

# Doing Overseas Business in China by Pakistani Businessmen

## Study of Regulatory Business Environment

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# 1. Introduction

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China is the great economic success story of the past 30 years. Since the “reform and opening-up” policy was introduced in 1978, China has changed beyond recognition. A Soviet-styled planned economy has transformed into a vibrant market-oriented economy.

Well known for its manufacturing capability, China is the largest global producer of toys, textiles, washing machines, cameras and computers (among hundreds of other products). It is also the world’s largest consumer of iron, steel, coal and cement, and China’s hunger for raw materials continues. Over a million enterprises have flourished, and nearly 40 Chinese companies have entered the global Fortune 500 list.

With rapid and continuous industrialization and urbanization, a vast and fast-growing consumer market has emerged. Bicycles and Mao suits have been substituted by 13 million cars (now the largest car market in the world), international labels and luxury goods. China is also the world’s largest ICT market, with over 600 million mobile users and more than 400 million internet users. Private consumerism continues to develop with greater sophistication.

While many of the world’s major economies are still struggling to recover from economic contraction, China’s growth has been sustained and the economy grew steadily to be rated as the best performance of all major economies.

There are significant changes in China’s growth strategy. Traditionally, China has provided low-cost manufacturing solutions for the global market, but exports declined sharply after the global downturn and China’s manufacturing industry has responded by quickly moving up the value chain.

The Chinese Government is pressing hard to improve infrastructure and social welfare as well as targeting resources to develop China’s vast rural and interior regions, aiming to

unleash domestic consumption among the wider population. Industrial structures are shifting inland with dozens of new cities emerging and coastal areas developing into sophisticated urban clusters.

Although it is possible to be represented through agents or distributors, many foreign companies progress to the establishment of a permanent presence in China, as their experience and confidence grow. Having a permanent presence in-market can provide several possible benefits, including:

- Market presence – showing commitment.
- Cutting out the “middle man” – direct access to the end customer/supplier.
- Direct control over corporate strategy and activities.
- Enables trading in local currency and eases the conduct of business transactions.
- Fulfills a legal requirement to have a permanent presence (relevant in certain business activities and sectors).

There are a number of structures that allow foreign invested enterprises (FIEs) to conduct various business activities. These include representative offices, joint ventures, wholly foreign-owned enterprises, and foreign invested commercial enterprises. Each of these structures has unique advantages, restrictions and drawbacks, and it is essential to choose the option best suited to your business aims.

Companies that desire a permanent presence have to set up operations as an appropriate legal entity, depending on the intended business scope, and be compliant with Chinese legal and tax requirements. It is usually more difficult to alter a business structure once a legal entity is incorporated or established, therefore, one must fully understand his intended business activities in China both for the short and long term.

## 2. Representative Offices

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Representative offices are often the first step taken by foreign companies when establishing a permanent presence in China. They provide a vehicle through which the foreign investor can undertake activities such as market research, customer liaison and support. Representative offices can also organize business visits from company headquarters, which can make the obtaining of business visas for visitors much easier. Public relations work and local administration are also permitted. However, a representative office cannot conduct sales activities. This means they cannot sign contracts, receive income, or issue invoices and business tax receipts.

### 3. Joint Venture

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A joint venture (JV) is an organization jointly owned by one or several Chinese and foreign partners. A JV can be formed by way of equity contribution, where ownership, risk and profit are shared based on each party's monetary contribution. Alternatively, a JV can also be incorporated with liabilities and profit distribution being decided by contractual agreement.

The challenge of establishing and running a successful joint venture is finding and nurturing the right partnership. Partners have to overcome issues such as mismatched expectations and differences in business culture and practices. The ability to maintain effective communication, and control where necessary, is also crucial. It is essential to carry out corporate and financial due diligence before one signs up to any partnership.

A. Key features of an Equity joint ventures (EJVs) include:

- Foreign and Chinese joint ownership. Limited liability. An investor's liability is limited to its share of the registered capital (equity).
- No shares. Investors hold a proportion of the registered capital rather than shares as such.
- Profit distribution, board of director representation and distribution of surplus assets on liquidation (unless otherwise agreed) must be in proportion to registered capital holdings.
- Board of directors is the highest authority of the company.
- Certain decisions (including increases or reductions of registered capital, termination and dissolution) need unanimous board consent.
- Early withdrawal of capital is difficult.
- Equity transfers are subject to the consent and pre-emptive rights of EJV partners.
- Foreign investment must typically be greater than 25%, although foreign investments of less than 25% may still be approved. EJVs can engage in a broader range of activities and sectors than WFOEs. However, some restrictions still exist.
- EJVs do not issue shares and, therefore, cannot be listed directly.
- An EJV can generally engage only in activities that are within its business scope.
- The establishment of an EJV is subject to governmental approval.

Key features of Cooperative joint ventures (CJVs) include:

- Foreign and Chinese joint ownership.
- Can be either incorporated or unincorporated. Liability of partners in an incorporated CJV is limited to their respective share of registered capital (equity), unless the CJV contract provides otherwise. Partners of an unincorporated CJV have unlimited liability.
- No shares. Investors hold a proportion of the registered capital rather than shares as such.
- Board of directors (or management committee) is the highest authority of a CJV.
- Early recovery of capital is permitted on the condition that the Chinese party takes title to all fixed assets upon expiration of the CJV term and upon certain other conditions. Agreed profit distribution formulas need not reflect the parties registered capital holdings.
- Transfers of rights to third parties are subject to the written consent and (if incorporated) the pre-emptive rights of other CJV partners. CJVs are not common. However, they can be useful for infrastructure projects and certain other projects.
- CJVs do not issue shares and, therefore, cannot be listed directly.
- A CJV can generally engage only in activities that are within its business scope.
- The establishment of a CJV is subject to governmental approval.

## 4. Foreign Invested Partnerships (FIP)

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On 1st March 2010, rules came into effect allowing foreign individuals or organizations to participate in partnership enterprises, offering a further alternative to representative offices, joint ventures, WOFEs or FICEs.

FIPs allow for partnerships between two or more foreign parties (with all organizations or individuals being from outside China), or a combination of foreign and Chinese organizations or individuals. FIPs also allow for foreign partners to join an existing partnership set up wholly by Chinese partners (including the transfer of a partnership stake to a foreign entrant). Investment capital can be in foreign currency or in RMB. It is essential that the liabilities of all partners are carefully addressed before entering into the partnership.

FIPs do not need to be registered through the Ministry of Commerce, they only require registration through the Administration for Industry and Commerce. However, businesses in certain sectors will need to comply with other specific regulations when applying for registration. FIPs are bound by China's industrial policies regarding foreign investment, and are only permitted if the Catalogue for the Guidance of Foreign Invested Industries allows 100 percent foreign ownership. In some restricted sectors JVs are the mandatory vehicle for investment, and FIPs will not be allowed.

Key features of a Foreign-Invested Partnership (FIP) include:

- May be established by two or more foreign entities or individuals with or without a Chinese partner; an FIE, though not a China holding company, may be a partner in a partnership.
- General partnerships (i.e. partners have joint and several liability) and limited liability partnerships (i.e. a combination of one or more general partners and one or more partners with liability limited to their capital contribution) are permitted.
- Limited liability partnerships may not have more than 50 partners, and must have at least one general partner.
- Capital must be contributed in foreign currency or Rmb from lawful sources.
- Establishment and any subsequent change requires registration with the local AIC.
- Profits and losses are distributed according to the partnership agreement.
- Income tax is assessable on each partner, and not on the partnership; this allows individual partners to offset losses from certain other businesses.
- Transfers of partnership interests to third parties are subject to the consent and pre-emptive rights (unless the partnership agreement says otherwise) of partners.
- Partnerships are not legal entities and do not issue shares; therefore, they cannot be listed directly.
- A partnership can generally engage only in activities that are within its business scope.
- The establishment of a foreign-invested partnership requires registration with the local AIC. Governmental approval is not needed for the establishment of a foreign-invested partnership itself. However, if the partnership engages in a project that requires approvals, then the necessary approvals must be obtained.

## 5. Wholly Foreign Owned Enterprise (WFOE)

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A wholly foreign-owned enterprise (WFOE) is a company incorporated in China that is 100 per cent owned by a foreign organization(s).

Where permitted, WFOEs are now a most popular option for foreign businesses, as it gives the investor complete control over their business entity as well as enjoying the full profit from its operation. Generally, WFOEs also give greater protection to the investor's intellectual property rights, compared to a joint venture.

WFOEs are the appropriate structure for companies whose main activities in China are to manufacture and sell products, or provide services such as R&D or business consultancy. A WFOE allows the foreign investor to issue invoices and receive revenues in RMB (the Chinese currency) that can then be converted and repatriated out of China.

The revised Company Law that came into effect in 2006 sets the minimum registered capital requirements for a limited liability company to RMB30,000 (\$4,512), and for a company limited by shares to RMB500,000 (\$75,227). At least 30 per cent of a company's registered capital must be in the form of cash and in-kind contributions. You can pay these in installments, provided the first installment is at least 15 per cent of the registered capital and provided you contribute the balance within two years after incorporation.

The limit of registered capital entirely depends upon the nature of project; however, historic figures suggest that for a trading or manufacturing WFOE registration in China, the recommended minimum capital for registration is (\$140,000).

### Key features of a WFOE:

- 100% foreign ownership. Multiple foreign investors are permitted.
- 100% management control. This helps to avoid corporate culture conflicts that can affect EJVs and CJVs.
- Limited liability. An investor's liability is limited to its share of the registered capital (equity) of the WFOE.
- No shares. Investors hold a proportion of the registered capital rather than shares as such.
- Limited investors. WFOEs are limited to a maximum of 50 investors.
- Board of directors. While a WFOE typically has a board of directors, a WFOE with comparatively few investors or small in scale may have one executive director (and no board of directors). Although WFOEs can engage in a wide range of sectors, restrictions still exist.
- WFOEs do not issue shares and, therefore, cannot be listed directly.
- A WFOE can generally engage only in activities that are within its business scope.
- The establishment of a WFOE is subject to governmental approval.

## 6. Foreign Invested Commercial Enterprise (FICE)

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Since 2004, foreign-invested enterprises have been allowed to engage in business activities such as wholesale, retail, logistic services, agency services, franchising and direct importing and exporting. To achieve this, new and existing investors can apply to incorporate a business entity under a special category of foreign-owned enterprise, known as a "foreign invested commercial enterprise" (FICE).

## 7. Documentation

Certain documents are required for the setting up of all FIEs. Additional sector-specific documentation may also be required.

The below table sets out various documents that are typically needed to set up a WFOE or a joint venture. These documents must be in Chinese. If the original is in another language, then a Chinese translation must be submitted. Approval authorities also have the right to ask for any material that they think may be relevant to an application. Differences exist between different localities.

("–" = not needed; "√" = generally required; "O" = may be useful or needed in some circumstances).

Document	WFOE	JV
<b>Letter of intent</b> – Sets parameters for contract negotiation. Often only confidentiality and exclusivity obligations are legally binding.	–	O
<b>Project proposal</b> – Sometimes required by local authorities. A more formal project proposal will often be required for large infrastructure projects.	O	O
<b>Feasibility study</b> – A formal business plan setting out nature of operations, corporate information of investors and financial expectations. This document serves to "sell" the project to the approval authorities.	√	√
<b>Joint venture contract</b> – Sets out the relationship between the parties, covering business scope, amount and timing of capital contributions, parties' responsibilities, board of directors, management, liquidation, transfers of equity and dispute resolution. Must be governed by Chinese law.	–	√

<b>Shareholders' agreement</b> – May be needed if a WFOE has multiple investors. Similar to a joint venture contract but does not need to be governed by Chinese law.	O	–
<b>Articles of association</b> – The constitutional document of the FIE. A joint venture's articles of association will mirror the joint venture contract.	√	√
<b>Bank reference letter</b> – A letter from the investor's bank (or group bank) indicating that the investing entity is of good financial standing.	√	√
<b>Investor's certificate of incorporation</b> – Certificates showing name changes and other important changes may also be required. Notarizations and authentication is usually required.	√	√
<b>Lease or land use right certificate</b> – The address of the lease or land use certificate will be the registered address of the FIE. A lease (with a novation clause) may be entered by the investor. The approval authorities will sometimes accept a letter of intent to lease or buy.	√	√
<b>Asset valuation report</b> – Required where state-owned assets are being acquired or injected as capital contributions. Certain other assets may also need to be valued.	O	O
<b>Name reservation</b> – A corporate name (in Chinese) must be reserved before the application to set up the FIE is submitted. The name must comprise four parts: the business or trade name (using at least two Chinese characters); the industry; form of organization; and name of administrative area.	√	√
<b>Application letter</b> – Sets out the basic information of the investor and the intended FIE. Should be on investor's letterhead.	√	√
<b>Application forms</b> – Standard forms require basic corporate information, including names of proposed directors, and related project information.	√	√
<b>Appointment letter(s) for chairperson and directors</b> – Should be on investor's letterhead.	√	√

<b>Copy of passport for chairperson and each director</b> – The personal information and photograph page(s) usually suffice.	√	√
<b>Resume for chairperson and each director</b> – A resume can be brief. Marital status is often required.	√	√
<b>Power of attorney</b> – Authorization for a Chinese agent to deal with governmental authorities on behalf of the investor.	○	○

Various application documents, many of which are similar to those listed above, are also required for the establishment of a foreign-invested partnership.

The following documentation should also be considered at the set-up stage. In many respects, these documents will lay the foundation of your business after set-up:

- Trademark, trade name, technology & know-how licenses – Such licenses should increase your control over IP used by the FIE and may also generate royalty payments. Withholding taxes on royalty payments are generally less than corporate income tax levied on the FIE.
- Employment agreements – Required for both Chinese nationals and foreign nationals.
- Environmental impact assessments – Required for construction and renovation projects.
- Consultancy, sales, marketing & distribution agreements – May be needed depending on the business model.

## 8. Approval & Registrations

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Most forms of foreign investment in China are subject to governmental approval and registration. The main exception is foreign-invested partnerships, which may be established by registration with the local AIC.

Ministry of Commerce (MOFCOM) and the National Development and Reform Commission (NDRC) are the main approval authorities. Except for certain large projects, however, most approval powers are exercised by local and provincial Commission of Foreign Trade & Economic Co-operation (COFTECs).

Industry-specific approvals are also required in various sectors. For example, a joint venture securities company requires China Securities Regulatory Commission (CSRC) approval and a telecommunications joint venture requires Ministry of Information Industry approval.

Generally, local COFTECs can approve encouraged FIEs with a total investment of less than US\$100 million and restricted FIEs with a total investment of less than US\$50 million.

Approval authorities at the central level include the NDRC and MOFCOM. State Council approval is required for encouraged projects with a total investment of US\$500 million or more and for restricted projects with a total investment of US\$100 million or more.

COFTEC or MOFCOM will issue an approval reply and an approval certificate if an application to set up an FIE is approved. A joint venture contract and articles of association are only effective upon approval. MOFCOM and COFTEC generally have 90 days to approve (or not approve) the establishment of an FIE.

The approval time limits run from the receipt of all application materials. Requests for additional documents recommence the time periods for the relevant authority to make a decision.

**Business license:** One must register an FIE with the State Administration of Industry and Commerce (SAIC) or its local branch within 30 days of receipt of the approval certificate for the FIE. The SAIC or its local branch is required to issue the FIE's business license within 15 days. The date of issuance of the business license is the date of establishment of the FIE or partnership.

**Post-establishment registrations:** A number of additional registrations should be completed within 30 days of the issuance of the FIE's business license. These registrations include:

- Tax registration – An FIE is required to register with the State and local tax authorities. A tax registration certificate will be issued.
- Customs registration – An FIE is required to register with the local Customs Bureau before it can import any equipment or other items.
- Foreign exchange registration – Foreign exchange registration takes place with the local Foreign Exchange Bureau. This registration must be in place before a foreign exchange bank account can be opened (although you will need to tell the Foreign Exchange Bureau which bank you intend to use).
- Corporate seals – An FIE is required to obtain the local Public Security Bureau's approval before its corporate seals are made.
- Enterprise ID Code & IC Card – The Enterprise ID Code and the IC Card (an electronic copy of the Enterprise ID Code) are issued by the Technology and Supervisory Bureau.
- Financial registration – An FIE is required to register with the finance department of the relevant local government.
- Labour bureau registration – Registration with the relevant labour bureau is needed in connection with social security payments for employees.
- Statistics registration – An FIE is required to register with the local Statistics Bureau.

## 9. Labour

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**Foreign national employees:** FIEs may employ foreign nationals only for roles with special requirements and only if there is a shortage of suitable Chinese nationals. Many foreign investors have nationalized all but select senior management and senior technical positions. This helps to maintain control over the FIE while at the same time minimizes cost.

In addition to the points outlined below, foreign nationals may also be subject to China's labour laws.

**Registering in China:** Foreign nationals must hold work permits and appropriate visas to be employed in China. Work permits will only be issued for positions with special requirements and if there is a shortage of Chinese national candidates for such position. Obtaining a work permit and a visa can take several months. Generally, the required steps will be:

- Application for and issuance of a permit to employ a foreign national
- Application for a "work" visa in foreign national's home country
- Registration with Public Security Bureau within 24 hours of arrival in China
- Medical examination in China
- Application for and issuance of a work permit
- Application for and issuance of a residence permit
- Registration with the relevant tax bureau
- Registration with customs, if personal items are being shipped from abroad

Foreign nationals seconded to China, or doing business in China, for relatively short periods of time may apply for an "F" visa.

**Split contracts:** Foreign investors contemplating the splitting of employment contracts for foreign personnel should ensure that they have a substantive reason for doing so. Splitting a contract for the purpose of reducing exposure to tax in China may result in unwanted consequences.

**Tax year:** The tax year for individual income tax purposes is 1 January to 31 December.

**90/183 day rule:** A foreign national residing in China for less than 90 days in any one tax year is exempt from tax on income paid by an employer outside China, the cost of which is not borne by an entity in China. A foreign national residing in China for more than 90 days in any tax year will be liable to tax on income derived from within China (even if the actual payment is made outside China). Double tax treaties with China typically extend the 90-day period to 183 days. Countries with double tax treaties with China include the United States of America, the United Kingdom, and Pakistan.

The 90/183 day rule does not apply to chief representatives of representative offices. This means that chief representatives will be subject to individual income tax on income derived during their stay in China from day one.

**Taxing your worldwide income:** Foreign nationals residing in China for more than five years are, from the sixth year, subject to tax on their worldwide income. To legitimately avoid being taxed on worldwide income, a foreign national can exit China for more than 90 cumulative days during their fifth tax year. Alternatively, a foreign national can exit China for more than 30 consecutive days.

**Withholding tax:** An FIE is required to withhold individual income tax from the salaries of its employees, including for any foreign national employees who have their salary paid offshore. The amount of income tax withheld and paid to the tax bureau is final, although annual tax returns are required for various taxpayers, including those who earn more than Rmb120,000 per year.

**Chinese national employees:** Chinese labour law, which is summarized below, is more pro-employee than some investors would like. The below rules may also apply to foreign nationals working in China. Recruiting and retaining the right Chinese national employees is a challenge for many foreign investors.

**Written contracts:** Each employee should enter into a written labour contract. If a written labour contract is not entered into within one month of commencement of employment, then the employer is obligated to pay the employee twice the monthly wages/salary for up to a period of 12 months. If a written labour contract is still not signed, then the labour contract becomes a contract without a fixed term.

Labour contracts will typically set out the term of employment, nature of the job, safety and working conditions, remuneration, discipline procedures and termination provisions. A labour contract should also include provisions protecting intellectual property. Labour contracts in China are governed by Chinese law.

Collective contracts may also be negotiated with the labour union or employee representatives. Collective contracts are aimed at improving the working conditions for all employees. A collective contract may specify minimum wages for a workplace.

**Term of labour contracts:** The term of labour contracts may be:

- fixed (i.e. terminates at the end of a certain time period);
- not fixed (i.e. has no fixed date of termination); or
- assignment-based (i.e. terminates after completion of a certain assignment).

A labour contract without a fixed term is required in any of the following three situations (unless the employee proposes a fixed-term contract – something that may be hard to prove):

- the employee has worked for the employer for at least 10 consecutive years;
- the employee is within 10 years of retirement (and a number of other conditions are satisfied); and
- if the employee has already signed two consecutive fixed-term labour contracts with the employer.

If a contract without a fixed term is required, but the parties cannot agree to the terms, then the terms will be implied by law. That is, failure to agree on the terms of a contract without a fixed term does not excuse an employer from entering such a contract with an employee.

An employer that transfers an employee to a new employer (for instance, within a group) must also carry forward the employee's term of service with the first employer to the new employer. Contracts without a fixed term are more difficult to terminate.

**Probation:** China has maximum probationary periods as follow:

Term of labour contract	Maximum probationary period
Less than 3 months & assignment-based terms	0 months
3 months or more but less than 1 year	1 month
1 year or more but less than 3 years	2 months
3 years or more (incl. contracts without a fixed term)	6 months

The same employer and employee may only agree upon a probationary period once.

**Child labour:** Child labour is prohibited. For the purposes of Chinese labour law, a child is anyone under the age of 16 years. A very limited number of exceptions, including for artistic and athletic endeavors, are available.

**Discrimination:** Recent laws and regulations have introduced a number of non-discrimination rules. In particular, employers may not discriminate on the basis of the following when recruiting employees:

- ethnicity;
- race;
- gender;
- religious belief; or
- disability.

Moreover, employers may not discriminate against workers coming to cities from rural areas, and testing cannot generally be undertaken for certain infectious diseases (including Hepatitis B). Job advertisements may not contain discriminatory content.

**Data protection:** An employer must maintain the confidentiality of personal information relating to its employees. In particular, an employer must obtain the consent of an employee before disclosing his/her personal information to a third party.

**Work, health & safety:** Workplace occupational health and safety programmes are required. This includes regular physical examinations for employees working under hazardous circumstances. Employees between the ages of 16 and 18 years are protected under special occupational health and safety measures.

**Working hours & overtime:** The standard working week is five days at eight hours per day. The average working week may not exceed 40 hours. Overtime penalties must be paid if an employee works overtime.

Overtime may not generally exceed one hour per day. Under special circumstances, and with the consent of the trade union and employees, overtime hours may be extended up to 36 hours per month. Overtime penalty rates of between 150% and 300% apply. Flexible work systems are subject to the approval of the local labour bureau.

**Annual leave:** Employees are entitled to paid annual leave after one year of service with the same employer. The amount of paid annual leave entitlement varies according to the length of an employee's entire working history (not just the length of service with the current employer):

- Up to 1 year – 0 days annual leave
- More than 1 year, and up to 10 years – 5 days annual leave
- More than 10 years, and up to 20 years – 10 days annual leave
- More than 20 years – 15 days annual leave

Individual labour contracts, collective labour contracts or the employee handbook may provide for greater annual leave entitlements.

Employers may schedule an employee's leave according to business needs. An employer may also require an employee not to take his/her annual leave entitlements, but must pay the employee at 300% of his/her daily rate for each day of statutory leave requested not to be taken within the year of entitlement.

Paid annual leave is in addition to public holidays, though entitlements may be cancelled if certain other leave has been taken.

**Other leave entitlements:** China allows leave in a number of circumstances in addition to annual leave. The amount of leave can vary between different localities. Leave additional to annual leave may include:

- **Medical leave** – Covers an employee for a certain period during their recovery from illness or injury.
- **Matrimonial leave** – Leave for between one and three days following marriage. Extra leave may be available to those who marry late.
- **Family planning leave** – Leave for birth control purposes, with duration at the discretion of the employer.

- Maternity leave – Leave following child-birth, generally for a period of 90 days. Extra leave may be available to those who have children late.
- Funeral leave – Leave for between one and three days following the death of a parent, spouse or child.

**Wages & salaries:** Minimum wages are set each year at the provincial or municipal level. Minimum wages currently in force in Beijing, Shanghai and Guangzhou are:

- Beijing: Rmb800 per month for full-time employees or Rmb4.60 per hour.
- Shanghai: Rmb960 per month for full-time employees or Rmb8 per hour.
- Guangzhou: Rmb860 per month for full-time urban employees or Rmb4.94 per hour.

Professional and skilled workers command wages and salaries at significantly higher rates. An employee's rights (including minimum wages and other matters) must be determined in accordance with the standards applicable in the location where the employee actually works.

The employer and employee may adopt the standards applicable at the employer's registered location only if those standards are higher than the standards in the location of employment. Salaries must be paid at least once a month.

**Social security & housing:** In addition to wages and salaries, employers must pay charges for various social security funds. These funds include:

- Unemployment insurance
- Aged pension fund
- Medical insurance
- Housing fund

The cost of these payments can be significant, in practice sometimes exceeding one-third an employee's monthly salary.

**Termination:** China's employment regime does not accommodate employment at will. Rather, termination of employment can only take place on specific grounds. In particular, labour contracts may not include any grounds for termination that are not provided for by law. In addition, the opinion of the workplace labour union must be sought before an employee is dismissed.

Causes for dismissal without notice include dismissal for:

- Failure to satisfy the recruitment conditions during the probation period (reasons must be given to the employee)
- Serious violations of workplace rules
- Dereliction of duty causing serious loss
- Corruption causing serious loss
- Holding multiple jobs, which severely impacts on job performance
- Criminal offences

Grounds for dismissal of an employee with 30 days notice, or an additional one month's wages in lieu of notice, include:

- Being unable to take up his or her original job or any newly assigned work upon returning from non-work-related medical treatment for illness or injury
- Being incapable of performing in the job and remaining incapable even after receiving training or a transfer to another work post
- Being unable to agree with the employer, after mutual consultation, on a modification of his or her labour contract when the purpose for which he or she was originally hired has significantly changed or no longer exists
- Certain financial or operational difficulties may also give rise to a right to dismiss employees upon 30 days' notice. However, employers should give priority to such laid-off employees if they recruit for the same or similar position within six months after a layoff.

Employers may not dismiss an employee if:

- He or she has become wholly or partially unable to work and such inability is medically determined to have been caused by a work-related sickness or injury
- He or she is in a period of treatment for illness or injury
- She is pregnant, on maternity leave or within the specified nursing period
- He or she has served 15 or more consecutive years and is within five years of retirement

Employees may resign at any time with at least 30 days' notice (three days if within their probation period). No notice is required under a number of circumstances, including:

- If an employer uses coercion (including violence, threats or illegal restrictions on personal freedom) in the workplace
- If an employer fails to pay wages or social security premiums, or fails to provide working conditions as agreed under the labour contract

**Severance pay:** Severance pay may be payable upon termination of employment, including in situations in which an employer does not offer to renew a fixed-term labour contract.

Severance pay typically accrues at the rate of one month salary for each year of service, up to a maximum of 12 months' salary. Actual calculations for severance pay differ from area to area. However, the amount of monthly salary payable for severance pay is limited to three times the local monthly average wage announced by the relevant local government.

Double severance pay is required in cases of wrongful dismissal.

**Withholding tax:** An FIE that employs Chinese nationals is required to withhold individual income tax from the salaries or wages of each such employee. The amount of tax withheld and paid to the tax bureau on a monthly basis is final, although annual tax returns are required for various taxpayers, including those who earn more than Rmb120,000 per year.

**Labour unions & the Party:** Employees in China have a right to set up a workplace labour union. If the employees request the establishment of a labour union, the employer is required to offer assistance.

Assistance may also be required for the establishment of a Chinese Communist Party organization in the workplace.

**Labour union activities:** Many labour unions mainly organize social functions for staff. Labour unions, however, can also:

- Advise on and help negotiate individual labour contracts (including remuneration), collective contracts and termination of employees
- Facilitate communication and mediate conflicts between management and staff
- Advise on downsizing of an FIE's operations and assist retrenched staff to find new employment

Some HR departments find labour unions to be a positive influence within the workplace. Labour unions at or above the county level may provide free legal services to certain employees and workplace labour unions. However, employees have no legal basis upon which to strike.

**Labour union organization & funding:** Labour unions are required to be subordinated to the All-China Federation of Trade Unions. Independent labour unions are not permitted. FIEs with a total staff of over 200 are obligated to support a full-time labour union representative. Additional full-time representatives may be required for any workplace with a total staff of over 500. FIEs are required to allocate 2% of the monthly payroll to the workplace labour union.

**Management participation:** Labour union representatives have the right to attend board meetings, although they do not have the right to vote. Moreover, labour union

representatives should be invited to attend board meetings if labour issues are to be discussed.

**Chinese Communist Party (CCP) organizations:** The Company Law, read together with the CCP charter, requires a basic-level CCP organization to be set up in any workplace that has three or more CCP members.

The employer should provide the “requisite conditions” for the operation of a basic-level CCP organization set up in its workplace. How much support is actually required, however, is not prescribed by law and will usually depend on the size of the workplace, the number of CCP members and a range of other factors.

## 10. Corporate Taxes

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FIEs established after 16 March 2007 are no longer entitled to FIE tax preferences. FIE tax incentives enjoyed by FIEs that were established on or before 16 March 2007 are being phased out.

**Unified tax law:** The Enterprise Income Tax Law (EIT Law), effective 1 January 2008, provides a unified tax regime for FIEs and domestic companies. In doing so, it aims to promote fair competition and apply international practices to China's taxation regime. The law also reinforces China's policy shift away from low-technology manufacturing toward high-technology and environmentally friendly projects. The law does not apply to either sole proprietors or partnerships.

**Tax preferences phased out:** FIEs in China enjoyed preferential tax treatment from when China began to open its economy to foreign investment. Now FIE income tax preferences are no longer available and those previously in place are being phased out over a five-year transitional period starting 1 January 2008.

**Unified tax rate:** The standard tax rate for both FIEs and domestic companies is 25%; prior to 2008 the rate was 33% (a rate that included a 3% local tax).

Foreign companies and individuals without a permanent establishment in China will be subject to withholding tax at the rate of 10% for income arising within China, unless a double tax treaty states a lower rate.

The tax year for the purpose of enterprise income tax is 1 January to 31 December.

**Unifying tax preferences:** The EIT Law sets out various new preferences that will be available to both FIEs and domestic companies. These preferences include:

- Small low-profit enterprises (those with annual taxable incomes of less than Rmb30,000) taxed at 20%;
- Key high-tech companies taxed at 15%; an applicant for this special rate will be assessed against a range of criteria, including its industry, whether it owns the intellectual property for its core technology, and the extent of its R&D activities; high-tech status is awarded for three years at a time
- Certain tax reductions or exemptions for agriculture and forestry projects, as well as environmental protection and infrastructure projects which meet specific requirements
- Certain tax offsets for venture capital enterprises which invest in key and encouraged industries (small- and medium-sized high-technology enterprises in particular)
- Continued tax preferences for other encouraged enterprises (such as encouraged enterprises set up in Central and Western China).

Notably absent from the list of tax preferences are income tax reductions for manufacturing and export-oriented FIEs. These preferences were a driver of foreign investment for many years.

Local authorities have some discretion to offer additional tax incentives. Care should be taken, however, if local authorities offer tax incentives that exceed national regulations. Such tax incentives may be revoked at any time by order of the national government.

**Dividend withholding tax:** Dividends paid by FIEs to their foreign investors were exempt from tax from July 1991 through December 2007. From 1 January 2008, FIE dividends are taxed at a rate of 10%.

**Other taxes:** Other taxes include:

- **Withholding tax** – A withholding tax of 10% is imposed on China-sourced income derived by foreign corporations without permanent establishments in China. The rate of 10% may be reduced if one of China's double tax treaties provides for a reduction.

- **Value-added tax** – Sales of goods (and certain services) within China are generally subject to VAT at rates of either 13% or 17%. Goods may also be subject to VAT upon importation. “Encouraged” FIEs may apply for certain exemptions when importing equipment for their own use.
- **Customs duties** – Customs duties are levied on imported goods and materials. The applicable rates vary significantly. “Encouraged” FIEs may apply for certain exemptions when importing equipment for their own use.
- **Business tax** – Business tax is levied at rates of between 3% and 5% for certain services, including insurance, construction and the assignment of various IP rights. Entertainment services are taxed at a rate of between 5% and 20%.
- **Consumption tax** – Certain goods, including luxury and certain “unhealthy” goods, are subject to consumption tax at rates ranging from 1% to 45%.
- **Motor vehicle acquisition tax** – Purchases of various types of motor vehicles (including cars, motorcycles and certain trucks) are taxed at 10%.
- **Deed tax** – Transfers, gifts and exchanges of land use rights and buildings are taxed at rates of between 3% and 5%.
- **Land use tax** – Local governments may impose a land use tax at a rate determined by the local government (within guidelines set by the State Council).
- **Land appreciation tax** – Upon disposal of real estate, the seller will generally be subject to land appreciation tax at progressive rates of between 30% and 60%.

**Individual income tax:** Chinese nationals and foreign nationals are subject to individual income tax on income sourced from within China. Chinese nationals and certain foreign nationals are also subject to individual income tax on their worldwide income. Individual income rates in China are progressive.

Implementation of the individual income tax rules can vary between different localities. The tax year for the purpose of individual income tax is 1 January to 31 December.

**Liability to tax:** Chinese nationals domiciled in China are subject to individual income tax on their worldwide income.

Foreign nationals may also be subject to tax in China on their worldwide income if, by reason of their family or economic interests, they habitually reside in China. Liability to tax for foreign nationals that are not “domiciled” in China is determined by reference to the duration of their “residence” in China.

A foreign national will be “resident” in China during a tax year if they are in China for 365 days of that tax year. A foreign national will not be resident in any year in which they spent 30 or more consecutive days outside China or 90 or more cumulative days outside China.

Trips out of China for shorter lengths of time are still counted as time in China. The duration of a foreign national’s residence in China will determine their liability to tax as follows:

- **Less than 90/183 days** – Foreign nationals in China for less than 90 days in one tax year are not subject to tax on income paid by an employer outside China, provided that the costs of the foreign national are not charged back to an entity or office in China. The 90-day period is increased to 183 days under many of China’s double tax treaties.

Chief representatives of representative offices may not take advantage of the 90/183 days tax exempt period as the expense of their salary is deemed to be borne by the representative office. Accordingly, they are subject to individual income tax for each day they spend in China, commencing from the first day.

- **More than 90/183 days and less than one year** – Foreign nationals resident in China for 90 days or more in any tax year are subject to individual income tax on income derived from sources within China. The 90-day period is increased to 183 days under many of China’s double tax treaties.

Income from personal services provided in China is deemed as China-sourced income irrespective of where the income is paid and irrespective of where the expense is borne.

- **More than one year and less than five years** – Foreign nationals resident in China for more than one year and less than five years are subject to tax on their worldwide

income. However, a foreign national who is not “domiciled” in China will, subject to the approval of the tax authority, only need to pay tax on China-sourced income.

It is common practice for foreign nationals in their fifth year of residence to be outside China for 30 or more consecutive days (or 90 or more days cumulatively) to ensure that they do not become taxable on their worldwide income.

- **More than five years** – Foreign nationals resident in China for more than five years are, from the sixth year, subject to tax on their worldwide income. Credits may be claimed for any taxes paid overseas. Foreign nationals are not subject to tax on their worldwide income for any year in which they are not resident.

**Tax rates & monthly taxable income:** Individual income tax rates are progressive, ranging from 5% to 45% as set out below.

Monthly taxable income	Tax rate
Up to Rmb500	5%
More than Rmb500 and up to Rmb2,000	10%
More than Rmb2,000 and up to Rmb5,000	15%
More than Rmb5,000 and up to Rmb20,000	20%
More than Rmb20,000 and up to Rmb40,000	25%
More than Rmb40,000 and up to Rmb60,000	30%
More than Rmb60,000 and up to Rmb80,000	35%
More than Rmb80,000 and up to Rmb100,000	40%
More than Rmb100,000	45%

An amount of Rmb2,000 is deducted from the salary or wages of a Chinese national to arrive at the monthly taxable income. The deduction for foreign nationals is Rmb4,800. In addition to the monthly deduction of Rmb4,800, the following benefits are not taxable when received by a foreign national:

- Allowances for housing (subject to some restrictions), meals, laundry and relocation expenses, provided that the allowances are in a non-cash form or on a reimbursement basis.
- Reasonable allowances for business trips in China and abroad.
- Allowances for visiting family, language training or children's education in China, provided that costs are considered reasonable by the relevant tax bureau.

**Withholding obligations:** Employers are subject to withholding tax obligations in respect of salary and wages paid to their employees. The tax withheld must be paid to the relevant local tax bureau within seven days of the end of each month.

If a foreign national is paid offshore, then the entity or office in China at which the foreign national is based is the relevant withholding agent.

**Annual tax returns:** An annual tax return must be submitted to the relevant local tax bureau if the taxpayer:

- has an annual income of Rmb120,000 or more;
- derives and is taxable on income from non-China sources;
- derives salary and wages income from two or more sources in China; or
- does not have a withholding agent.

Taxpayers earning more than Rmb120,000 must submit their annual return within three months of the end of each tax year. Taxpayers deriving taxable income from non-China sources must file a tax return within 30 days of the end of each tax year.

## 11. Foreign Exchange Regulation China

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China's currency, the Renminbi (Rmb), is not fully convertible. While current account items may be converted with relative ease, China maintains stringent controls on payments of capital. Foreign currency may only be converted by a designated foreign exchange bank.

**Current account items:** Designated foreign exchange banks are authorized to convert Rmb into foreign exchange for the payment of current account items. SAFE approval, however, may still be needed for payments exceeding US\$100,000. Current account receipts and payments must have a genuine and lawful basis.

Current account items include:

- Interest payments on foreign exchange loans
- Insurance premiums payable in foreign exchange
- Construction expenses payable in foreign exchange
- Other income and expenditure items

**Capital account items:** The conversion of foreign exchange for capital account items is subject to SAFE approval.

FIEs converting foreign currency into Rmb may only use the Rmb for purposes within the FIE's business scope. Except for real estate FIEs, this means that real estate may only be purchased for an FIE's own use. Likewise, the scope for making equity investments may be limited for many FIEs.

Capital account items include:

- Foreign exchange loans and repayments of principal of foreign exchange loans

- Registered capital paid in foreign exchange
- Pre-establishment expenses of an FIE remitted into China by the foreign investor

**Foreign currency accounts:** An FIE may, subject to SAFE approval, open a foreign exchange account with a designated foreign exchange bank. Usually, the account must be opened within the same area in which the FIE is registered. Approval is required to open an account in another area.

Prior to August 2007, foreign exchange account balances were subject to a quota system that required any balance beyond the quota to be converted into Rmb. Foreign exchange account quotas were abolished in August 2007.

An FIE may purchase foreign exchange if it has insufficient funds in its foreign exchange account to meet a foreign exchange obligation. Foreign currency accounts of FIEs are subject to annual inspections by SAFE.

Foreign investors without an FIE in China may open a multicurrency account with a bank to fund the pre-establishment expenses of an FIE. The quota for such an account is US\$100,000 or 5% of the proposed total investment. The account is valid for six months. A foreign investor may also open a multicurrency account for certain other purposes.

**Maintaining foreign exchange:** In addition to purchases of foreign exchange, foreign exchange may be maintained by:

- The promotion of export sales and procurement of supplies within China
- Rmb loans secured by foreign exchange

For both current account and capital account, Chinese organizations or individuals may also maintain foreign exchange income offshore.

**Pricing in foreign currency:** Goods and services for sale between individuals or enterprises in China may not be priced in foreign currency. Moreover, foreign currency may not circulate as legal tender in China.

Foreign companies selling into China may price goods in foreign currency, as may Chinese enterprises selling goods for exportation.

**China's exchange rate:** The Rmb exchange rate was partially floated on 21 July 2005, and it rose significantly in value. From May 2007, the daily floating range against the US dollar was expanded from 0.3% to 0.5%.

**Trapped cash:** Foreign investors often find that cash is trapped in China when it could be used more profitably elsewhere. Carefully planning can minimize the amount of cash that is trapped. Trapped cash is the result of a number of factors:

- **Registered capital requirements** – FIEs are subject to a fixed ratio between registered capital and total investment. The result is that FIEs are typically set up with more registered capital (equity) – that must be paid in within two years – than they would be in many other jurisdictions. Care must be taken in setting registered capital at the optimal amount.
- **Reserve funds** – FIEs must pay money into a reserve fund that may only be used for certain purposes. Payments to the reserve fund may only stop once the amount of the fund has reached 50% of the amount of the FIE's registered capital.
- **Limited ability to reduce capital** – Registered capital reductions are subject to approvals and are only permitted in certain circumstances.
- **Limited Rmb convertibility** – As set above, the conversion of Rmb into foreign exchange for capital account items is subject to State Administration of Foreign Exchange (SAFE) approval.

## 12. Remitting Profits

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China has a restricted foreign exchange regime. However, while the expatriation of capital amounts requires approval, remittances of profits (and the payment of current account items) are relatively straightforward. The payment of taxes and allocations to statutory funds are required before profit can be distributed.

**Determining profit:** Distributable profits are determined in accordance with China's accounting regulations. The financial year, for accounting and tax purposes, is 1 January to 31 December. An FIE's financial statements should be audited by an accountant duly registered in China.

If needed, a second set of financial statements may be prepared in accordance with the accounting standards used in the investor's home jurisdiction. However, an FIE may only maintain one set of underlying accounts.

**Paying taxes:** Taxes are required to be paid before profits may be distributed.

**Fund allocations & previous losses:** Profits cannot be distributed before previous years' losses are made up and allocations are made to various funds.

There are three funds, two of which are required for WFOEs and joint ventures and the third of which is applicable to EJV's only:

- Employee bonus and welfare fund – Used for collective welfare expenditure for employees, such as funding employee bonus schemes and housing subsidies.
- Reserve fund – Used mainly to cover an FIE's losses, increase production and business operations and, subject to governmental approval, to increase registered capital.
- Enterprise expansion fund (for EJV's) – Used mainly for expanding an EJV's operations.

An FIE should generally allocate 10% or more of after-tax profits to its reserve fund. Allocations to the reserve fund are not required once the aggregate amount of the reserve fund exceeds 50% of registered capital. Allocations to the employee bonus and welfare fund are discretionary.

**Distributions:** Profits may be distributed after the payment of taxes and fund allocations. Profits may also be retained. Any distributions made before making up previous years' losses must be returned to the company.

EJVs are required to distribute profit in proportion to their parties' respective equity holdings.

**Wiring the money:** The following documentation should be submitted to a foreign exchange bank to remit profits abroad:

- Tax payment certificates
- Audit report relating to the most recent financial statements
- Board resolution concerning the distribution of profits
- The FIE's foreign exchange certificate
- The FIE's capital verification report
- Other documents that may be requested by SAFE

**Other options:** Remittances of royalties and service fees can be more frequent than the remittance of profits. Payments of royalties and service fees will also usually be tax deductible to the FIE. Fees charged should be reasonable.

**Royalties** – Royalties may be collected for trademarks, trade names, technology and know-how licensed to an FIE. These royalties may be subject to withholding tax.

**Service fees** – An investor may charge fees for management services or other types of services provided to an FIE. Service fees may be subject to withholding tax.

## 13. Real Estate

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China's real estate laws and regulations are complex. This is, in part, because the modern legal system governing land is less than 20 years old and because significant variation exists at the local level. The basics, however, are relatively straightforward.

**Allocated & granted land use rights:** Land in China is either State-owned or owned by collectives. Neither domestic companies nor FIEs can own land, although they may hold land use rights. Two types of State-owned land use rights exist:

- **Allocated land use rights** – Allocated land use rights are allocated to SOEs, the army, public schools and similar enterprises and units. Generally, allocated land use rights cannot be transferred or leased without first being converted into granted land use rights (for which a grant fee must generally be paid to the government). The government may reclaim allocated land use rights at any time without compensation.
- **Granted land use rights** – Granted land use rights are the right to use land for a specific purpose for a fixed term. A grant fee must be paid to the government for granted land use rights. Granted land use rights are transferable and may be leased. Collectively-owned land can only be used for industrial purposes in very limited circumstances.

**Term of granted land use rights:** Granted land use rights are granted for different terms based on the usage of the land. The terms are:

Land Usage	Term
Residential	70 years
Industrial, Educational, scientific and technological, cultural, public health and sports Combined or other purposes	50 years
Commercial, tourism and entertainment	40 years

**Land use rights & buildings:** The general rule is that buildings on land should be owned by the same person that holds the corresponding land use rights. Nevertheless, land use rights and buildings on the corresponding land are sometimes owned by different persons. Due diligence will assist in the discovery of any such situation.

**Land use rights transfers:** Only granted land use rights may be transferred. You will not obtain title to allocated land, even if someone purports to sell it to you, unless it is first converted to granted land use rights (for which a grant fee must first be paid to the government).

Vacant land is required to be at least 25% developed before the corresponding land use rights can be transferred. The government may reclaim vacant land if development is not started within two years of transfer.

**Renewal of land use rights:** From 1 October 2007, the term of residential land use rights will be automatically renewed upon expiry. This is a welcome relief to those owning residential properties in China. It will also ensure that financing remains available for residential property approaching expiration of its land use right term.

Non-residential land use right terms are not granted automatic renewal under the Property Law. Rather, renewal will be subject to other laws and regulations.

**Easements:** The creation of easements has been recognized under Chinese law since 1 October 2007. The ability to create easements recognized by law is likely to be of particular importance for infrastructure projects that involve the construction of pipelines or other networks requiring access to land over which the project owner does not hold the land use rights.

**Leasing:** Land must generally have been developed before it can be leased. A lessee is required to comply with the terms and conditions of the land use rights grant contract. A registered lease will gain priority over any unregistered lease.

**Expropriations:** Land may be expropriated by the government only in special circumstances and in the public interest. Compensation is required to be paid if land is expropriated.

## 14. Visas

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**China Business Visa (F):** A business visa is required if one intends to participate for up to 6 months in business activities as an employee of an overseas organization; investigating & establishing a business activity. In some situations overseas businessmen with a need to travel frequently in and out of China over a longer period may be granted a 12 month visa.

To obtain an F visa one must have an invitation letter from a Chinese organization that or a reference letter from the employer explaining the purpose of the visit. The inviter should check that their invitation complies with all regulations.

The business visa (F) has over the years been used as a 'catch all' option. Visa issuing offices seem to have been willing to issue them relatively easily and often for longer durations than a tourist visa. It is not permitted to work as an employee of a Chinese business in China while on an F visa (there are a few exceptions such as working for a company funded from overseas).

### **Requirements:**

- Applicant's passport with blank visa pages and at least 6 months validity left before expiration.
- One truly completed Visa Application Form.
- One recent passport-size color photo stuck on the visa application form.
- An "Invitation Letter of Duly Authorized Unit" or "Confirmation Letter of Invitation" prescribing the visa validity, number of entries and stay period.
- A recommendation letter from your local Chamber of Commerce & Industry or your company Registration Certificate (photocopy).
- A supporting letter from your organization.
- Your tax certificate (photocopy).
- Your bank statement (personal or company).
- Under some circumstances, the applicants may be required to submit a copy of Chinese hotel reservation, return air ticket booking and financial proof.

**China Work Visa (Z):** A work visa is required for persons wanting to work in China for pay and their accompanying family members. The Z visa is only granted if the employer and employee meet certain requirements. First, the organization must be accredited to employ foreigners. You must meet the requirements as a 'foreign expert' and the employer must obtain a certificate stating that you comply.

The employer will send you a government issued Employment Permit and Visa Notification Letter. Family members accompanying an applicant may also apply for a Z visa submitting a 'proof of relationship' instead i.e. their marriage certificate for a spouse, or birth certificate for a child.

The visa is valid for only 30 days from the date of arrival during which time you and your employer must seek a Temporary Residence Permit for the duration of your contract, to a maximum of 12 months.

#### **Requirements:**

- Applicant's valid actual passport with at least six months validity left before expiration and at least one blank visa page left in it.
- One truly completed Visa Application Form.
- One recent passport standard photo affixed on the Visa Application Form.
- Original invitation or confirmation letter (used to be called Visa Notice) from an authorized government organization like the local foreign affairs office in China.
- Registration Certificate of Foreign Enterprises Permanent Office in China/Alien Employment License of the P. R. China/Working Permit by the State Administration of Foreign Experts Affairs, China.
- Physical Examination Record for Foreigner and attested by Ministry of Foreign Affairs of Pakistan.
- Employment Contract.
- Employer's Company Registration Certificate in China.

## 15. Foreign Exchange Regulations Pakistan

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No restrictions are imposed for inward remittances by the State Bank of Pakistan (SBP). However, for outward remittances detailed rules for approval are elaborated in SBP Foreign Exchange Manual.

Generally, Pakistani investors making investments outside Pakistan have to seek SBP's approval for outward remittance by submitting the following information:

1. Name and address of the applicant.
2. Whether an individual, a partnership concern, private limited or public limited company.
3. Year of Establishment.
4. Paid-up Capital.
5. Name of directors/partners with address.
6. Name and address of bankers (Bank report on financial status to be furnished in sealed covers).
7. Whether Manufacturer/Exporter, Exporter and Importer or Exporter (Detailed field of activity is required).
8. Name and address of the firm/company in which investment is desired to be made and its field of activity.
9. A feasibility report on the economics of the proposed investment giving among other things following:-
  - (i) Amount of paid-up capital of the foreign firm/company.
  - (ii) Amount proposed to be invested and whether it will be by increasing the capital or transfer of existing shares.

- (iii) Does the applicant have Foreign Currency Account? If so, state the balance therein.
  - (iv) Anticipated annual earnings from the proposed investment.
  - (v) Any other benefit accruing to Pakistan by such investment i.e. increased export of goods/employment opportunities for Pakistan nationals, improvement in national human resources.
10. Whether Regulations of the country allow such investment from Pakistan and what are the rules and regulations in force governing repatriation of capital and profit to Pakistan.
  11. Attach a copy of the last income tax assessment order of the applicant, and a certificate from the applicant's banker(s) confirming clean record of loan repayments.
  12. Any other point which may lend further weight to the proposal.
  13. Declaration that the funds proposed to be invested are legitimate and tax paid.

## 16. Managing Partner's Profile

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Mr. Assad is a seasoned advocate of the High Courts of Pakistan. He graduated from Government College University, Lahore, and did his law graduation from Quaid-e-Azam Law College, University of the Punjab, Lahore. He has exposure in multiple disciplines and worked with multinational telecommunication and media enterprises.

He is heading operations of the firm as Managing Partner. Prior to his current work profile, he has worked as Research Analyst with UNDP. He was also in full time employment with Warid Telecom as Assistant Manager Legal Affairs, and M/s

Ahmer Bilal Soofi (ABS & Co.) as an Associate Counsel.

Mr. Assad also teaches law in public (Audit & Accounts Training Institute of the Auditor General, Pakistan) and private (STEP) institutions for degree courses and special training programs. He is active on social front as well and works as Resource Person with Child Rights Cell- a joint project of UNICEF Pakistan and Directorate of Social Welfare Department, Government of the Punjab, Lahore.

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