

PRESS RELEASE

Government of NWFP and Punjab Propose to Abolish Stamp Duty on Memorandum and Articles of Association of Companies

ISLAMABAD – 22 June 2004: In line with the recommendation of the Securities and Exchange Commission of Pakistan (SEC), the Governments of NWFP and Punjab have proposed in their respective Finance Bills that stamp duty on Memorandum and Articles of Association of companies may be abolished.

While, over the past few years, the SEC has ensured expeditious incorporation of companies, the promoters have been facing difficulties due to the requirement of affixing special adhesive stamps on the Memorandum and Articles of Association, which generally takes four to six days. In order to facilitate the promoters of new companies, the SEC had taken up the matter with the respective Provincial Governments and explained practical difficulties faced by promoters. The abolition of stamp duty, as recommended by the SEC and included in the Finance Bills, is expected to encourage incorporation of companies which would result in more business activity.

Entrepreneurs may make full use of this facility and seek incorporation of new companies under the Companies Ordinance, 1984 within a minimum time. In this context, it is pointed out that an entity registered under the Companies Ordinance may enjoy the privilege of limited liability and improved business status. Moreover, change of a sole proprietor to limited company is now possible without including new partners as formation of Single Member Company is also permissible under the Companies Ordinance.