
REFORM UPDATE – *DOING BUSINESS 2018*

Country: Pakistan- Punjab

Indicator:

- | | | |
|---|--|--|
| <input checked="" type="checkbox"/> Starting a Business | <input type="checkbox"/> Dealing with Construction Permits | <input type="checkbox"/> Getting Electricity |
| <input type="checkbox"/> Registering Property | <input type="checkbox"/> Getting Credit—Legal Rights | <input type="checkbox"/> Getting Credit—Credit Bureaus |
| <input type="checkbox"/> Protecting Minority Investors | <input type="checkbox"/> Paying Taxes | <input type="checkbox"/> Trading across Borders |
| <input type="checkbox"/> Enforcing Contracts | <input type="checkbox"/> Resolving Insolvency | <input type="checkbox"/> Labor Market Regulation |
| <input type="checkbox"/> Selling to the Government | | |

Description of the reform:

1. The Punjab Business Registration Portal (<http://business.pitb.gov.pk/>) now allows one online registration in two days with all provincial authorities. These include the Excise and Taxation Department, the Punjab Employees Social Security Institution and the Labor Department. Businesses can register online via the portal and obtain registration certificate.

2. Punjab IC&ID, Labor & Human Resource Department and PESSI have agreed to register all businesses online within two working days. These departments have signed MoUs in this regard.

3. MOUs between all relevant provincial departments signed to support this online arrangement.

Annexure: SAB-Lahore 1-12

Impact of the reform:

RReduction in time, cost and procedures for company incorporation in Punjab.

Date of entry into force:

March-May, 2017

Legal basis (if applicable):

*Please complete a separate form for each topic. Information on typical changes that would be reflected as reforms for *Doing Business* are included in Annex 1.

REFORM UPDATE – *DOING BUSINESS 2018*

Country: Pakistan- Sindh

Indicator:

- | | | |
|--|---|--|
| <input type="checkbox"/> Starting a Business | <input checked="" type="checkbox"/> Dealing with Construction Permits | <input type="checkbox"/> Getting Electricity |
| <input type="checkbox"/> Registering Property | <input type="checkbox"/> Getting Credit—Legal Rights | <input type="checkbox"/> Getting Credit—Credit Bureaus |
| <input type="checkbox"/> Protecting Minority Investors | <input type="checkbox"/> Paying Taxes | <input type="checkbox"/> Trading across Borders |
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| <input type="checkbox"/> Selling to the Government | | |

Description of the reform:

1. The maximum time required to obtain a building permit has been reduced from an initial 60 days to 45 following the amendment to the Karachi Building and Town Planning Regulation (2002).
 2. The maximum time required for issuance of a completion certificate/occupancy permit is now 30 days, down from 51 days following the amendment to the Karachi Building and Town Planning Regulation (2002).
- Annexure: CP-Karachi-1.

Impact of the reform:
Karachi.

Reduction in time to obtain building permits in Karachi.

Date of entry into force:

May, 2016

Legal basis (if applicable):
(2002)

Karachi Building and Town Planning Regulations

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REFORM UPDATE – *DOING BUSINESS 2018*

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Description of the reform: The Secured Transactions Act, 2016 has been passed. It provides a legal framework for the development and operationalization of moveable assets' collateral registry. The legal framework will be further strengthened with the issuance of Secured Transactions Collateral Registry (STCR) Rules and STCR Regulations. Creditor (financial institutions) may now transfer the non-performing charged assets of a debtor to a restructuring company (Section 6 of the Corporate Restructuring Companies Act, 2016).
Annexure: Pakistan GE 1-2.

Impact of the reform: Increased score on the strength of legal rights index.

Date of entry into force: July, 2016

Legal basis (if applicable):

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REFORM UPDATE – *DOING BUSINESS* 2018

Country: Pakistan

Indicator:

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Description of the reform: System-generated data for input taken for filing of sales tax, by auto-populating data from the supplier. It has reduced filing time by 50 percent. Online: <https://e.fbr.gov.pk/SOP/Strive-Features.pdf>

Impact of the reform: Reduction in time and cost in paying taxes.

Date of entry into force:

Legal basis (if applicable):

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REFORM UPDATE – *DOING BUSINESS 2018*

Country: Pakistan

Indicator:

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Description of the reform:

1. Integration of the Certificate of Origin with WeBOC, allowing online functionality to file.
2. Electronic data exchange with China enabling real-time exchange of information. This will reduce processing time for case study exports to China.
3. Customs clearance data available online for public.
4. Expansion of WeBOC to cover the following:
 - a. Engineering Development Board.
 - b. Integration with the State Bank of Pakistan for E-payments as well as for the issuance of I-Form and E-Forms. It allows application, calculation, approval, validation.
 - c. The Trade Development Authority of Pakistan has been linked with WeBOC for the issuance of certificates of origin under Pakistan-China FTA. The scope of this integration is further being extended to 11 other key regulatory authorities to reduce cost and time for Trading Across Borders in Pakistan.
 - d. The coverage of WeBOC is extended to other Customs' stations including Gwadar, Chaman, Torkham, Taftan, and Sost, etc. to replace the manual system of One-Customs.
 - e. Unaccompanied Baggage Clearance, Duty Draw Back, Export from Land Border Customs Stations etc.
 - f. Post-Clearance Audit and Valuation modules are being strengthened to improve clearance through the Green Channel.

Annexures: Pakistan TAB 1-3

Impact of the reform:

Date of entry into force:

Legal basis (if applicable):

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Annex: Typical changes that would be reflected as reforms for *Doing Business* (non-exhaustive list)

Starting a Business

Reforms affecting this indicator include any changes in laws, regulations, fees, or practice that have an impact on the process for starting up a domestic limited liability company—whether on the time, cost, or procedures required. A reform is counted, for example, if some procedures are eliminated, if costs decrease, or if registration time decreases. Any legal changes affecting the minimum capital requirement also are considered reforms. In addition, the introduction and use of online platforms in the company incorporation processes is considered a reform if these online systems are widely used.

Dealing with Construction Permits

Reforms affecting this indicator include any changes in laws, regulations, fees, or practice that have an impact on the process for building a warehouse used for the storage of books or on the index assessing the quality control and safety mechanisms of the construction permitting system. Reforms may include (i) legal changes (such as introducing a new building code or new statutory time limits that are applied in practice, introducing liability mechanisms applying in cases of structural defaults in construction, or clearly specifying the requirements to obtain a building permit in the legislation); (ii) administrative reforms (such as completing a reorganization, establishing fast-track services or a one-stop shop, streamlining the approvals process, implementing online submission of applications, making building regulations publicly accessible, or introducing professional certifications for supervising engineers or for experts who approve building plans); (iii) fee reductions (such as decreasing building permit fees, lowering building registration fees, or eliminating inspection fees); (iv) changes in documentation requirements (such as requiring less documentation or standardizing forms); (v) a new inspections regime (such as the introduction of private inspectors, a cap on inspections, or a risk-based system); or (vi) the privatization of services usually handled by public authorities (such as surveying, inspections, or design approval).

Getting Electricity

Reforms affecting this indicator include any changes in laws, regulations, fees, or practice that have an impact on the process for obtaining a first-time electricity connection from a warehouse to the main grid as well as any changes affecting the reliability of electricity supply and transparency of tariffs index. These may include streamlining procedures (such as reducing interaction between the entrepreneur and other public agencies—for example, for excavation permits); eliminating redundant inspections of external connection works by multiple agencies; changing procedures related to fire safety concerns (such as reducing the number of duplicate internal wiring inspections from multiple agencies by regulating the electrical profession rather than the connection process); or calculation of the SAIDI and SAIFI indexes by utility, introduction of automatic systems for outage monitoring and restoration at the utility, introduction of financial deterrents on utility for excessive outages, improving the transparency of electricity tariffs. Other examples include tightening legal time limits; increasing human resources; streamlining internal processes at the

utility; and reducing time requirements by improving the procurement of materials or outsourcing external connection works when resources are constrained. Reforms relating to costs include changes in the cost of fees related to new commercial electricity connections (such as application fees, inspection fees, or excavation fees); in the cost of security deposits (as well as the possibility of paying security deposits through a bond or bank guarantee); and in the cost of connection (such as introducing a fixed connection fee, reducing connection costs, or allowing customers to pay connection costs in installments along with consumption charges).

Registering Property

Reforms affecting this indicator include any changes in laws, regulations, fees, or practice that have an impact on the transfer of a land parcel with a building from one party to another. These can include optimizing business processes, combining or eliminating procedures, or introducing new systems that allow certain procedures to be moved to the back office. Connecting or merging several agencies can achieve similar results by eliminating inconsistencies and the duplication of efforts. Reforms can also include simplifying processes in ways that reduce the time for handling information and speed up service delivery. Introducing time limits and reducing fees can also have an impact on the data. Other examples include introducing online services, digitizing procedures (for example, digitizing all internal records and archives or introducing geographic information systems), improving the transparency of land registration processes (such as by making fee schedules, documents, or statistics publicly available or introducing complaint mechanisms), and expanding the geographic coverage of the land registry and mapping agency. Changes in the legal framework for resolving land disputes may also be considered reforms. Lastly, legal changes that impact the equality in women's ability to manage, control, administer, access, encumber, receive, dispose of and transfer property in relation to men will also qualify as a reform.

Getting Credit—Legal Rights

Reforms affecting this indicator include the adoption of new legislation or changes to existing legislation covering the use of movable property as collateral. Changes to laws affecting secured creditors' rights in or outside bankruptcy procedures may also affect the data, as can the implementation of a collateral registry. A reform must be completed (law passed and implemented) to be counted.

Getting Credit—Credit Information

Reforms affecting this indicator include the adoption of major new laws governing credit reporting (such as a special credit bureau law, data protection law, or consumer protection law) or the establishment of a credit bureau or registry for the first time in the economy. A reform is also recorded if an existing credit bureau or registry starts to (i) distribute data on both firms and individuals; (ii) distribute both positive and negative data; (iii) distribute data from retailers or utilities; (iv) distribute 2–10 years of historical data; (v) distribute data on loans of less than 1% of income per capita; (vi) guarantee by law the right of borrowers to inspect their data, with bureau or registry fees of no more than 1% of income per capita; or (viii) provide credit scores based on the bureau's or registry's data as an additional service.

Protecting Minority Investors

Five types of regulatory reforms affect this indicator: (i) reforms to the approval process for transactions by business corporations with interested parties; (ii) reforms to the disclosure requirements for transactions with interested parties; (iii) reforms to standards of duty and liability applicable to directors of corporations; (iv) reforms to the rules of civil procedure relating to prelitigation investigation, compelling evidence in court, and questioning witnesses and opposing

parties in court; and (v) more generally, reforms to the regulations governing the internal affairs of companies in connection with control, ownership, transparency, and shareholder rights. A reform must be completed (law passed and implemented) to be counted.

Paying Taxes

Reforms affecting this indicator include a reduction in the statutory corporate income tax rate; a reduction in the statutory rates of labor taxes and mandatory contributions; or a reduction in tax compliance time. Reforms may also include the introduction of electronic filing and payment (if used by the majority of businesses of a size similar to the case study company); a major revision of tax laws; the elimination of a tax; a reduction in the number of tax payments; or the replacement of cascading sales tax by value added tax. In *Doing Business 2017* report, the indicator set of Paying Taxes was expanded to include a new component (the postfiling index) capturing the compliance burden for businesses and the efficiency of dealing with two postfiling procedures: VAT refund and corporate income tax audit. Reforms may also include initiatives that lead to a reduction in compliance time for claiming a VAT cash refund; a reduction in compliance time for responding to a tax audit; a reduction in the waiting time to obtain a cash VAT refund and a reduction in the waiting time to complete an audit.

Trading across Borders

Reforms affecting this indicator include any changes in laws, regulations, physical infrastructure, fees, or practice that have an impact on the time and/or cost to export a shipment of a product in which the economy has a comparative advantage or to import a shipment of containerized auto parts. These could relate to the following areas: introduction of electronic systems that substantially improve work and coordination among different trade participants; implementation of risk-based inspections; introduction of single windows; streamlining of customs clearance and inspection procedures, including advance clearance; introduction or improvement of electronic systems for document submission.

Enforcing Contracts

Reforms affecting this indicator include those having an impact on the time or cost of judicial commercial disputes. They can include amendments to civil procedural rules, changes in the rules determining jurisdiction, the appointment of new judges, or a reorganization of the judicial system. Reforms may also include the implementation of electronic filing, amendments to the case management system, the implementation of mediation, substantial changes in arbitration law, or the creation of a new commercial court.

Resolving Insolvency

Reforms affecting this indicator include any changes in laws, regulations, fees, or practice that have an impact on the time or cost of insolvency proceedings or on the likelihood of preserving a debtor's company as a going concern. These may include reforms affecting the legal framework (such as new bankruptcy laws), the regulatory framework (such as rules governing the licensing of insolvency administrators), or the administrative framework (such as a new bankruptcy court). In addition, the indicator covers reforms in four areas: (i) those affecting the commencement of insolvency proceedings; (ii) those affecting how the assets of debtors are managed during insolvency proceedings; (iii) those in the area of reorganization; and (iv) those affecting the participation of creditors in insolvency. A reform must be completed (law passed and implemented) to be counted.

Labor Market Regulation

Reforms affecting this indicator include those that have an impact on the hiring and redundancy of workers and the eligibility of workers for various benefits. Examples include a significant amendment to the labor code (or any other relevant labor regulation) and implementation of specific measures such as changes in the maximum legal duration of fixed-term contracts or in the severance payments or notice periods required in case of the dismissal of a worker, introduction of unemployment insurance and laws that mandate gender nondiscrimination in hiring and equal remuneration for work of equal value in line with the ILO standards. Other reforms that may be considered include those relating to the resolution of labor disputes, to labor inspection systems, or to the eligibility of workers for different benefits (health insurance, sick leave, unemployment benefits, maternity leave, and retirement pensions). A reform must be completed (law passed and implemented) to be counted.

Selling to the Government

Reforms that may affect this indicator include all legal changes to the public procurement process, including those pertaining to terms of reference, call for tenders, bid submission, bid evaluation, bid award, guarantees, execution, amendments to the procurement contract, payment, remedies and complaint mechanisms.