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M. Saqib Sheikh - Gujranwala
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GENERAL SECRETARY

M. Rehan Siddiqui - Karachi

JOINT SECRETARY

Syed Irfan Haider Shah - Lahore

INFORMATION SECRETARY

Imran Ahmed Khan - Karachi

TREASURER

S. Wasimuddin Hashmi - Karachi

March 09th, 2024

Mr. Jameel Ahmed
Governor,
State Bank of Pakistan,
Karachi.

Dear Sir,

FACILITATION TO FOREIGN AND LOCAL INVESTORS

We take this opportunity to write to you on behalf of Pakistan Tax Bar Association (PTBA) having footprint in 32 cities across the country and diversified membership of 12,500 members comprising of chartered accountants, lawyers and tax practitioners. This year a new Executive Committee has taken over the charge of the affairs of PTBA with a commitment to facilitate foreign and local investors in terms of compliance, registration, remittance and withholding of taxes on those remittances.

In our endeavors we feel appropriate to highlight the challenges being faced by the foreign investors in Pakistan. These investors have to go pillar and post to get their agreements/contracts/shareholding registered with the State Bank of Pakistan in terms of the Foreign Exchange Manual for the smooth transmission of dividend, repatriation of profits and payment of interest in case of foreign loans. We are conscious that the Foreign Exchange Manual has specifically provided 3 levels of compliances which are mentioned below, but has no timeline for the conclusion of the said proceedings/procedure, which is contrary to the international best practices which sometimes discourages potential investment intended to come to Pakistan and such investment may deviate and end up in another jurisdiction altogether.

Form	Description	Remarks/Proposal
V-92 (In case of registration of foreign loan agreement)	The said agreement is required to be registered within 30 days with the State Bank of Pakistan, even after the completion of the documentary	The timeline for approval should be clearly defined so as to allow for certainty to the investors.



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	requirement, no specific timeline has been provided to get the approval of the said document.	The capacity to deal with matters related to the Foreign Exchange Manual and its compliances is lacking in various branches of different branches. Therefore should of capacity buildings measures so that compliances related to Foreign Exchange Manual can be handled at all branches of every bank.
V-95 (In case of registration of foreign shareholder)	This form is required to be filed with supporting documents within 60 days from the date of acquisition of shares by the foreign shareholder and there is no timeline for approval of the said document.	
V-100 (In case of registration of foreign shares held by resident person)	This form is required to be filed with supporting documents within 30 days from the date of acquisition of foreign shares by a resident person and there is no timeline for approval of the said document.	

Further, investors do not have the visibility to track the process of their application for identification and exactly where it has stuck. At this moment, investors feel trapped between the dealers and the SBP because they are unable to get the exact reason for not approving the application or taking more time. Investors must have a window to see the status of their application and any objections raised thereon.

Furthermore, the foreign investor takes a negative message and is likely to become frustrated with their decision to invest in Pakistan and the delay in remitting of dividends, interest and profit will also impact the exchequer as withholding which is required to be deducted as per the Avoidance of Double Taxation Agreements between Pakistan and country of origin of the foreign investors cannot be so withheld till such time as the payment is made, which is delayed in view of the aforesaid.

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In view of the above, we request you to give us an audience so that we can discuss the aforesaid measures/proposals in detail which can enhance the confidence of foreign and local investors.

We look forward to a positive response at your end, and jointly commit to uplift the plight of Pakistan and to turn the fortunes of its people for a better future.

Yours Sincerely,


Anwar Kashif Mumtaz
President


Mohammad Rehan Siddiqui
General Secretary

