

The background of the cover is a scenic landscape photograph. In the foreground, there is a calm body of water reflecting the sky and the surrounding environment. The middle ground shows a rocky shoreline with several tall, thin, light-colored trees. In the background, there are large, rugged mountains with sharp peaks under a clear blue sky. The overall color palette is dominated by blues, greens, and earthy tones.

COUNTRY GUIDE: PAKISTAN

global@zapeo.net

<https://zapeo.net/pakistan/>

ABOUT US

ZAPEO is an International PEO co-employer providing Employer of Record (EOR) Services in more than 113 countries around the world.

As an EOR, we provide employment contracts, payroll employees, pay over any taxes and statutory contributions and provide sponsorship for visa applications in order to comply with specific laws and regulations in the country.

We also assist with onboarding and termination of both local or expatriate employees.

BENEFITS

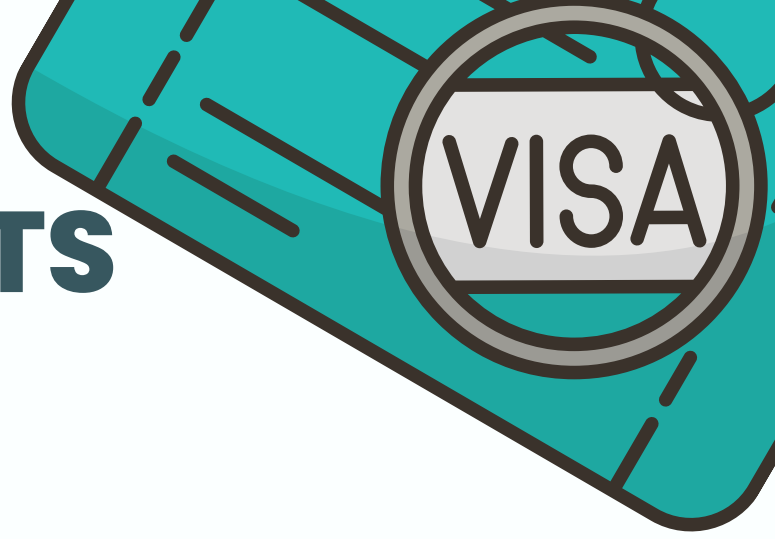
- Legal compliance
- Time and cost savings
- Access to global talent
- Flexibility
- Reduced liability
- Expertise



TABLE OF CONTENTS

● About us	Page 1
● Work Permits/VISA	Page 2
● Employment contracts	Page 3-4
● Paid time off	Page 5
● Employee benefits	Page 6
● Tax	Page 7
● Payroll	Page 8
● Legislation and statutory bodies	Page 9

WORK PERMITS AND VISAS



Work Permits/Visa -

To live and work lawfully in Pakistan, all foreign employees will require work permits. To apply for the visa, they must have a work offer and satisfy specific standards. All work visas are valid for one year and can be used several times in Pakistan. Employees can also extend their permission yearly after it has been approved.

EMPLOYMENT CONTRACTS



Probation period

In Pakistan the probationary period usually lasts three months.

Notice period

Before terminating the work connection, one month's notice must be provided, or one month's earnings may be paid in place of notice.

Minimum wage

The minimum salary in Pakistan is 15,000 Pakistani rupees per month.

Working hours and overtime

In Pakistan, the usual workday is nine hours long, with a total of 48 hours per week spread out over six days. Overtime labor hours should not exceed 624 hours per year. If a worker works longer than the required working hours, i.e., 9 hours per day and 48 hours per week, they are entitled to overtime compensation at double the rate of their regular salary.

Termination

A permanent worker's employment cannot be terminated for any reason other than misbehavior unless the employer or the employee provides one month's notice or pay. Employers may cancel an employment contract, but they must give a documented termination letter outlining the grounds for the termination. Misconduct is sufficient grounds for dismissal if the employee is given an opportunity to reply to the accusations. Willful disobedience, damage to the employer's property, theft, fraud, frequent violation of the law, absence without authorization, and unlawful strikes are examples of significant misbehavior.

EMPLOYMENT CONTRACTS



Severance

For each completed year of employment, a worker is entitled to a severance payment of 30 days' earnings.

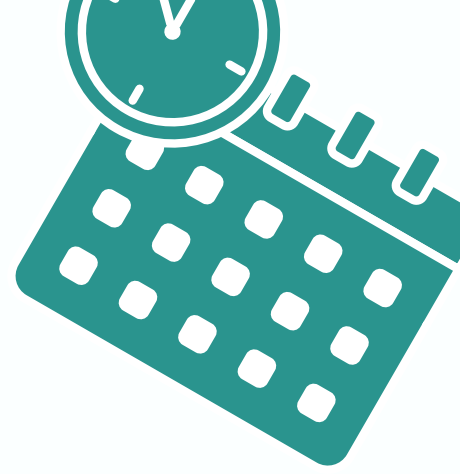
Non-compete clause

Non-compete clauses are commonly included in agreements between companies and enterprises in Pakistan. The language of such a provision can range from prohibiting another company from engaging in competitive work while employed by the restricting party to prohibiting an individual from working for a competitor firm after resigning.

Collective bargaining

Is recognized in Pakistan.

PAID TIME OFF



Annual Vacation

Every employee who has completed a term of 12 months of continuous employment is entitled to 14 days of paid annual leave.

Sick

In addition to the 14 days of paid annual leave, each employee is entitled to 10 days of unpaid casual leave and an additional 16 days of sick or medical leave at half pay. Casual leave is allowed under particular circumstances, such as an unexpected sickness. A medical certificate is required for sick leave.

Maternity

Every working woman is entitled to a maximum of 12 weeks of fully compensated maternity leave. This leave is available six weeks before the predicted birth date and six weeks following the delivery. The individual must have worked for at least four months prior to the date of delivery.

Paternity

N/A

Family

N/A

National Holidays

There are 13 paid public holidays in Pakistan.

Other Paid Time Off

N/A

EMPLOYEE BENEFITS



Statutory

Unemployment

N/A

Workers compensation

Employer responsibility to cover the overall cost.

Social Security

Employers contribute 5% and employees 1% of monthly wage.

Retirement

Covered by Social Security.

Health

Pakistan has a public healthcare system.

Private

Workers compensation

Private workers compensation available.

Retirement

Private retirement schemes available.

Health

Private health insurance available.

Life

Private life Insurance available.

TAX



Personal Income Tax (PIT)

- **Tax year** : The tax year in Pakistan is from 1st July to 30th June.
- **Tax rate** : Rates range between 0-35%.
- **Tax method** : Pakistan imposes a tax on its people' worldwide income. A non-resident individual is only taxed on income derived from Pakistan, which includes money received or deemed to be received in Pakistan, as well as income deemed to accrue or arise in Pakistan.
- **Tax residency requirements** : For income tax purposes, a person is considered to be a resident of Pakistan if:
 - If the individual is present in Pakistan for a period or periods totaling 183 days or more in a tax year (1 July through 30 June), regardless of nationality;
 - If the individual is an employee of the federal government of Pakistan or a provincial government posted outside Pakistan during the tax year.
- **Double taxation agreements (DTA's)** : Pakistan has multiple double tax agreements (DTA) with other countries.

Investment Income Tax

Capital gains derived from the sale, exchange, or transfer of moveable capital assets are taxed. Dividend income received from a firm is typically subject to final taxation at a rate of 15%; however, rates of between 7.5-25% might apply in the specific circumstances.

Taxable Income

Pakistan imposes a tax on its people' worldwide income. A non-resident individual is only taxed on income derived from Pakistan, which includes money received or deemed to be received in Pakistan, as well as income deemed to accrue or arise in Pakistan.

PAYROLL



Payroll Elements

- **Income:** All income derived from employment, business, rental or investment.
- **Deductions:** If an individual makes a contribution to an associate, the amount of the donation that qualifies for tax credit is limited to 15% of the individual's taxable income. There are special deductions/tax credits available for interest paid on home loans, investments in specific stocks, payment of insurance premiums etc.
- **Benefits in Kind:** Benefits in kind are not required in but businesses may include them in an employee's remuneration package.
- **Employer contributions:** Social security and workers compensation.

Payroll Taxes

Employers are not required to pay any extra taxes in relation to their employees or their compensation, other than social security contributions.

Payroll Calendar

There are no predetermined dates on which employees must be paid.

Weekly, Bi-weekly, fortnightly and monthly payrolls are acceptable.

LEGISLATION AND STATUTORY BODIES



LEGISLATION

- The Workers Compensation Act
- Payment of Wages Act
- Pakistan Labor Code

STATUTORY BODIES

- The Benazir Income Support Program
- Employees' Old-Age Benefits Institution
- Pakistan Revenue Authority



Contact us today for further
information or a **FREE**
simulation.



LinkedIn



Simulation request



global@zapeo.net
