

FAQs regarding Foreign Company

1. What is foreign company?

As per section 2(1) (35) of the Companies Act, 2017, foreign company means any company or body corporate incorporated outside Pakistan which:

- (a) has a place of business or liaison office in Pakistan whether by itself or through an agent, physically or through electronic mode; or
- (b) conducts any business activity in Pakistan in any other manner as may be specified.

2. What is legal framework of foreign company?

Section 435 of the Companies Act, 2017 (the “Act”) read with Foreign Companies Incorporation Regulations, 2018 (the “Regulations”) provides the legal framework for registration and allied matters of foreign company.

3. What is a Place of Business?

A place of business includes branch, management, share transfer or registration office, factory, mine or fixed place of business but does not include an agency unless the agent exercises a general authority to negotiate and conclude contract or maintains stock of merchandise on behalf of the company.

Following are the exceptions:

- (i) Company shall not be deemed to have an established place of business in Pakistan merely because it carries on business dealings in Pakistan through a bona fide broker or general commission agent acting in the ordinary course of his business.
- (ii) The fact that a company has a subsidiary which is incorporated, resident, or carrying on business in Pakistan, shall not of itself constitute the place of business of that subsidiary an established place of business of the company.

4. What is meant by conduct of business activity?

Conduct of business activity includes any business to be undertaken by a foreign company by virtue of its memorandum and articles of association or as licensed or authorized by any law.

5. Who needs to register foreign company in Pakistan?

Every foreign company who wish to establishes a place of business either a branch office or liaison office in Pakistan needs to register a foreign company with Securities & Exchange Commission of Pakistan (SECP).

6. What is branch office?

Branch Office is established by a foreign company to fulfil its contractual obligations with the public or private sector in Pakistan. The activity of the branch office will be restricted to the work mentioned in the agreement/contract signed. However, it cannot undertake any commercial/trading activities.

7. What is Liaison office?

Liaison Office is established by a foreign company for promotion of product(s), provision of technical advice & assistance, exploring the possibility of joint collaboration and export promotion. However, it cannot undertake any commercial/trading activities.

8. If foreign company is required to obtain any permission from any other organization or department?

Before applying to SECP for establishing a place of Business in Pakistan it is mandatory to obtain NOC from Board of Investment (BOI) to establish either a branch or liaison office.

9. What are the steps for registration of foreign company?

The first step is to obtain permission from Board of Investment (BOI) to establish branch/liaison office in Pakistan. For further information, please visit at <https://invest.gov.pk/>. After obtaining permission from BOI, the foreign company is required to seek the availability of the proposed company name from the SECP. Upon availability of name, application for establishment of branch/liaison office shall be submitted either online or offline.

10. What is the procedure for submission name availability application?

For manual submission, following procedure is required:

1. Download application form (Fnc.Form-I) as prescribed in the Regulations form SECP website at <https://www.secp.gov.pk/company-formation/formsapplications-schedule-of-filing-of-returns/statutory-forms-for-foreign-companies/>
2. Submit the duly filled application at Business Centre, SECP, NICL building, Jinnah Avenue, Blue Area, Islamabad along with:
 - a. The copy of approval of board of investment
 - b. Certificate of incorporation of a foreign company and,
 - c. Original paid challan amounting to Rs.500/- (the fee can be paid at designated branches of MCB and UBL). Challan form can be downloaded at <https://challan.secp.gov.pk/manualChalnGenerator/main.faces>

For online submission, following procedure is required:

1. Creation of User ID by clicking eServices at <https://eservices.secp.gov.pk/eServices/>
2. Filing of application form for name reservation
3. Attachment of permission approval letter of BOI and certificate of incorporation of the foreign company
4. Submission of process and payment of fee amounting to Rs. 200/- either through credit card, debit card or ADC payment through 1-Link member banks.

11. What is the process of establishment of branch/liaison office of a foreign company?

Offline Submission:

1. Download application form (Fnc.Form-II) as prescribed in the Regulations form SECP website at <https://www.secp.gov.pk/company-formation/formsapplications-schedule-of-filling-of-returns/statutory-forms-for-foreign-companies/>
2. Submit the duly filled application at Business Centre, SECP, NICL building, Jinnah Avenue, Blue Area, Islamabad along with following documents, duly certified by public officer/notary public of country of origin and authenticated by Pakistan diplomatic consular/consulate officer posted in respective country.
 - a. Copy of the statute/charter/memorandum & articles of association or other instrument constituting or defining the constitution of the foreign company (translated in English if the same is in other language)
 - b. Certificate of incorporation/business license of the foreign company
 - c. BOD resolution of the foreign company specifying its intention to open a branch/liaison office in Pakistan and nominating a person as principal officer and authorized person to perform all matters related to registration of branch/liaison office in Pakistan
 - d. Consent of authorized person
 - e. Latest Annual Return of the foreign company showing the details of its current directorship

Other documents (Attestation not required)

 - f. Copies of passport /CNIC of principal officer & authorized person
 - g. Copies of passport of directors of foreign company
 - h. Power of Attorney by the company in favor of applicant, if other than principal officer
3. Original paid challan amounting to Rs.11,000+1,500 (registration & filing fee)/- (the fee can be paid at designated branches of MCB and UBL). Challan form can be downloaded from following the link <https://challan.secp.gov.pk/manualChalnGenerator/main.faces>

Online Submission:

1. Login to eServices at <https://eservices.secp.gov.pk/eServices/>
2. Filling of application form for company registration
3. Attachment of scanned copies of following documents, duly certified by public officer/notary public of country of origin and authenticated by Pakistan diplomatic consular/consulate officer posted in respective country:
 - a. Copy of the statute/charter/memorandum & articles of association or other instrument constituting or defining the constitution of the foreign company (translated in English if the same is in other language)
 - b. Certificate of incorporation/business license of the foreign company
 - c. BOD resolution of the foreign company specifying its intention to open a branch/liaison office in Pakistan and nominating a person as principal officer and authorized person to perform all matters related to registration of branch/liaison office in Pakistan
 - d. Consent of authorized person
 - e. Latest Annual Return of the foreign company showing the details of its current directorship

Other documents (Attestation not required)

- f. Copies of passport of directors of foreign company
- g. Copies of passport /CNIC of principal officer & authorized person

12. What is procedure for certification of translation of documents required to be filed with the registrar?

a. Where any such translation is made *outside Pakistan*, it shall be authenticated by the signature and seal, if any, of

(i) the public officer in the country where the company is incorporated to whose custody the original is committed; or

(ii) a Notary Public of the country where the company is incorporated:

Provided that signature or seal of the person so certifying shall be authenticated by a Pakistan diplomatic consular or consulate officer

Such translation shall be accepted if the translation document is apostilled by the designated competent authority of the state of origin of the foreign public document, who have acceded to the Hague Convention abolishing the requirement of Legalisation for foreign public documents (Apostille Convention) of 1961 and such state is also recognized by the Government of Pakistan for receiving of apostilled documents.

b. Where such translation is made *within Pakistan*, it shall be authenticated by an affidavit of any person having, in the opinion of the registrar, an adequate knowledge of the language of the original and of English or Urdu, as the case may be

13. Who is authorized person?

Authorized person(s) is a resident in Pakistan who is authorised to accept on behalf of the company service of process and any notice or other document required to be served on the company. The authorized person upon his/her appointment will provide his consent.

14. Should the principal officer required to be resident of Pakistan?

No, it is not required for principal officer to be resident of Pakistan however, it is required to provide full address of principal officer in Pakistan.

15. If the authorized and Principal officer can be a same person.

Yes, authorized person and principal officer can be same person, but in that case he/she should be resident of Pakistan.

16. What are the fees for registration of a foreign company?

Following is the fee structure

Fee	Offline (Rs.)	Online (Rs.)
Name reservation fee	500	200
Registration of foreign Company	22,000	11,000
Filing of each Statutory Return/ Form	1,500	1,000

17. What are the modes of payment of fee?

Fee can be paid either offline through challan or online through credit card, debit card or ADC payment through 1-Link member banks.