



Digital  
Cooperation  
Organization

Enabling Digital  
Prosperity for All



# STARTUP

## Country Guide 2023

THE ISLAMIC REPUBLIC OF PAKISTAN



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# CHAPTER 1

Exploring the startup sphere



# I. The Pakistani entrepreneurial ecosystem

Pakistan's startup ecosystem has become an attractive destination for investors in recent years, characterized by significant institutional support, lucrative business prospects, and a resilient attitude towards regulatory challenges. The country's persistent growth during COVID-19 was particularly remarkable, resulting in a record-breaking year for technology startups securing over USD 350 million in funding. Pakistan has a youthful and English-speaking population, providing a platform for emerging tech-savvy middle-class companies with innovation and ambition at their core.

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

With an impressive 6th ranking in crypto adoption globally, investors in Pakistan also benefit from the increasing trend of those who use cryptocurrencies to hedge against Rupee devaluation and trade. Moreover, the consumer electronics sector, with a projected 5.4% growth rate between 2023 and 2027, is worth USD 7440 million in 2022. The gaming industry is on the rise in Pakistan with the video games segment projected to cross USD 200 million in 2023 with an annual growth rate of 9.77% from 2023 to 2027. This surge demonstrates the transformative impact of the gaming industry, making it a promising investment avenue in Pakistan's thriving startup ecosystem.

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



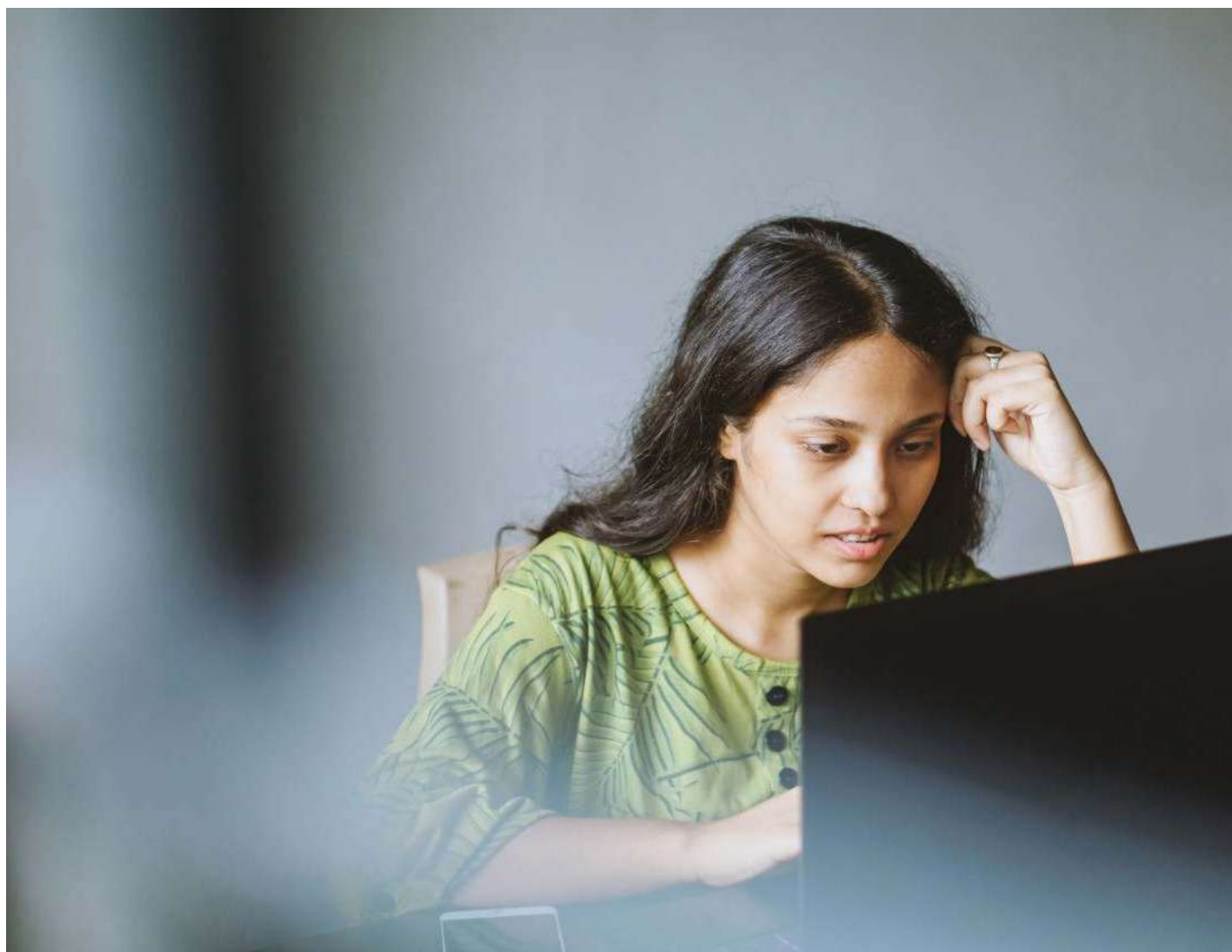
## 1. Startup definition

In the realm of entrepreneurship, a startup is an innovative venture with the potential for high growth, driven by technology and characterized by having a functional prototype and a scalable, repeatable business model. Startups are founded to explore creative ideas, often centered around technology, and to capitalize on emerging market opportunities.

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



- It is engaged in innovative activities, focusing on the development, deployment, or commercialization of new products, processes, or services driven by technology or intellectual property.
- It has been established for less than ten (10) years.
- It is not formed through the division or reconstruction of an existing business.
- Its turnover for any of the previous financial years has not exceeded Pakistani Rupee (PKR) 1 billion (USD 3.59 million).



## 2. Promising sectors in Pakistan

In the dynamic landscape of Pakistan's economy, several sectors have emerged as influential forces, significantly contributing to the nation's economic vitality. The core pillars shaping Pakistan's Gross Domestic Product (GDP) in 2021 were services (52.11%), agriculture (22.67%), and industry (18.8%), collectively accounting for 93.58% of Pakistan's GDP. This highlights the country's diverse economic prowess and underscores its evolving significance on the global stage.



Amid Pakistan's economic resurgence, specific sectors have strategically harnessed the nation's energetic, tech-savvy, and bilingual demographic. E-commerce, exemplifying digital evolution, has transformed consumer experiences and nurtured entrepreneurial ventures. Fintech, a pioneering force, has democratized banking services, providing financial accessibility to the unbanked masses. Additionally, the transport and logistics sector has embraced technological advancements, enhanced connectivity, and enabled seamless trade. These sectors have witnessed notable growth, demonstrated in seventeen (17) significant funding deals in e-commerce, fifteen (15) in fintech, and thirteen (13) in transport & logistics in 2022.

These investments not only represent significant financial backing but also reflect a collective belief in Pakistan's innovative experience, pointing towards a future where technology and entrepreneurship converge to drive growth and opportunity. Here are key sectors where startups have been thriving, supported by successful examples of their endeavors:

### **E-commerce**

Bazaar was founded in 2020. It has raised USD 6.5 million in seed funding in 2021, and later raised one of the largest investments up till that point, being USD 30 million in Series A funding. This brings its total disclosed funding to USD 73.8 million as of 2021, making it one of Pakistan's most funded startups.

### **Transport and logistics**

ByKea was established in 2016. It is a social impact app providing instant transport and courier services, saving users both time and money. With two (2) funding rounds totaling USD 18.7 million, it has solidified its position as a leading player in the efficient transportation solutions market.

### **Fintech**

SadaPay was established in 2019 and offers branchless digital banking services, featuring a digital wallet and a Mastercard debit card. Accounts are equipped for international transfers from forty-five (45) countries. It achieved a significant milestone in March 2021 by securing the largest-ever seed funding round closed by a Pakistani startup, raising an impressive USD 7.2 million.

### **Gaming and E-sports**

Pakistan is swiftly emerging as a hub for gaming, capitalizing on Asia's position as the world's largest video games market. The gaming industry revenue in Pakistan has more than doubled since 2017, and it is projected to continue growing. With an estimated 36.8 million gamers in 2022 (16% of the population), expected to rise to 50.9 million by 2026 (20.6% of the population), Pakistan presents significant opportunities in the gaming landscape. This growth is fueled by factors such as increasing smartphone penetration, affordable internet access, and government support. The Pakistani government has recognized the potential of the gaming industry and has implemented several initiatives to support its growth. These include:

- The Pakistan Software Export Board (PSEB), a government-owned entity that provides support and resources to game developers.
- The National ICT R&D Fund (NIC), a government-owned fund that provides funding for research and development in the gaming sector.

Additionally, the government has implemented policies and collaborations with international gaming companies to facilitate game development. Notably, esports has received official recognition as a regular sport in Pakistan, leading to initiatives such as the 'E-PAK' initiative, which featured an official competitive gaming event. These proactive measures demonstrate the government's commitment to fostering a thriving gaming ecosystem in Pakistan.



### 3. Pakistan's startup scene

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

#### Pakistan' top startup industry sectors by funding deals (2022)<sup>1</sup>

- E-commerce (13)
- Fintech (15)

#### Pakistan' top startup industry sectors by funding (2022)<sup>2</sup>

- E-commerce (USD 185 million)
- Fintech (USD 101 million)

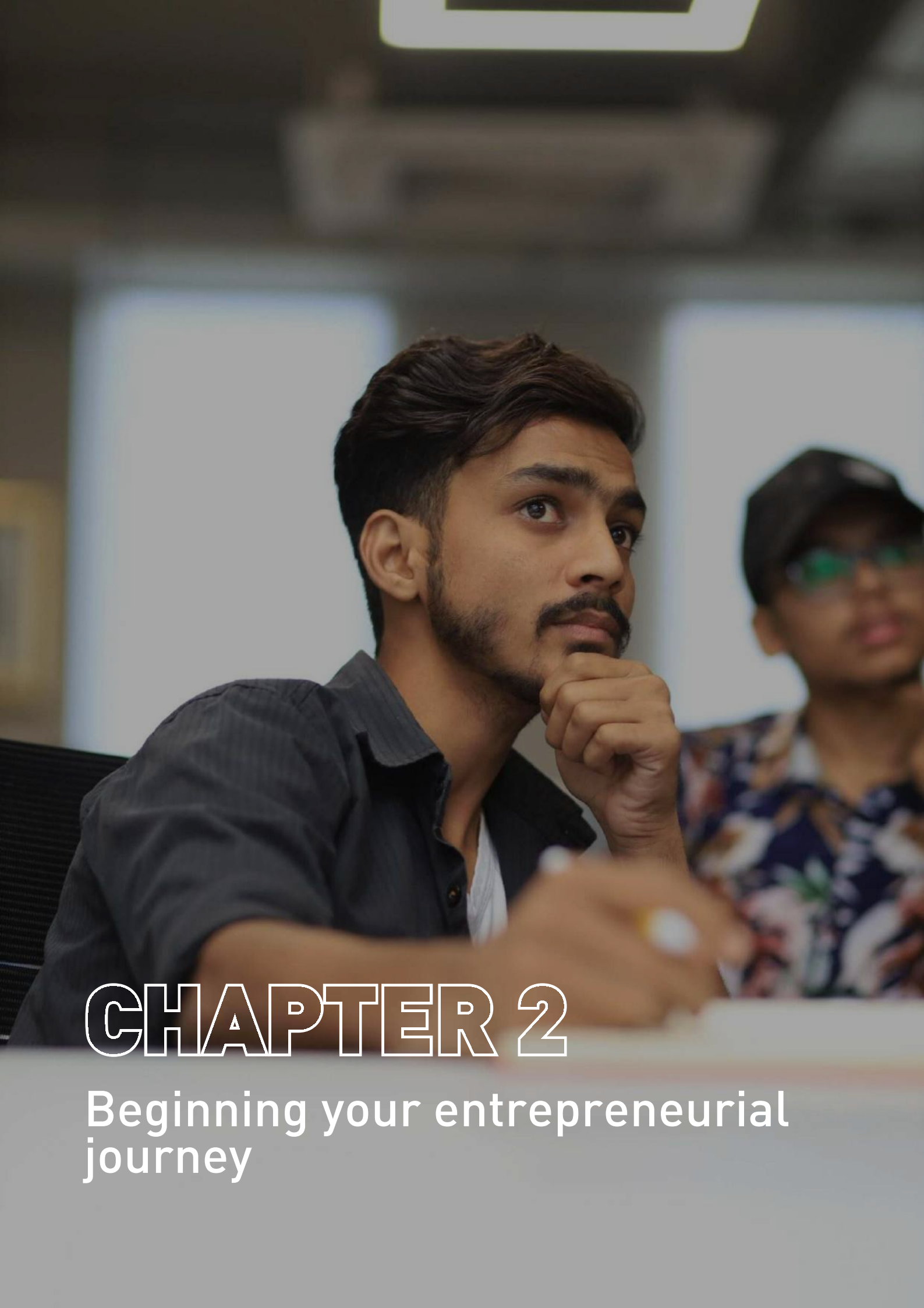
#### The Startup ecosystem in numbers

- Government institutions funds to startups in 2021<sup>3</sup>: USD 310 million
- Funds raised by startups in 2022<sup>4</sup>: USD 355 million
- Number of operating startups<sup>5</sup>: +245
- Incubators and accelerators in 2021<sup>1</sup>: +32
- Coworking spaces<sup>1</sup>: +18

#### Entrepreneurship and innovation in Pakistan: Rankings (2022)

Indicator	Ranking	Indicator	Ranking
Global innovation <sup>6</sup>	87	Business environment <sup>6</sup>	107
Entrepreneurship policies and culture <sup>6</sup>	68	Political and operational stability <sup>6</sup>	108
Growth of innovative companies <sup>6</sup>	35	Collaboration between companies <sup>6</sup>	50
Knowledge workers <sup>6</sup>	101	Regulatory environment <sup>6</sup>	118
ICT access <sup>6</sup>	108	Market access and infrastructure <sup>6</sup>	114
Mobile application creation <sup>6</sup>	12	Economic freedom <sup>7</sup>	49
Financing of SMEs <sup>6</sup>	62		





# CHAPTER 2

Beginning your entrepreneurial journey



# I. Guiding steps to launch a startup in Pakistan

## 1. Country specific legal structures

In Pakistan, entrepreneurs have the option to select from distinct types of legal structures, each crafted to align with their specific activities. Each business type offers unique features tailored to meet specific economic goals. Here, we outline the legal structures entrepreneurs should consider when establishing their startups:

- A sole proprietorship
- A partnership
- A private limited company
- A public listed company
- A single member company
- A branch office
- A limited liability company by guarantee with share capital
- A liaison office/ representative office

The most common legal structure chosen by registered Pakistani startups is the **Private Limited Company**. A private limited company is a business entity privately owned and operated by individuals who serve as shareholders. A private limited company in Pakistan typically requires a minimum of two (2) and a maximum of fifty (50) shareholders and must meet a minimum capital requirement of PKR 100,000 (approximately USD 823). The standard time for its incorporation process is typically six (6) weeks.

Entrepreneurs often prefer this structure due to its inherent advantage, limiting owners' and shareholders' liability to their invested capital. This shields personal assets from company debts and obligations. In the context of launching a startup in Pakistan, it's advisable to opt for a structure offering organizational flexibility and easy setup. The private limited company fits perfectly within these criteria. It permits multiple shareholders and demands a low minimum of capital. These advantages make it an ideal choice for new entrepreneurs looking to launch their startups.





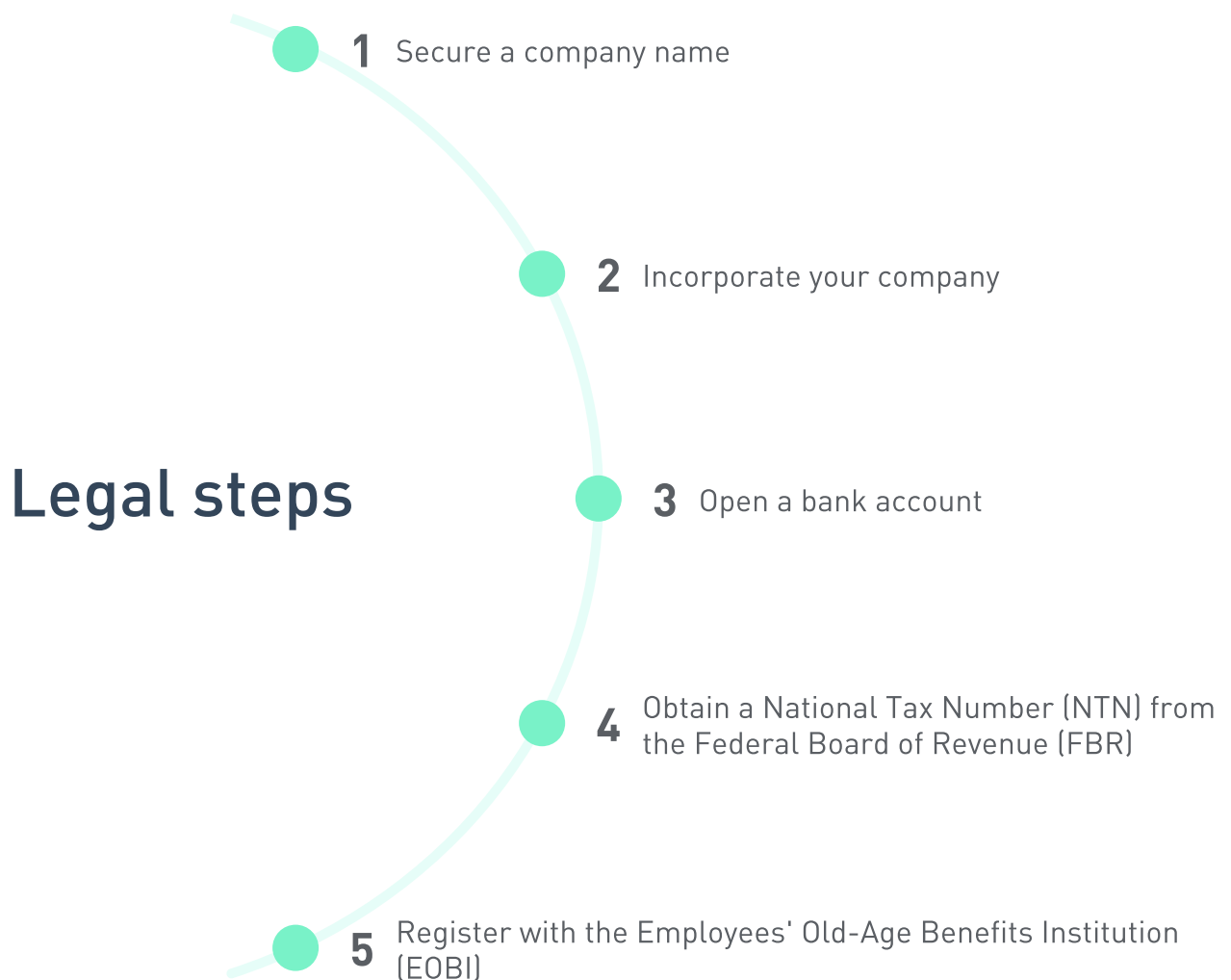
## 2. Legal steps

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

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

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

For detailed instructions, the company incorporation process is detailed in this [video](#). Below is an overview of the fundamental legal steps typically required by both locals and foreigners wishing to start a business in Pakistan.





## ● Step 1: Secure a company name

Reserving your company's name is a crucial step in establishing your company in Pakistan. You can choose to either reserve the name separately or combine the name reservation with the company incorporation process.

Before initiating the application process, it is recommended to check the availability of your desired company name using the "[Company Name Search Section](#)" provided on the SECP website.

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

### Steps

#### Online steps

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

#### Offline steps

- 1 Download and complete the [Incorporation Form 1](#)
- 2 Attach the original receipt of the application fee payment and hand the documents to SECP
- 3 Submit the Inc-Form-1 to the registrar at any of the [Company Registration Offices](#)

### Requirements

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



### Cost

- Online application: PKR 200 (USD 0.72)
- Physical application: PKR 500 (USD 1.79)

## ● Step 2: Incorporate your company

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

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

- [The SECP website's page on company registration](#)
- [Step-by-step requirements for registering a new company on the SECP website](#)
- Brochure on [company incorporation](#) found on the SECP website
- The [Companies \(Incorporation\) Regulations of 2017](#)
- [User registration and PIN generation guide](#) on the SECP website

### Steps

#### Online steps

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



### Offline steps

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

### Documents

- Name reservation letter
- Company [incorporation form-II](#)
- Memorandum of associations
- Copies of CNICs/passports of promoters and the chief executive
- Original receipt of the payment fee
- Power of attorney/authority letter (if needed)

### Duration

For small companies with nominal share capital not exceeding PKR 100,000 (USD 362.66):

- The incorporation fee for online submission: PKR 1,800 (USD 6.53)
- The incorporation fee for offline submission: PKR 3,500 (USD 12.69)

### Cost

Up to one (1) working day

## ● Step 3: Open a bank account

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



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

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

### Steps

#### Online steps

- 1 Visit the [FBR portal](#)
- 2 Select "new e-registration" from the "e-registration menu" dropdown
- 3 Choose your taxpayer type and enter the required information
- 4 Visit the TFC and submit a duly signed copy of the online application and the required document listed below to collect the NTN certificate

#### Offline steps

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

### Documents

- Registration application
- [Form 21](#) and [Form 29](#)
- Incorporation certificate of the company
- Computerized National Identity Card (CNICs) of all directors
- National Tax Number (NTN) copies of directors
- Original letter on the letterhead of the company signed by all directors, verifying the principal officer and authorizing him for income tax/sales tax registration
- Original certificate of maintenance of bank account in the company's name
- Original evidence of tenancy/ownership of company premises
- Original paid utility bill of the company premises not older than three (3) months



### Duration

Three (3) working days for online procedure

### Cost

Free

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

### Steps

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

### Requirements

Generally, companies employing five (5) or more workers are required to register with EOBI

### Documents

- An Establishment registration form
- A company's certificate of incorporation
- A NTN certificate, if available
- A list of employees and their Computerized National Identity Card (CNIC) numbers
- A copy of the employer's CNIC

### Cost

Free



## II. Other country-specific considerations

### 1. Considerations for foreign investors

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

Foreign investors seeking to engage in property investment in Pakistan should be encouraged by the significant opportunities available despite regulatory constraints. The Foreign Exchange Regulation Act (FEDA) of 1947 and the Pakistan Citizenship Act of 1951 outline the legal framework for foreign ownership of property. While these laws generally restrict foreign individuals from purchasing property in Pakistan, exceptions exist, including foreign companies and joint ventures with Pakistani citizens. To navigate this regulatory landscape successfully, foreign investors can work with Pakistani nationals or reputable foreign investment companies. Despite the complexities of obtaining permits, foreign property investment in Pakistan is a promising endeavor.

### 2. Filing obligations

Filing obligations may vary depending on the type and size of the business entity. Here are the main filing obligations for your startup:

#### Sales tax return

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

In adherence to the standard procedure, a registered entity is obligated to submit the monthly return by the tenth (10th) of the following month and then proceed with payment by the fifteenth (15th) of the same month. These obligations are to be fulfilled via dedicated electronic filing.

#### Withholding Tax (WTH)

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

#### Social security contributions

In Pakistan, Social security contributions are collected and administered by the Provincial Employees' Social Security Institutions (PESSI) in each province and by Employees Old Age Benefit Institution (EOBI) under federal government of Pakistan. Employers of firms with at least ten (10) workers are liable for social security contributions. Nominal social security and Employees Old Age Benefit contribution is collected from the employers monthly.



## Income tax return

All business must file their income tax return by the thirty-first (31st) of December for the preceding financial year, adhering to the first (1) of July to the thirty (30) June period, and using an accrual basis for business income accounting. To initiate the process of filing an income tax return, access the [IRIS](#) online portal, a dedicated platform designed for this precise purpose. If you are filing your income tax return for the first time, it is imperative to complete the mandatory registration process before progressing to the payment phase.

As of June 2023, the FBR introduced specific tax return forms tailored for SMEs including startups (an SME is defined as a business with an annual turnover that does not exceed PKR 250 million (USD 910,000) in a given tax year). An SME must complete its registration with the FBR via the IRIS online portal or with the Small and Medium Enterprises Development Authority (SMEDA) using its dedicated online SME registration portal. This registration process is a crucial step for SMEs to comply with relevant regulations and tax requirements.

## 3. Financial reporting and auditing regulations

Pakistan largely aligns with International Financial Reporting Standards (IFRSs) for companies trading debt or equity securities in the public market. The IFRS for SMEs accounting standard is mandated for companies, although companies have the flexibility to opt for higher financial reporting frameworks.

All companies must prepare financial statements, with those having a capital below PKR 1 million (USD 3626.6) being exempt from audits but still required to submit their financial statements to the Securities and Exchange Commission of Pakistan (SECP).

Audit firms, excluding private limited firms with capital below PKR 1 million (USD 3626.6), must obtain a satisfactory Quality Control Review (QCR) according to the SECP's Code of Corporate Governance of 2002. Adhering to the International Standard on Quality Control 1 (ISQC 1) is obligatory for all firms in Pakistan. Statutory audits for Pakistani companies follow the standards set by the Institute of Chartered Accountants of Pakistan (ICAP) under the supervision of the Independent Audit Oversight Board (IAOB), conforming to the 2018 International Standards on Auditing (ISA).





A modern interior scene featuring a wooden shelf with several potted plants. In the foreground, there is a colorful, abstract sculpture with blue, yellow, and red elements. The background is a blurred view of a room with a lamp and a table.

# CHAPTER 3

Navigating startup regulations  
and incentives



# I. Government Incentives

## 1. Tax incentives

Pakistan, with its distinctive geostrategic position, skilled workforce, and untapped growth potential, offers appealing incentives and liberal policies for both foreign and local investors across all sectors of the economy. Below are some of the main tax concessions that startups could benefit from when operating in Pakistan.

- Resident companies are taxed on their global income, while non-resident companies operating through a branch in Pakistan are taxed on their Pakistan-source income attributed to the branch, using applicable corporate tax rates. Starting from the tax year 2023, Small and Medium-sized Enterprises (SMEs) are subject to a federal corporate tax rate of 20%, which is significantly lower than the rates imposed on banking companies (39%) and public and other companies (29%).
- Following the 2021 Doing Business reforms, registration certificates are now issued on the same day by various authorities such as SECP, FBR, Employees' Old-Age Benefits Institution (EoBI), Sindh Employees Social Security Institution (SESSI), PESSI, Excise & Taxation and Labor Department of Punjab. Additionally, corporate income tax has been reduced from 24% to 23% under these reforms.
- Agriculture income in Pakistan is subjected to income tax rate of 15%. Foreign investors can enjoy this lower income tax rate in the agriculture sector which is one of the major contributors to Gross Domestic Product (GDP) in Pakistan.
- The investment authority of Pakistan, [Invest Pakistan](#), has introduced attractive and lucrative incentives for investors across various sectors of the economy:
  - Electric vehicles
  - Information technology
  - Mobile device manufacturing
  - Pharmaceutical
  - Automobiles & auto-parts
  - Food processing
  - Housing & construction
  - Logistics
  - Textiles
  - Tourism

To navigate across these incentives, please visit the [incentives database](#) page of the [Board of Investment](#). Incentives are categorized by special schemes (i.e., Special Economic Zones) and business sectors.

- Whereas Special Economic Zones (SEZs) in Pakistan are designated areas established by the government to promote industrial growth and attract investment. These zones are in line with the global trend of creating SEZs as testing grounds for the implementation of liberal market economy principles. The main objectives of SEZs are to facilitate rapid economic growth by leveraging tax incentives to attract foreign investment and drive technological advancement. They aim to create a favorable business environment for users and investors by offering favorable regulations and taxation.
- Currently, Pakistan has four (4) SEZs under construction, with plans to operate five (5) others in the near future. These SEZs provide several advantages and incentives for both zone developers and businesses, including:
- Enterprises receive a one-time exemption from custom duties and taxes on imported capital goods in Pakistan, excluding items in Chapter 87 of the Pakistan Customs Tariff, contingent upon verification by the Board of Investment (BOI).



- Enterprises are eligible for a ten-year income tax exemption, which includes the minimum turnover tax. This exemption commences from the date of initiating commercial operations within the zones.
- Incentives relevant to Pakistan Special Technology Zones (STZs) are designed to promote innovation and technology development within strategic knowledge ecosystems. These zones, such as the inaugural STZ Islamabad Technopolis, as well as others in locations like Lahore, Haripur, and across various regions in Pakistan, have been engineered to advance, promote, and facilitate the growth of cutting-edge technologies. To attract foreign technology enterprises and expedite scientific and technological advancement, the Special Technology Zones Authority (STZA) has established key alliances and partnerships with industry leaders such as Mastercard, Shorooq Partners, the US diaspora, Chinese associations, and Russian technology enterprises. These collaborative efforts are expected to generate significant interest from foreign technology companies, contributing to Pakistan's economic growth.
- As part of their comprehensive strategy, STZs offer a range of incentives specifically tailored to attract and support technology enterprises, including startups. These incentives include:
  - Income tax exemption is granted for ten (10) years from the date of the authority's license issuance.
  - Customs duties exemption on capital goods imports that last for ten (10) years from the date of the authority's license issuance for capital goods imported by Zone Enterprises.
  - Exemption of sales tax on plants, machinery, equipment, and raw materials imported for internal use by both zone developers and zone enterprises.
  - Tax exemption for Venture Funds in special technology zones provides a ten-year tax exemption on dividend income and capital gains for venture capital investments in zone enterprises.
  - Property tax exemption for zone enterprises is offered for a ten-year property tax exemption, commencing from the date of the Authority's license issuance.

Accrued operating losses possess the capability to be carried forward and offset against the profits generated within the subsequent six fiscal years, provided they pertain to the same business entity in which the losses originally transpired.

Pakistan offers several exemptions outlined in the Second Schedule to the Income Tax Ordinance, 2001. These exemptions include complete or partial tax exemptions, reduced tax rates, exemptions from specific provisions, and reduced tax liabilities tailored for specific categories of taxpayers or defined periods.





## 2. Non tax financial incentives

### Innovator Seed Fund (ISF)

Promoting entrepreneurship stands as a core objective of the Higher Education Commission (HEC) in Pakistan. Through the Higher Education Development project in Pakistan (HEDP), the HEC aims to boost the country's economic growth through encouraging entrepreneurs. The ISF, one of the key initiatives of this project, targets entrepreneurs and aspiring individuals keen on translating their business concepts into reality.

Under ISF, early-stage startups will receive comprehensive support and seed funding through HEC-recognized Business Incubation Centers (BICs) in universities. Seed funding to selected entrepreneurs can reach USD 35,000. Each year, ISF funds and supports fifteen (15) promising early-stage startups, providing them with the essential training and incubation services necessary to transform them into investment-worthy ventures. Successful startups are connected with different funding sources to help them fulfill capital needs as they expand and grow. Notably, as part of this project's strategic goals, a significant portion of the grants would be allocated to startups led by female founders. All submissions must be done through the HEC [online portal](#) after following the guidelines outlined in the call for proposals and the "Downloads" section.

### The Small and Medium Enterprises Development Authority (SMEDA)

Export Processing Zone Authority (EPZA)

EPZA is a government initiative in Pakistan established in 1980 to boost the country's exports. It aims to accelerate industrialization and increase export volumes by providing an investor-friendly environment for ambitious export-oriented projects within designated zones. This endeavor creates job opportunities, introduces new technology, and attracts foreign investments. Its mission is to facilitate quality services, driving the vision of "export for progress." It is expanding a network of export processing zones through partnerships with the private sector, inviting stakeholders to join them in shaping a better tomorrow.

### Credit Guarantee Scheme for Small and Rural Enterprises (CHSSRE)

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

### Export Processing Zone Authority (EPZA)

EPZA is a government initiative in Pakistan established in 1980 to boost the country's exports. It aims to accelerate industrialization and increase export volumes by providing an investor-friendly environment for ambitious export-oriented projects within designated zones. This endeavor creates job opportunities, introduces new technology, and attracts foreign investments. Its mission is to facilitate quality services, driving the vision of "export for progress." It is expanding a network of export processing zones through partnerships with the private sector, inviting stakeholders to join them in shaping a better tomorrow.



## II. Labor and immigration regulations and facilitations

### 1. Business visa

In order to facilitate and incentivize foreign investment within the nation, the Government of Pakistan has introduced a program granting five-year multiple entry business visas, with the potential for extending the visa for an additional five (5) years.

#### Steps

- 1 Visit the [Pakistan online visa system](#)
- 2 Create a new account
- 3 Start your application and make the payment

#### Requirements

- To be eligible, you must be a citizen of one (1) of the countries listed in the [Business Visa List Countries](#)
- Applicants are required to upload proof of legal residence in case they are not present in their home country and are applying for a visa from a third country
- For extension, applicants should upload proof of a valid Pakistani Visa for which they are requesting an extension, along with the entry stamp on their passport

#### Documents

- Photo
- Passport
- Proof of company registration
- One of the following:
  - A recommendation letter from the Chamber of Commerce and Industry of your home country
  - An invitation letter from a business organization, duly recommended by the relevant trade organization in Pakistan. This letter can be obtained through the [E-Business Invitation Letter System](#)
  - A recommendation letter by the honorary investment counselor of the Board of Investment or the Commercial Attaché of Government of Pakistan in its diplomatic missions abroad



### Duration

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

### Cost

Refer to the [online visa fee calculator](#)

## 2. “Business visa in your inbox”

The Government of Pakistan provides a 30-day single entry business visa, referred to as the Electronic Travel Authorization (ETA). To obtain this visa, applicants can initiate the application process at least 48-72 hours prior to their intended travel date through the [Pakistan online visa system](#). For additional information visit the [introduction page](#).

### Requirements

- An ETA is valid for ninety (90) days from the date of issuance. If an applicant does not travel within this period, the visa will be canceled
- To be eligible, you must be a citizen of one of the countries listed in the following [Business Visa List Countries](#)

### Duration

Up to two (2) working days

### Cost

Refer to the [online visa fee calculator](#)

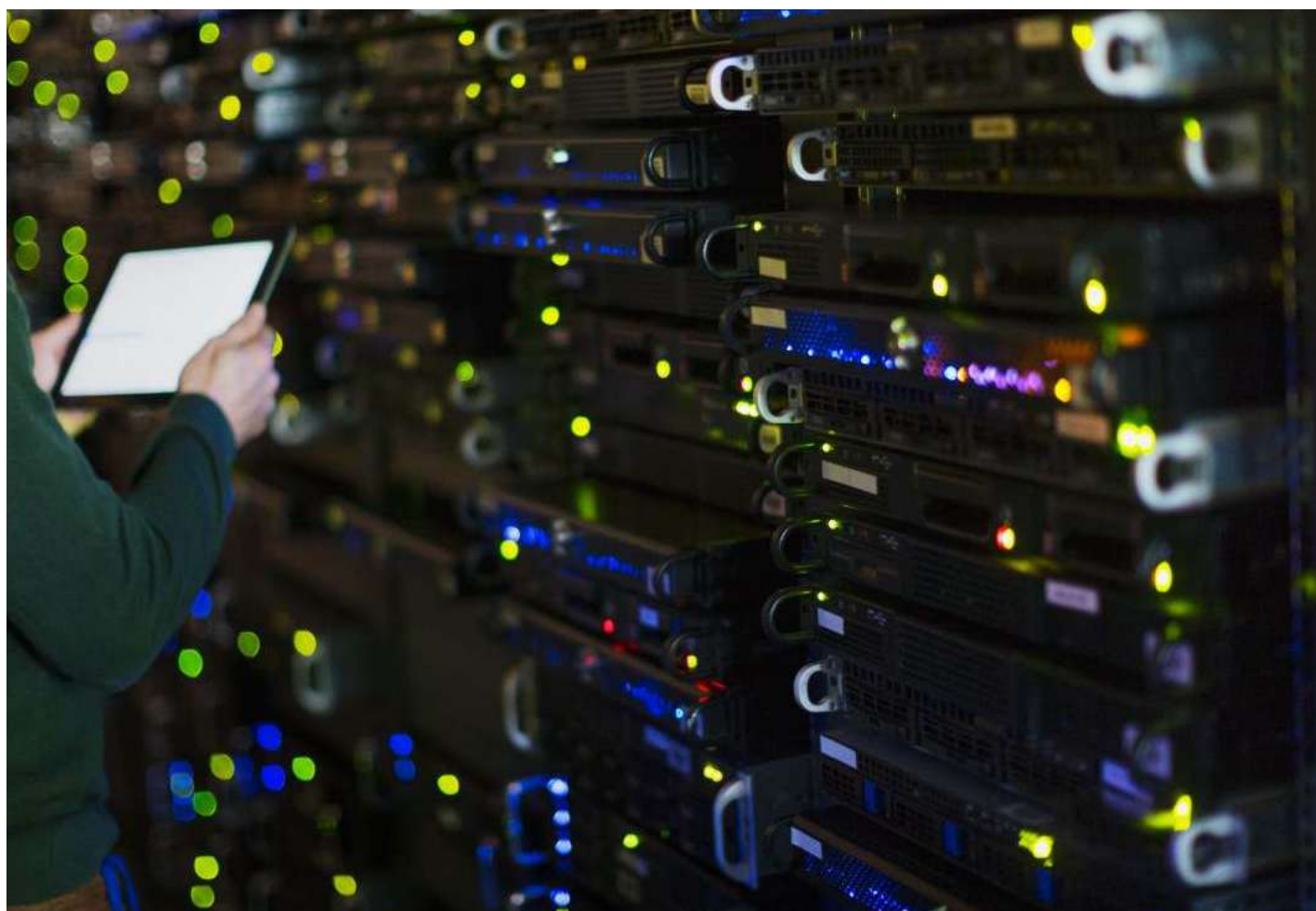


## III. Data protection

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

The draft PDPB outlines a comprehensive system of fines and penalties that range from a fine of PKR 13.78 million (USD 50,000) to PKR 551.48 million (USD 2 million), based on the nature of the violation. Violations can also result in the suspension or termination of the registration and impose additional measures. Penalties are imposed on anyone who:

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





## IV. Intellectual property

In Pakistan, there is a comprehensive framework of laws and regulations aimed at protecting various forms of Intellectual Property (IP). There are four (4) common types of intellectual property rights: patents, trademarks, industrial designs, and copyrights. In the following section, we will outline the essential steps for startups to obtain protection under three (3) of these types, focusing on their relevance to your business. The Intellectual Property Organization of Pakistan (IPO) is responsible for coordinating and managing IP-related matters. This organization advises the government on IP policies, oversees the enforcement of IP rights through agencies like the police and customs, and has created an easy-to-use online portal for trademark registration, patent applications, and copyright protection.

### 1. Patents

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

#### Steps

- 1 Visit the [IPO Portal](#)
- 2 Ensure patent eligibility by checking for novelty, inventive step, and industrial applicability
- 3 Choose the appropriate patent application form
- 4 Complete the application form
- 5 Pay the necessary fees
- 6 Submit the fully filled application form, along with the corresponding fee, to any IPO office
- 7 Include a declaration confirming your role as the inventor and an overview of your application

#### Duration

- Issuance of acknowledgement receipt on filing application: One (1) week
- Issuance of 1st Examination Report on application: Eighteen (18) months
- Patent Revocation proceedings: One (1) year



### Cost

- 6750 PKR (USD 23)
- Additional page of specification beyond forty (40) pages: 90 PKR (USD 0.33) for each
- Additional claim beyond twenty (20) claims: 225 PKR (USD 0.82) for each

## 2. Trademarks

A trademark, in the realm of branding and intellectual property, serves as the distinctive symbol or identifier of the entity that owns a specific product or provides a particular service. It may be utilized by third parties after licensing agreements. Each company should consider registering its trademark.

Trademark registration in Pakistan lasts ten (10) years from the date of filing. In Pakistan, like many other countries, trademark applications are advertised in the Official Gazette upon acceptance. For a detailed step-by-step guide, you can refer to [Step-by-Step Registration Guide for SELF user](#) and the [Step-by-Step Registration Guide for REPRESENTATIVE user](#).

### Steps

- 1 Visit the [IPO Portal](#)
- 2 Check distinctiveness and non-generic qualities to ensure trademark eligibility
- 3 Select the appropriate trademark application form based on your role (self or representative user)
- 4 Register and authenticate yourself through two-factor authentication (2FA)
- 5 Choose your user type and provide relevant details, including law firm name and bar council license number if you're a representative user
- 6 Complete the trademark application form with required details
- 7 Pay the filing fees
- 8 Submit the application form and fee to any IPO-Pakistan office
- 9 Make necessary amendment if any concerns were raised at the IPO-Pakistan office



### Duration

- Issuance of Acknowledgement Receipt: fifteen (15) days
- Issuance of 1st Examination Report: four (4) months

### Cost

Depending on the form of the trademark: PKR 300 - PKR 9000 (USD 1.1 to USD 30,72)

## 3. Industrial designs

Protecting industrial designs prevents unauthorized copying, supports product marketing, and ensures a fair return on investment. It fosters fair competition, honest trade practices, product diversity, and expanded consumer choices. A startup can protect the ornamental or aesthetic features of its products by registering the corresponding industrial designs. The protection of the industrial design lasts ten (10) years after filing and approval of the application. A detailed guide on the application process can be found [here](#).

### Steps

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

### Requirements

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

### Documents

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



### Duration

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

### Cost

One (1) design application: PKR 450 (1.63 USD)





## V. Key support organizations and initiatives (not exhaustive)

### Incubators

[Aspire Pakistan](#)

[DEMO](#)

[Founder Institute, Islamabad](#)

[Accountability Lab](#)

[High Output Ventures](#)

[Jumpstart Pakistan](#)

[National Incubation Center, Karachi](#)

[National Incubation Center, Lahore](#)

[National Incubation Center, Peshawar](#)

[National Incubation Center, Quetta](#)

[Plan9](#)

[National Expansion Plan of NICS](#)

### Competitions and Awards

[APSUP Excellence Award](#)

[Idea Pitching Competition](#)

[Pakistan Startup Cup 2022](#)

[Rising Startup Competition](#)

[World Startup Championship](#)

### Funding institutions

[+92 Ventures](#)

[20VC](#)

[47 Ventures](#)

[Angel Investment Network](#)

[Artistic Ventures](#)

[Banana Capital](#)

[Bunad Seed Fund](#)

[Draper Associates](#)

[Fatima Gobi ventures](#)

[Faster Capital: Raise Capital Program](#)

[firstminute](#)

[House of Habib](#)

[Hustle Fund](#)

[i2i ventures](#)

[Ignite – National Technology Fund](#)

[Indus Valley Capital](#)

[Innovator Seed Fund](#)

[Karandaaz Pakistan](#)

[Kinnow VC](#)

[Lakson Investments](#)

[Sarmayacar](#)

[Walled City Co.](#)

[Zayn Capital](#)



## Coworking spaces

[Colabs](#)

[Daftarkhwan](#)

[dot zero](#)

[eHaus](#)

[Fusion 4](#)

[GITMIT](#)

[Huddle Coworking Space](#)

[Kickstart Coworking Space](#)

[Regus](#)

[Popcorn Studio](#)

[The Hive](#)

[The Desk](#)

[twinhub](#)

[Venture Drive](#)

[MindStir](#)

## Events

[92Disrupt](#)

[Biznet](#)

[Expo Day by Plan9](#)

[FutureFest](#)

[Lift Pakistan 2023](#)

[See Pakistan](#)

[StartupExpo](#)

[Step Pakistan](#)

## Accelerators

[Accelerate Prosperity](#)

[Ejad Labs](#)

[Epiphany - Harnessing Ideas](#)

[INNOVentures Global](#)

[Invest2Innovate](#)

[Jazz xlr8](#)

[Katalyst Labs](#)

[PlanX](#)

[ScaleX](#)

[Seed Ventures](#)

[Telenor Velocity](#)



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# APPENDIX



# Appendix 1: Launching your startup: key success factors

## Addressing market demand

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

## Feasibility analysis

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

## Market insights

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

## Building a stellar team and network

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

## Analyzing the competition

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

## Legal Flexibility

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



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

	Startup development stages	Government support	Funders support	SSOs support
<b>Outreach</b>	<ul style="list-style-type: none"> <li>Idea formation</li> <li>Problem validation</li> <li>Team establishment</li> </ul>	<ul style="list-style-type: none"> <li>Promote entrepreneurs hip education</li> <li>Facilitate Ideation: Hackathons, startup Weekends, etc.</li> <li>Promote innovation and entrepreneurs hip culture</li> </ul>	<ul style="list-style-type: none"> <li>Financial literacy and entrepreneurs hip awareness programs</li> <li>Networking opportunities to connect with potential mentors, advisors, and industry experts</li> </ul>	<ul style="list-style-type: none"> <li>Access to experienced mentors who provide guidance and advice on various aspects of startups</li> <li>Provision of office space, shared facilities, and infrastructure to support the early-stage development of the business</li> </ul>
<b>Pre start</b>	<ul style="list-style-type: none"> <li>Idea development</li> <li>Business modeling</li> <li>Problem/Solution fit: prototyping</li> <li>Team Formation: access to training and mentorship</li> </ul>	<ul style="list-style-type: none"> <li>Offer entrepreneurs hip training and education</li> <li>Facilitate Proof of concept and proof of Business</li> <li>Facilitate Business Modeling</li> <li>Validate MVP</li> </ul>	<ul style="list-style-type: none"> <li>Seed funding for idea validation and product development</li> <li>Coaching to refine business ideas and plans</li> <li>Access to incubators or accelerators providing resources, infrastructure, and networking opportunities</li> </ul>	<ul style="list-style-type: none"> <li>Assistance in refining the product/service, pricing strategies, and go-to-market plans</li> <li>Support in conducting market research and understanding the target market, customer needs, and competitors</li> </ul>



	Startup development stages	Government support	Funders support	SSOs support
Launch	<ul style="list-style-type: none"> <li>• Business Creation</li> <li>• Early-stage fundraising</li> <li>• Initial Go-To market: MVP development</li> </ul>	<ul style="list-style-type: none"> <li>• Provide Early-Stage Financing</li> <li>• Facilitate access to client and Go-To -Market</li> <li>• Strategic partnerships</li> <li>• Housing</li> <li>• Operation set up and labeling</li> </ul>	<ul style="list-style-type: none"> <li>• Seed funding to launch the business</li> <li>• Cover initial operational costs</li> <li>• Access to angel investors or venture capital firms</li> <li>• Guidance on legal and regulatory compliance</li> <li>• Support in building a strong founding team and advisory board</li> </ul>	<ul style="list-style-type: none"> <li>• Guidance on company registration, intellectual property protection, and legal compliance</li> <li>• Support in identifying funding sources, preparing investor pitches</li> <li>• Connecting with potential investors</li> </ul>
Growth	<ul style="list-style-type: none"> <li>• Product/Market Fit</li> <li>• International Go-To-market</li> <li>• Expansion and scaling</li> </ul>	<ul style="list-style-type: none"> <li>• Facilitate access to Finance</li> <li>• Facilitate internationalization via events, strategic partnership, etc.</li> <li>• Provide operational support</li> </ul>	<ul style="list-style-type: none"> <li>• Series A, B, or C funding rounds for scaling operations and market expansion</li> <li>• Strategic guidance and industry insights from investors</li> <li>• Assistance in negotiating partnerships and strategic alliances</li> <li>• Exit strategies and assistance with mergers, acquisitions, or public offering</li> </ul>	<ul style="list-style-type: none"> <li>• Assistance in scaling operations, managing growth, and overcoming operational challenges</li> <li>• Access to industry experts</li> <li>• Provide sector-specific knowledge and guidance</li> </ul>





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