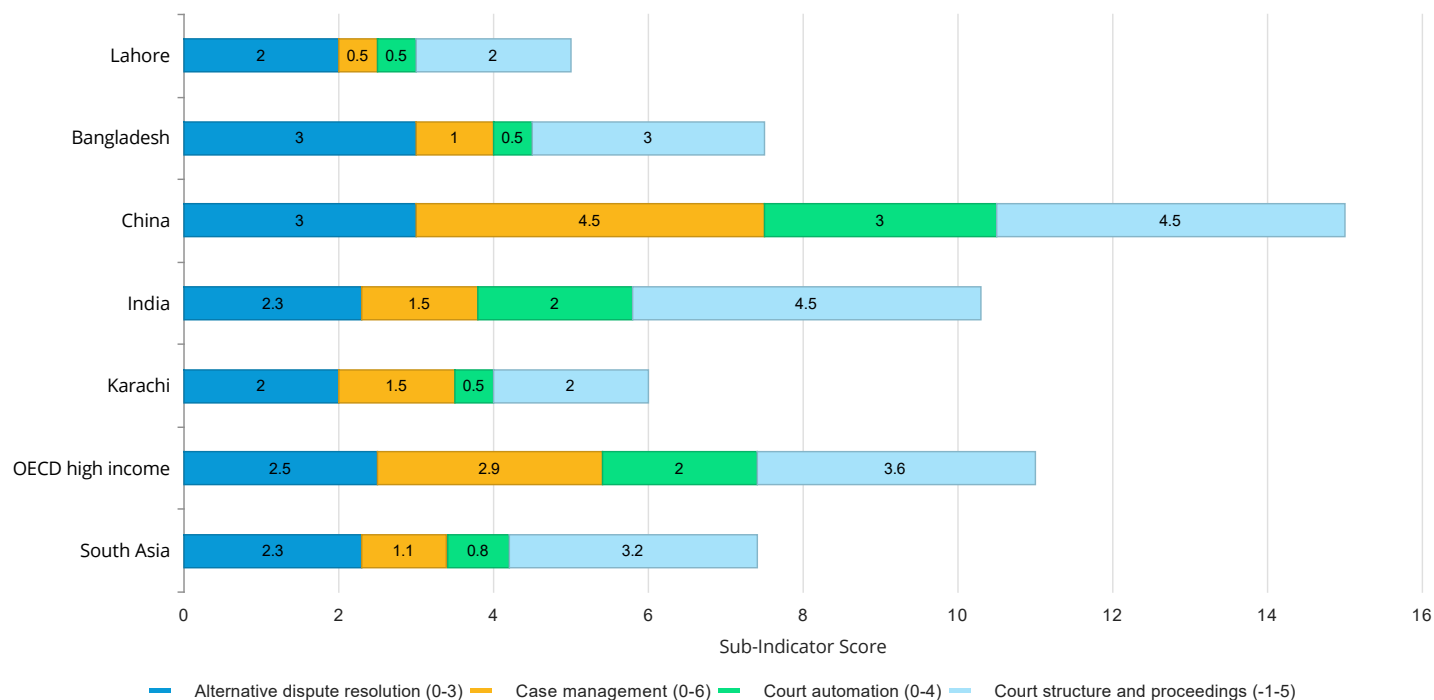


Figure – Enforcing Contracts in Lahore and comparator economies – Measure of Quality



Details – Enforcing Contracts in Lahore

	Indicator
<b>Time (days)</b>	<b>1025</b>
Filing and service	60
Trial and judgment	600
Enforcement of judgment	365
<b>Cost (% of claim value)</b>	<b>25.0</b>
Attorney fees	15
Court fees	7
Enforcement fees	3
<b>Quality of judicial processes index (0-18)</b>	<b>5.0</b>
Court structure and proceedings (-1-5)	2.0
Case management (0-6)	0.5
Court automation (0-4)	0.5
Alternative dispute resolution (0-3)	2.0

## Details – Enforcing Contracts in Lahore – Measure of Quality

	Answer	Score
<b>Quality of judicial processes index (0-18)</b>		<b>5.0</b>
<b>Court structure and proceedings (-1-5)</b>		<b>2.0</b>
1. Is there a court or division of a court dedicated solely to hearing commercial cases?	No	0.0
2. Small claims court		1.5
2.a. Is there a small claims court or a fast-track procedure for small claims?	Yes	
2.b. If yes, is self-representation allowed?	Yes	
3. Is pretrial attachment available?	Yes	1.0
4. Are new cases assigned randomly to judges?	Yes, but manual	0.5
5. Does a woman's testimony carry the same evidentiary weight in court as a man's?	No	-1.0
<b>Case management (0-6)</b>		<b>0.5</b>
1. Time standards		0.5
1.a. Are there laws setting overall time standards for key court events in a civil case?	Yes	
1.b. If yes, are the time standards set for at least three court events?	Yes	
1.c. Are these time standards respected in more than 50% of cases?	No	
2. Adjournments		0.0
2.a. Does the law regulate the maximum number of adjournments that can be granted?	No	
2.b. Are adjournments limited to unforeseen and exceptional circumstances?	No	
2.c. If rules on adjournments exist, are they respected in more than 50% of cases?	n.a.	
3. Can two of the following four reports be generated about the competent court: (i) time to disposition report; (ii) clearance rate report; (iii) age of pending cases report; and (iv) single case progress report?	No	0.0
4. Is a pretrial conference among the case management techniques used before the competent court?	No	0.0
5. Are there any electronic case management tools in place within the competent court for use by judges?	No	0.0
6. Are there any electronic case management tools in place within the competent court for use by lawyers?	No	0.0
<b>Court automation (0-4)</b>		<b>0.5</b>
1. Can the initial complaint be filed electronically through a dedicated platform within the competent court?	No	0.0



2. Is it possible to carry out service of process electronically for claims filed before the competent court?	No	0.0
3. Can court fees be paid electronically within the competent court?	No	0.0
4. Publication of judgments		0.5
4.a Are judgments rendered in commercial cases at all levels made available to the general public through publication in official gazettes, in newspapers or on the internet or court website?	No	
4.b. Are judgments rendered in commercial cases at the appellate and supreme court level made available to the general public through publication in official gazettes, in newspapers or on the internet or court website?	Yes	
<b>Alternative dispute resolution (0-3)</b>		<b>2.0</b>
1. Arbitration		1.5
1.a. Is domestic commercial arbitration governed by a consolidated law or consolidated chapter or section of the applicable code of civil procedure encompassing substantially all its aspects?	Yes	
1.b. Are there any commercial disputes—aside from those that deal with public order or public policy—that cannot be submitted to arbitration?	No	
1.c. Are valid arbitration clauses or agreements usually enforced by the courts?	Yes	
2. Mediation/Conciliation		0.5
2.a. Is voluntary mediation or conciliation available?	Yes	
2.b. Are mediation, conciliation or both governed by a consolidated law or consolidated chapter or section of the applicable code of civil procedure encompassing substantially all their aspects?	No	
2.c. Are there financial incentives for parties to attempt mediation or conciliation (i.e., if mediation or conciliation is successful, a refund of court filing fees, income tax credits or the like)?	No	

## Resolving Insolvency

Doing Business studies the time, cost and outcome of insolvency proceedings involving domestic legal entities. These variables are used to calculate the recovery rate, which is recorded as cents on the dollar recovered by secured creditors through reorganization, liquidation or debt enforcement (foreclosure or receivership) proceedings. To determine the present value of the amount recovered by creditors, Doing Business uses the lending rates from the International Monetary Fund, supplemented with data from central banks and the Economist Intelligence Unit.

The most recent round of data collection for the project was completed in June 2017. [See the methodology for more information.](#)

### What the indicators measure

#### Time required to recover debt (years)

- Measured in calendar years
- Appeals and requests for extension are included

#### Cost required to recover debt (% of debtor's estate)

- Measured as percentage of estate value
- Court fees
- Fees of insolvency administrators
- Lawyers' fees
- Assessors' and auctioneers' fees
- Other related fees

#### Outcome

- Whether business continues operating as a going concern or business assets are sold piecemeal

#### Recovery rate for creditors

- Measures the cents on the dollar recovered by secured creditors
- Outcome for the business (survival or not) determines the maximum value that can be recovered
- Official costs of the insolvency proceedings are deducted
- Depreciation of furniture is taken into account
- Present value of debt recovered

#### Strength of insolvency framework index (0- 16)

- Sum of the scores of four component indices:
- Commencement of proceedings index (0-3)
- Management of debtor's assets index (0-6)
- Reorganization proceedings index (0-3)
- Creditor participation index (0-4)

### Case study assumptions

To make the data on the time, cost and outcome comparable across economies, several assumptions about the business and the case are used:

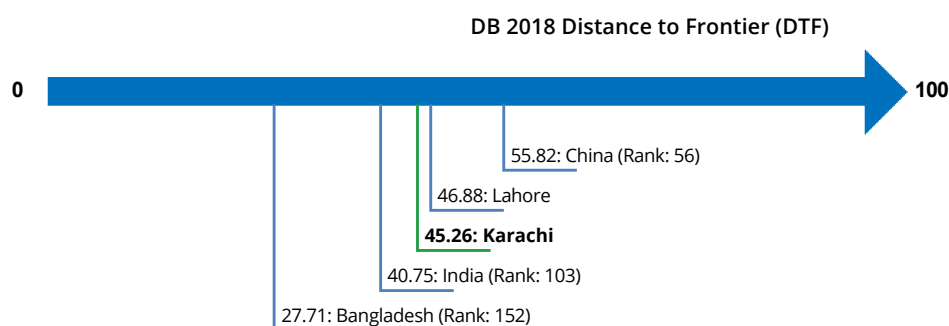
- A hotel located in the largest city (or cities) has 201 employees and 50 suppliers. The hotel experiences financial difficulties.
- The value of the hotel is 100% of the income per capita or the equivalent in local currency of USD 200,000, whichever is greater.
- The hotel has a loan from a domestic bank, secured by a mortgage over the hotel's real estate. The hotel cannot pay back the loan, but makes enough money to operate otherwise.

In addition, Doing Business evaluates the adequacy and integrity of the existing legal framework applicable to liquidation and reorganization proceedings through the strength of insolvency framework index. The index tests whether economies adopted internationally accepted good practices in four areas: commencement of proceedings, management of debtor's assets, reorganization proceedings and creditor participation.

### Resolving Insolvency - Karachi

Indicator	Karachi	South Asia	OECD high income	Overall Best Performer
Recovery rate (cents on the dollar)	43.4	32.7	71.2	93.1 (Norway)
Time (years)	2.8	2.6	1.7	0.4 (Ireland)
Cost (% of estate)	4.0	9.9	9.1	1.00 (Norway)
Outcome (0 as piecemeal sale and 1 as going concern)	0	..	..	..
Strength of insolvency framework index (0-16)	7.0	4.9	12.1	15.00 (6 Economies)

**Figure – Resolving Insolvency in Pakistan and comparator economies – Ranking and DTF**



Note: The ranking of economies on the ease of resolving insolvency is determined by sorting their distance to frontier scores for resolving insolvency. These scores are the simple average of the distance to frontier scores for the recovery rate and the strength of insolvency framework index.

**Figure – Resolving Insolvency in Karachi – Time and Cost**

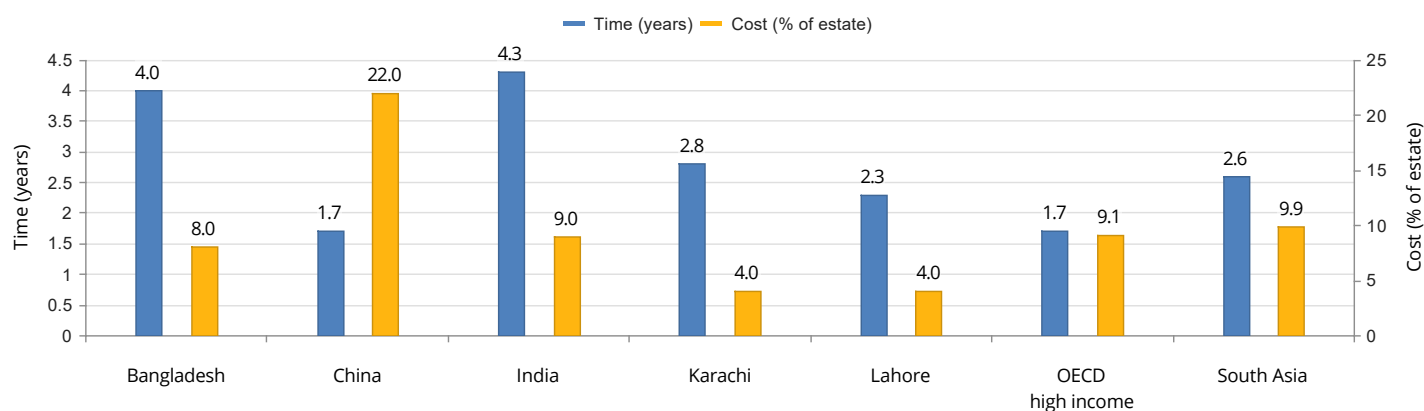


Figure – Resolving Insolvency in Karachi and comparator economies – Measure of Quality

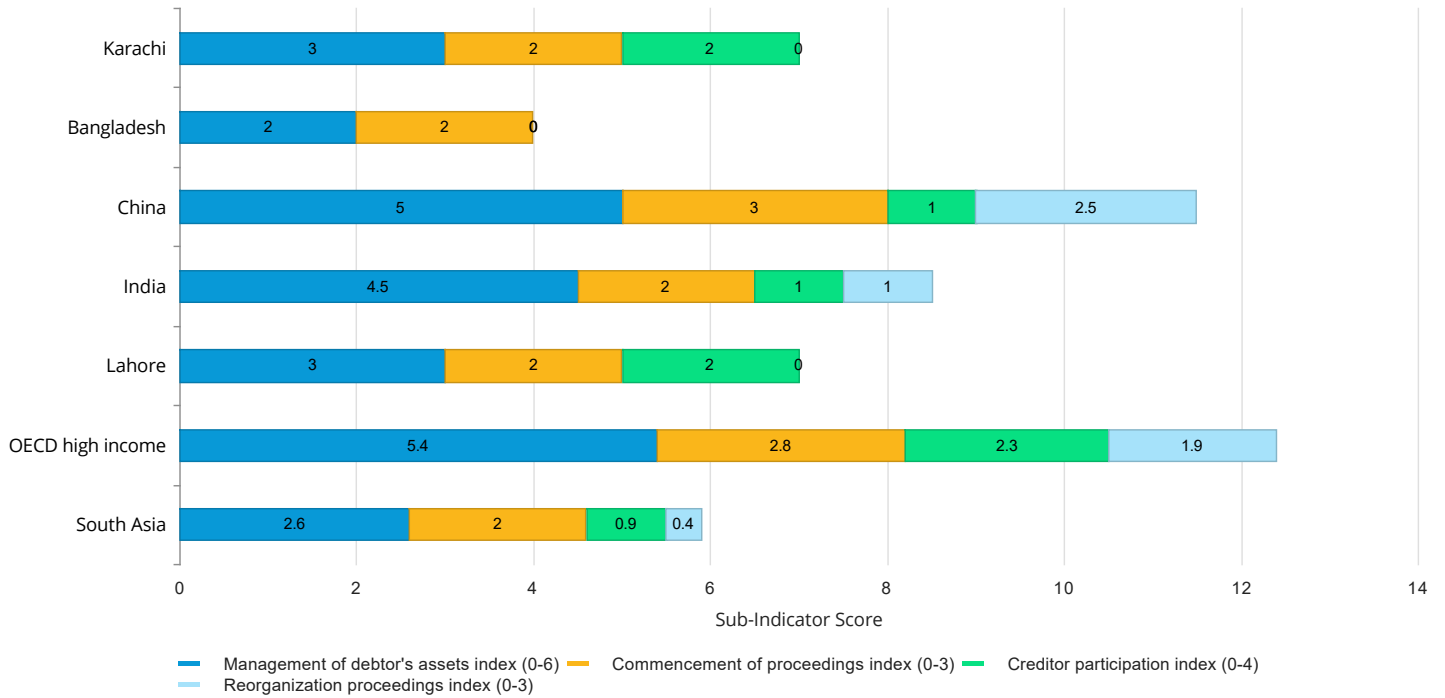
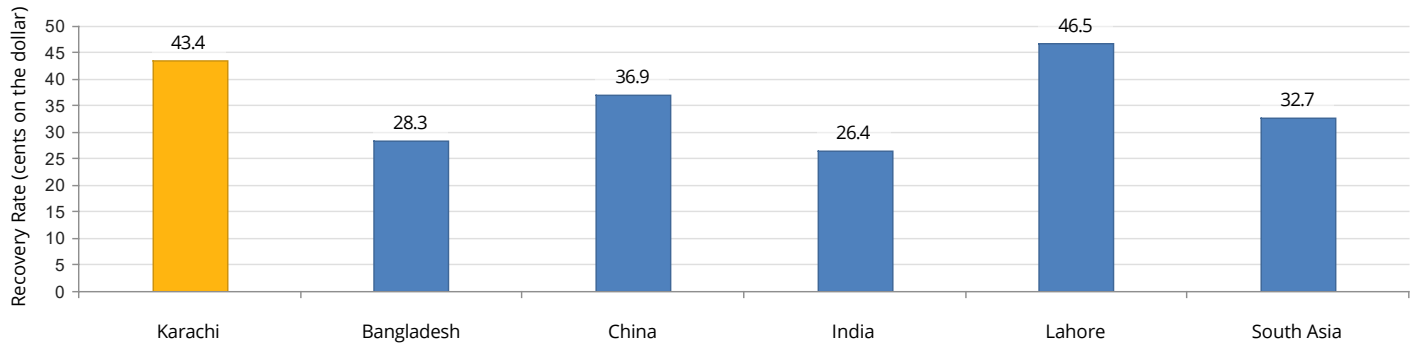


Figure – Resolving Insolvency in Karachi and comparator economies – Recovery Rate



**Details – Resolving Insolvency in Karachi**

Indicator	Answer	Explanation
Proceeding	foreclosure	After Mirage's default on payment, the BizBank will bring a recovery action (foreclosure proceedings) under Section 9 of the Financial Institutions (Recovery of Finances) Ordinance 2001, against the Mirage at the Banking Court. This is the most effective way for BizBank to recoup its investment with the security interest over Mirage's assets.
Outcome	piecemeal sale	After Court's decision on Mirage's case, BizBank would gain possession of Mirage's assets and sell them piecemeal in a public auction by the court appointed auctioneer. The hotel will stop operating.
Time (in years)	2.8	The foreclosure procedure until BizBank is repaid some or all of the money owed to it takes approximate 2.8 years. BizBank would initiate foreclosure 3 months after Mirage's default. The Court will then review the case, notify all relevant parties, hold a hearing and appoint an official receiver. This period usually takes about 4 months. Then it takes approximate half a year for the court appointed official receiver to finalize creditors' claims and an additional 4 months to have the court's final decision made. The court would then appoint an auctioneer to conduct the sale of Mirage's assets. Execution of the auction sale until BizBank is repaid takes around 1 year.
Cost (% of estate)	4.0	The costs associated with the case would amount to approximately 4% of the value of the debtor's estate. Cost incurred during the entire insolvency process mainly include court or government agency fees (0.1%), attorneys' fees (2%), costs of notification and publication (<1%), fees of accountants, assessors, inspectors and other professionals (1%), and fees of auctioneers (1%).
<b>Recovery rate (cents on the dollar)</b>	<b>43.4</b>	

## Details – Resolving Insolvency in Karachi – Measure of Quality

	Answer	Score
<b>Strength of insolvency framework index (0-16)</b>		<b>7.0</b>
<b>Commencement of proceedings index (0-3)</b>		<b>2.0</b>
What procedures are available to a DEBTOR when commencing insolvency proceedings?	(b) Debtor may file for liquidation only	0.5
Does the insolvency framework allow a CREDITOR to file for insolvency of the debtor?	(b) Yes, but a creditor may file for liquidation only	0.5
What basis for commencement of the insolvency proceedings is allowed under the insolvency framework?	(a) Debtor is generally unable to pay its debts as they mature	1.0
<b>Management of debtor's assets index (0-6)</b>		<b>3.0</b>
Does the insolvency framework allow the continuation of contracts supplying essential goods and services to the debtor?	No	0.0
Does the insolvency framework allow the rejection by the debtor of overly burdensome contracts?	Yes	1.0
Does the insolvency framework allow avoidance of preferential transactions?	Yes	1.0
Does the insolvency framework allow avoidance of undervalued transactions?	Yes	1.0
Does the insolvency framework provide for the possibility of the debtor obtaining credit after commencement of insolvency proceedings?	No	0.0
Does the insolvency framework assign priority to post-commencement credit?	(c) No priority is assigned to post-commencement creditors	0.0
<b>Reorganization proceedings index (0-3)</b>		<b>0.0</b>
Which creditors vote on the proposed reorganization plan?	N/A	0.0
Does the insolvency framework require that dissenting creditors in reorganization receive at least as much as what they would obtain in a liquidation?	No	0.0
Are the creditors divided into classes for the purposes of voting on the reorganization plan, does each class vote separately and are creditors in the same class treated equally?	No	0.0
<b>Creditor participation index (0-4)</b>		<b>2.0</b>
Does the insolvency framework require approval by the creditors for selection or appointment of the insolvency representative?	No	0.0

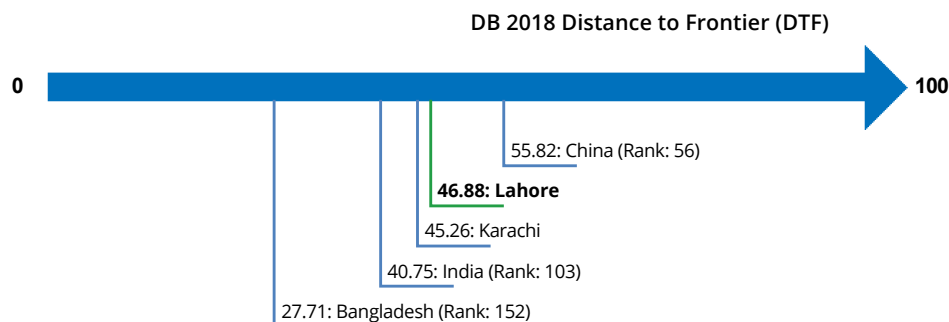
Does the insolvency framework require approval by the creditors for sale of substantial assets of the debtor?	Yes	1.0
Does the insolvency framework provide that a creditor has the right to request information from the insolvency representative?	No	0.0
Does the insolvency framework provide that a creditor has the right to object to decisions accepting or rejecting creditors' claims?	Yes	1.0

**Note:** Even if the economy's legal framework includes provisions related to insolvency proceedings (liquidation or reorganization), the economy receives 0 points for the strength of insolvency framework index, if time, cost and outcome indicators are recorded as "no practice".

### Resolving Insolvency - Lahore

Indicator	Lahore	South Asia	OECD high income	Overall Best Performer
Recovery rate (cents on the dollar)	46.5	32.7	71.2	93.1 (Norway)
Time (years)	2.3	2.6	1.7	0.4 (Ireland)
Cost (% of estate)	4.0	9.9	9.1	1.00 (Norway)
Outcome (0 as piecemeal sale and 1 as going concern)	0	..	..	..
Strength of insolvency framework index (0-16)	7.0	4.9	12.1	15.00 (6 Economies)

**Figure – Resolving Insolvency in Pakistan and comparator economies – Ranking and DTF**



Note: The ranking of economies on the ease of resolving insolvency is determined by sorting their distance to frontier scores for resolving insolvency. These scores are the simple average of the distance to frontier scores for the recovery rate and the strength of insolvency framework index.

**Figure – Resolving Insolvency in Lahore – Time and Cost**

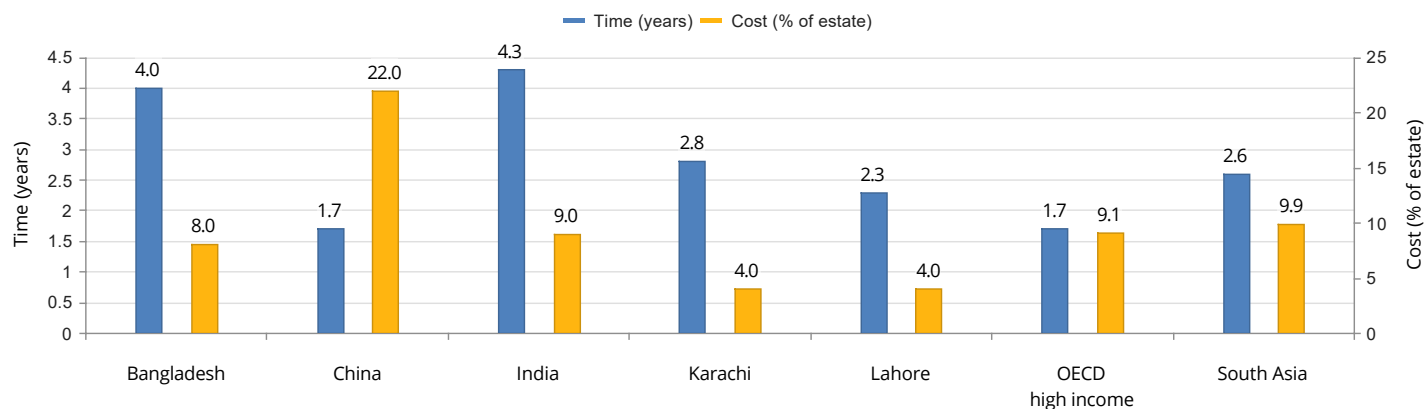




Figure – Resolving Insolvency in Lahore and comparator economies – Measure of Quality

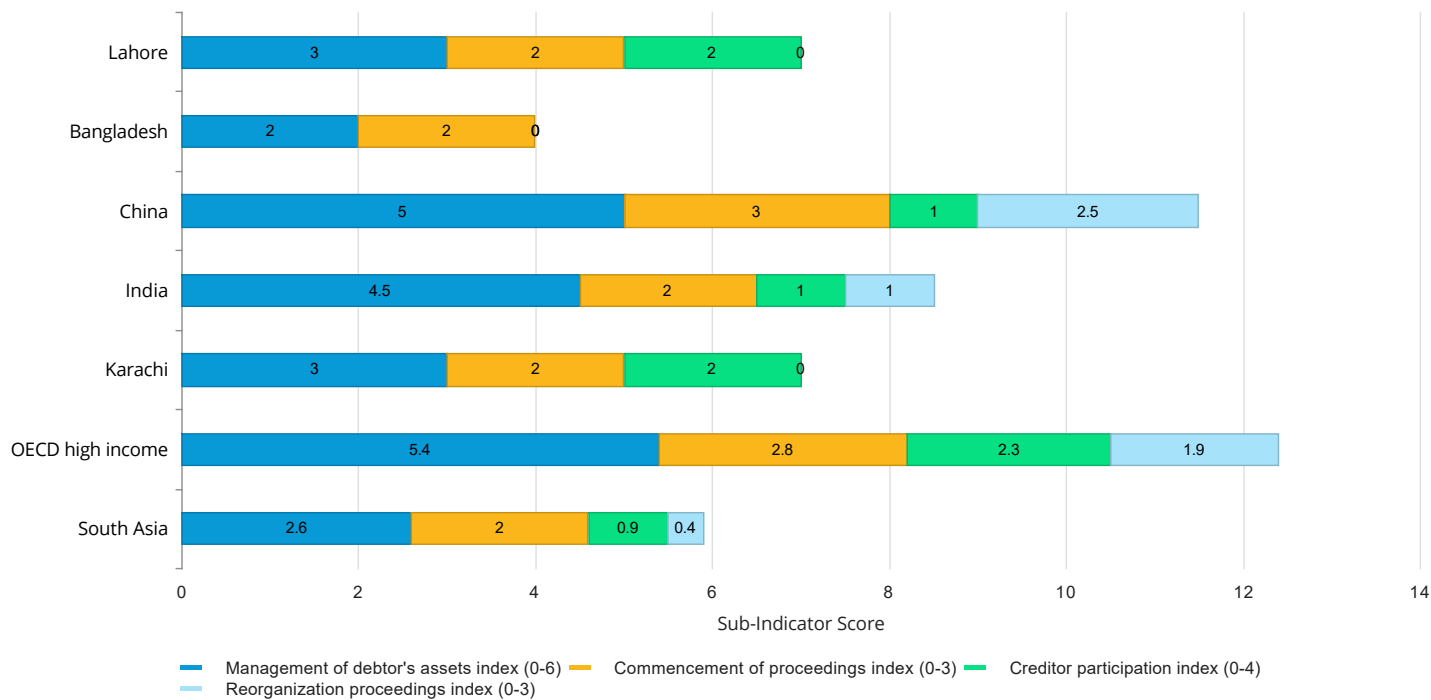
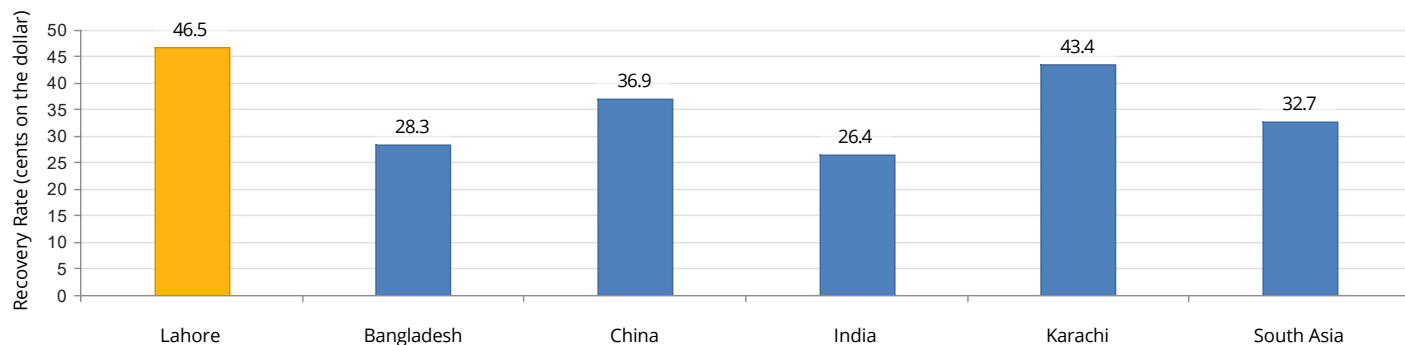


Figure – Resolving Insolvency in Lahore and comparator economies – Recovery Rate



**Details – Resolving Insolvency in Lahore**

Indicator	Answer	Explanation
Proceeding	foreclosure	After Mirage's default on payment, the BizBank will bring a recovery action (foreclosure proceedings) under Section 9 of the Financial Institutions (Recovery of Finances) Ordinance 2001, against the Mirage at the Banking Court. This is the most effective way for BizBank to recoup its investment with the security interest over Mirage's assets.
Outcome	piecemeal sale	After Court's decision on Mirage's case, BizBank would gain possession of Mirage's assets and sell them piecemeal in a public auction by the court appointed auctioneer. The hotel will stop operating.
Time (in years)	2.3	Recovery law is a specialized law and provides a restricted time frame of ninety days to conclude the foreclosure procedure. However, in practice, it may extend to about 28 months. The time consumed in obtaining a judgement before the Banking Court is year and some additional months. The time for the successful execution and enforcement of decree also takes approximately an additional a year
Cost (% of estate)	4.0	The costs associated with the case would amount to approximately 4% of the value of the debtor's estate. Cost incurred during the entire insolvency process mainly include court or government agency fees (0.1%), attorneys' fees (2%), costs of notification and publication (<1%), fees of accountants, assessors, inspectors and other professionals (1%), and fees of auctioneers (1%).
<b>Recovery rate (cents on the dollar)</b>		<b>46.5</b>

## Details – Resolving Insolvency in Lahore – Measure of Quality

	Answer	Score
<b>Strength of insolvency framework index (0-16)</b>		<b>7.0</b>
<b>Commencement of proceedings index (0-3)</b>		<b>2.0</b>
What procedures are available to a DEBTOR when commencing insolvency proceedings?	(b) Debtor may file for liquidation only	0.5
Does the insolvency framework allow a CREDITOR to file for insolvency of the debtor?	(b) Yes, but a creditor may file for liquidation only	0.5
What basis for commencement of the insolvency proceedings is allowed under the insolvency framework?	(a) Debtor is generally unable to pay its debts as they mature	1.0
<b>Management of debtor's assets index (0-6)</b>		<b>3.0</b>
Does the insolvency framework allow the continuation of contracts supplying essential goods and services to the debtor?	No	0.0
Does the insolvency framework allow the rejection by the debtor of overly burdensome contracts?	Yes	1.0
Does the insolvency framework allow avoidance of preferential transactions?	Yes	1.0
Does the insolvency framework allow avoidance of undervalued transactions?	Yes	1.0
Does the insolvency framework provide for the possibility of the debtor obtaining credit after commencement of insolvency proceedings?	No	0.0
Does the insolvency framework assign priority to post-commencement credit?	(c) No priority is assigned to post-commencement creditors	0.0
<b>Reorganization proceedings index (0-3)</b>		<b>0.0</b>
Which creditors vote on the proposed reorganization plan?	N/A	0.0
Does the insolvency framework require that dissenting creditors in reorganization receive at least as much as what they would obtain in a liquidation?	No	0.0
Are the creditors divided into classes for the purposes of voting on the reorganization plan, does each class vote separately and are creditors in the same class treated equally?	No	0.0
<b>Creditor participation index (0-4)</b>		<b>2.0</b>
Does the insolvency framework require approval by the creditors for selection or appointment of the insolvency representative?	No	0.0

Does the insolvency framework require approval by the creditors for sale of substantial assets of the debtor?	Yes	1.0
Does the insolvency framework provide that a creditor has the right to request information from the insolvency representative?	No	0.0
Does the insolvency framework provide that a creditor has the right to object to decisions accepting or rejecting creditors' claims?	Yes	1.0

**Note:** Even if the economy's legal framework includes provisions related to insolvency proceedings (liquidation or reorganization), the economy receives 0 points for the strength of insolvency framework index, if time, cost and outcome indicators are recorded as "no practice".

## Labor Market Regulation

Doing Business presents the data for the labor market regulation indicators in an annex. The report does not present rankings of economies on these indicators or include the topic in the aggregate distance to frontier score or ranking on the ease of doing business. Detailed data collected on labor market regulation are available on the Doing Business website (<http://www.doingbusiness.org/data/exploretopics/labor-market-regulation>).

The most recent round of data collection was completed in June 2017. [See the methodology for more information.](#)

### What the indicators measure

#### Hiring

(i) whether fixed-term contracts are prohibited for permanent tasks; (ii) maximum cumulative duration of fixed-term contracts; (iii) length of the probationary period; (iv) minimum wage.

#### Working hours

(i) maximum number of working days allowed per week; (ii) premiums for work: at night, on a weekly rest day and overtime; (iii) whether there are restrictions on work at night, work on a weekly rest day and for overtime work; (iv) whether nonpregnant and nonnursing women can work same night hours as men; (v) length of paid annual leave.

#### Redundancy rules

(i) whether redundancy can be basis for terminating workers; (ii) whether employer needs to notify and/or get approval from third party to terminate 1 redundant worker and a group of 9 redundant workers; (iii) whether law requires employer to reassign or retrain a worker before making worker redundant; (iv) whether priority rules apply for redundancies and reemployment.

#### Redundancy cost

(i) notice period for redundancy dismissal; (ii) severance payments due when terminating a redundant worker.

#### Job quality

(i) whether law mandates equal remuneration for work of equal value and nondiscrimination based on gender in hiring; (ii) whether law mandates paid or unpaid maternity leave; (iii) length of paid maternity leave; (iv) whether employees on maternity leave receive 100% of wages; (v) availability of five fully paid days of sick leave a year; (vi) eligibility requirements for unemployment protection.

### Case study assumptions

To make the data comparable across economies, several assumptions about the worker and the business are used.

#### The worker:

- Is a cashier in a supermarket or grocery store, age 19, with one year of work experience.
- Is a full-time employee.
- Is not a member of the labor union, unless membership is mandatory.

#### The business:

- Is a limited liability company (or the equivalent in the economy).
- Operates a supermarket or grocery store in the economy's largest business city. For 11 economies the data are also collected for the second largest business city.
- Has 60 employees.
- Is subject to collective bargaining agreements if such agreements cover more than 50% of the food retail sector and they apply even to firms that are not party to them.
- Abides by every law and regulation but does not grant workers more benefits than those mandated by law, regulation or (if applicable) collective bargaining agreements.

## Labor Market Regulation - Karachi

## Details – Labor Market Regulation in Karachi

	Answer
<b>Hiring</b>	
Fixed-term contracts prohibited for permanent tasks?	Yes
Maximum length of a single fixed-term contract (months)	9.0
Maximum length of fixed-term contracts, including renewals (months)	9.0
Minimum wage applicable to the worker assumed in the case study (US\$/month)	129.8
Ratio of minimum wage to value added per worker	0.6
Maximum length of probationary period (months)	3.0
<b>Working hours</b>	
Standard workday	9.0
Maximum number of working days per week	6.0
Premium for night work (% of hourly pay)	0.0
Premium for work on weekly rest day (% of hourly pay)	100.0
Premium for overtime work (% of hourly pay)	100.0
Restrictions on night work?	Yes
Whether nonpregnant and nonnursing women can work the same night hours as men	No
Restrictions on weekly holiday?	Yes
Restrictions on overtime work?	No
Paid annual leave for a worker with 1 year of tenure (working days)	14.0
Paid annual leave for a worker with 5 years of tenure (working days)	14.0
Paid annual leave for a worker with 10 years of tenure (working days)	14.0
Paid annual leave (average for workers with 1, 5 and 10 years of tenure, in working days)	14.0
<b>Redundancy rules</b>	
Dismissal due to redundancy allowed by law?	Yes
Third-party notification if one worker is dismissed?	No
Third-party approval if one worker is dismissed?	No
Third-party notification if nine workers are dismissed?	No

Third-party approval if nine workers are dismissed?	No
Retraining or reassignment obligation before redundancy?	No
Priority rules for redundancies?	Yes
Priority rules for reemployment?	Yes
<b>Redundancy cost</b>	
Notice period for redundancy dismissal for a worker with 1 year of tenure	4.3
Notice period for redundancy dismissal for a worker with 5 years of tenure	4.3
Notice period for redundancy dismissal for a worker with 10 years of tenure	4.3
Notice period for redundancy dismissal (average for workers with 1, 5 and 10 years of tenure)	4.3
Severance pay for redundancy dismissal for a worker with 1 year of tenure	4.3
Severance pay for redundancy dismissal for a worker with 5 years of tenure	21.4
Severance pay for redundancy dismissal for a worker with 10 years of tenure	42.9
Severance pay for redundancy dismissal (average for workers with 1, 5 and 10 years of tenure)	22.9
<b>Job quality</b>	
Equal remuneration for work of equal value?	No
Gender nondiscrimination in hiring?	No
Paid or unpaid maternity leave mandated by law?	Yes
Minimum length of maternity leave (calendar days)?	84.0
Receive 100% of wages on maternity leave?	Yes
Five fully paid days of sick leave a year?	Yes
Unemployment protection after one year of employment?	No
Minimum contribution period for unemployment protection (months)?	n.a.

## Labor Market Regulation - Lahore

## Details – Labor Market Regulation in Lahore

	Answer
<b>Hiring</b>	
Fixed-term contracts prohibited for permanent tasks?	Yes
Maximum length of a single fixed-term contract (months)	9.0
Maximum length of fixed-term contracts, including renewals (months)	9.0
Minimum wage applicable to the worker assumed in the case study (US\$/month)	129.8
Ratio of minimum wage to value added per worker	0.6
Maximum length of probationary period (months)	3.0
<b>Working hours</b>	
Standard workday	9.0
Maximum number of working days per week	6.0
Premium for night work (% of hourly pay)	0.0
Premium for work on weekly rest day (% of hourly pay)	100.0
Premium for overtime work (% of hourly pay)	100.0
Restrictions on night work?	Yes
Whether nonpregnant and nonnursing women can work the same night hours as men	No
Restrictions on weekly holiday?	Yes
Restrictions on overtime work?	No
Paid annual leave for a worker with 1 year of tenure (working days)	14.0
Paid annual leave for a worker with 5 years of tenure (working days)	14.0
Paid annual leave for a worker with 10 years of tenure (working days)	14.0
Paid annual leave (average for workers with 1, 5 and 10 years of tenure, in working days)	14.0
<b>Redundancy rules</b>	
Dismissal due to redundancy allowed by law?	Yes
Third-party notification if one worker is dismissed?	No
Third-party approval if one worker is dismissed?	No
Third-party notification if nine workers are dismissed?	No



Third-party approval if nine workers are dismissed?	No
Retraining or reassignment obligation before redundancy?	No
Priority rules for redundancies?	Yes
Priority rules for reemployment?	Yes
<b>Redundancy cost</b>	
Notice period for redundancy dismissal for a worker with 1 year of tenure	4.3
Notice period for redundancy dismissal for a worker with 5 years of tenure	4.3
Notice period for redundancy dismissal for a worker with 10 years of tenure	4.3
Notice period for redundancy dismissal (average for workers with 1, 5 and 10 years of tenure)	4.3
Severance pay for redundancy dismissal for a worker with 1 year of tenure	4.3
Severance pay for redundancy dismissal for a worker with 5 years of tenure	21.4
Severance pay for redundancy dismissal for a worker with 10 years of tenure	42.9
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<b>Job quality</b>	
Equal remuneration for work of equal value?	No
Gender nondiscrimination in hiring?	No
Paid or unpaid maternity leave mandated by law?	Yes
Minimum length of maternity leave (calendar days)?	84.0
Receive 100% of wages on maternity leave?	Yes
Five fully paid days of sick leave a year?	Yes
Unemployment protection after one year of employment?	No
Minimum contribution period for unemployment protection (months)?	n.a.

## Business Reforms in Pakistan

In the year ending June 1, 2017, 119 economies implemented 264 total reforms across the different areas measured by Doing Business. Doing Business has recorded more than 2,900 regulatory reforms making it easier to do business since 2004. Reforms inspired by Doing Business have been implemented by economies in all regions. The following are the reforms for Pakistan implemented since Doing Business 2008.

✓ = Doing Business reform making it easier to do business. ✗ = Change making it more difficult to do business.

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DB2018

- ✓ **Starting a Business:** Pakistan made starting a business easier by replacing the need to obtain a digital signature for company incorporation with a less costly personal identification number. This change applies to both Karachi and Lahore.
- ✓ **Registering Property:** Pakistan, Karachi improved the transparency of the land registration process by publishing online the fee schedule and the list of documents necessary to complete any property registration.
- ✓ **Protecting Minority Investors:** Pakistan increased minority investor protections by making it easier to sue directors in case of prejudicial transactions with interested parties. This reform applies to both Karachi and Lahore.
- ✓ **Trading across Borders:** Pakistan made importing and exporting easier by developing a new container terminal and enhancing its customs platform for electronic document submission. These changes apply to both Karachi and Lahore.

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DB2017

- ✓ **Registering Property:** Pakistan improved the quality of land administration by digitizing ownership and land records. This reform applies to Lahore.
- ✓ **Getting Credit:** Pakistan improved access to credit information guaranteeing by law borrowers' rights to inspect their own data. The credit bureau also expanded its borrower coverage. This reform applies to both Lahore and Karachi.
- ✓ **Trading across Borders:** Pakistan made exporting and importing easier by enhancing its electronic "Web Based One Customs Platform".

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DB2015

- ✓ **Trading across Borders:** Pakistan made trading across borders easier by introducing a fully automated, computerized system (the Web-Based One Customs system) for the submission and processing of export and import documents. This reform applies to both Lahore and Karachi.

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DB2012

- ✗ **Paying Taxes:** Pakistan increased the profit tax rate for small firms.

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DB2011

- ✓ **Registering Property:** Pakistan made property transfer more affordable by reducing the stamp duty rate.
- ✓ **Trading across Borders:** Pakistan reduced the time to export by improving electronic communication between the Karachi Port authorities and the private terminals, which have also boosted efficiency by introducing new equipment.

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DB2010

- ✓ **Starting a Business:** Pakistan made starting a business easier by introducing an electronic registration system, allowing online registration for sales tax and eliminating the requirement to make the declaration of compliance on a stamped paper.

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DB2008

- ✗ **Registering Property:** Pakistan made registering property more expensive by increasing the capital value tax.
- ✓ **Getting Credit:** Pakistan's private credit bureau began distributing positive as well as negative credit information, and its public credit registry eliminated the minimum threshold for loans included in its database.

*Doing Business 2018* is the 15th in a series of annual reports investigating the regulations that enhance business activity and those that constrain it. The report provides quantitative indicators covering 11 areas of the business environment in 190 economies. The goal of the *Doing Business* series is to provide objective data for use by governments in designing sound business regulatory policies and to encourage research on the important dimensions of the regulatory environment for firms.



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