

## **Covid-19 Legislation and measures in Pakistan**

**Zafar Iqbal Kalanauri<sup>1</sup>**

### **Introduction**

Pakistan (the fifth most populous country in the World) is a federal parliamentary republic state comprising of four provinces, namely Punjab, Sindh, Khyber Pukhtunkhwa (formerly NWFP) and Balochistan; and, three territories: Islamabad Capital Territory, Gilgit-Baltistan and Azad Kashmir. The seat of government is in Islamabad. The President acts as the ceremonial figurehead while the people-elected Prime-Minister acts as the chief executive of the executive branch and is responsible for running the Federal Government. There are four provincial governments that rule the four provinces of the state of Pakistan. The chief minister heads the state government. The ceremonial figurehead of the Province is the Governor appointed by the President.

The Covid-19 pandemic was confirmed to have reached Pakistan on 26 February 2020 when a student in Karachi tested positive upon returning from Iran. As of 30 April 2020, there have been over 21,500 confirmed cases with 5,782 recoveries and 486 deaths.

The Government of Pakistan has announced a Rs1.2 trillion economic relief package to help support businesses in response to the Covid-19 outbreak. Of this, a total of Rs150 billion was allotted for low-income groups, particularly laborers while 280 billion rupees (\$1.76 billion) was assigned for wheat procurement. Loan interest payments for exporters were deferred temporarily, while a package of 100 billion rupees (\$63 million) was provided to support small industries and the agriculture sector. There was also a significant deduction in petroleum prices and the public pay electricity and gas bills below a certain amount in installments. These measures although well intended continue to have deliverable problems. The biggest hurdle in the fight against the novell coronavirus (Covid-19) has been increasing disconnect between the Federal Government and the Provinces all of which remains subject to constant (and rapid) change. As stated above, the legislation and government measures continue to move very fast and the information on this page relative to Pakistan up to date as at 30 April 2020.

This article provides a selection of the key measures taken by the Federal and Provincial Governments to help businesses deal with the economic and business fallout of the Coronavirus (Covid-19) outbreak and reflects the law in force as of 08 May 2020.

---

<sup>1</sup> Zafar Iqbal Kalanauri, Arbitrator, Mediator, Master Trainer, Advocate Supreme Court of Pakistan, White Collar Crime Investigator, Adjunct Faculty of Law at SAHSOL, Lahore University of Management Sciences (LUMS) & Law College University of Punjab, SAF Centre, #3 3rd Floor, 8-Fane Road Lahore 54000, Pakistan.

Cell: (92) 300- 4511823 E-mail: kalanauri@gmail.com ; Web: <http://www.zklawassociate.com>

## **1. INTERVENTIONS AND RESTRICTIONS**

### **1.1 The Federal Government and the Pakistan National Action Plan for Covid-19**

The Government of Pakistan has formulated a National Action Plan for Covid-19. The National Action Plan intends to serve as a policy document for ensuring that all guiding principles for outbreak preparedness, containment and mitigation are followed. The aim of the Plan is to develop a national preparedness & response plan for Covid-19 as a blueprint for pandemic preparedness for Pakistan under global health security agenda and to provide policy framework for federal, provincial and regional stakeholders for building capacity to prevent, detect and respond to any events due to Covid-19 or other novel pathogens with pandemic potential in Pakistan.

The Federal Government has set up a National Coordination Committee which is conducted through video link and is chaired by the Prime Minister of Pakistan and attended by the Chief Minister of all the provinces to review measures against tackling the coronavirus (Covid-19). There has been some criticism to the formation of such committee with critics suggesting that it is unconstitutional and that under Articles 153 and 154 of the Constitution of the Islamic Republic of Pakistan, the Council of Common Interest is the correct and appropriate body to formulate consensus oriented policies involving the whole nation to address the national menace of the novel coronavirus (Covid-19). The Supreme Court has also made certain observations on this subject during the hearing of the on-going Coronavirus *Suo Moto* case.

### **1.2 The Provincial Governments**

Each of the four Provinces of Pakistan have relied on different laws to deal with the coronavirus (Covid-19) pandemic. On 27 March 2020, the Province of Punjab promulgated the Punjab Infectious Diseases (Prevention and Control) Ordinance 2020. In the Province of Sindh the relevant law for the prevention of the spread of dangerous epidemic diseases is the Sindh Epidemic Diseases Act, 2014. In the Province of Khyber Pakhtunkhwa, the Government has taken cover of the Provincial Disaster Management System under the National Disaster Management Act, 2010 as amended through the National Disaster Management (Khyber Pakhtunkhwa) Amendment Acts of 2012 and 2019. The Government of Balochistan have been relying on the West Pakistan Epidemic Diseases Act, 1958; and, the Federal Capital Territory of Islamabad, has relied on a combination of the West Pakistan Epidemic Diseases Act, 1958 and the National Disaster Management Act, 2010. the National Disaster Management Act, 2010.

### **1.3 The State Bank of Pakistan (the Central Bank)**

The State Bank of Pakistan (“SBP”) has taken fast and robust action to respond to the unfolding Coronavirus pandemic and its economic consequences. For starters the interest rate has been reduced by 4.25 percent within one month of the lockdown in Pakistan. The Central Bank has also been proactive on the policy development front directing the financial institutions of the country on various aspects of meeting the economic fallout from the Coronavirus pandemic. SBP’s response has ranged from directing banks to grant relaxation provided in respective prudential regulations related to deferment of principal or rescheduling/restructuring of financing facilities across the industrial, housing and agricultural sectors to guiding banks to implementing SOPs for continuing banking services during the period of lockdown in light of the guidelines issued by the World Health Organization, the Government of Pakistan and the Provincial Governments to take measures to reduce contact with currency notes and to ensure uninterrupted financial services through ATMs, online banking, transactions through call centers, etc. to introduce electronic account opening forms/other forms. Additionally, SBP has also directed that deferment of principal

will not impact the credit history of the borrower and such rescheduling/restricting would not be a reportable item in the credit bureau's data. It may not be out of place to mention here that banks have continued to remain open during the Coronavirus pandemic in Pakistan.

#### **1.4 National Health Service and Guidelines**

To this effect, the Government of Pakistan in consultation with the Ministry of National Health Services have issued several guidelines in various sector and activities to minimize the chance of the virus spreading in Pakistan. These guidelines include, Home Quarantine, Zoning of Hospitals, Social Distancing, Establishment of Quarantine Facility, Cleaning & Disinfection of Environmental Surfaces in a Healthcare Facility, Real-Time Polymerase Chain Reaction (RT-PCR) Diagnostic Test, Infection Prevention and Control (IPC) for the safe management of a Dead body, Preventive Measurements for Industries and Workers against COVID-19, Clinical Management Guidelines for COVID-19 Infection and Health & Safety of Building & Construction Workers.

#### **1.5 Lockdown**

##### **Federal Government**

We have not found any notification issued by the Government of Pakistan wherein the Federal Government has expressly notified a ban on movement of persons throughout Pakistan (except in the Federal Capital Territory of Islamabad by the Commissioner). The decision on the imposition of ban on travel (lockdown) to control the spread of Covid-19 has been left to the Provincial Governments and States.

##### **Pakistan to gradually ease lockdown to save economy**

Pakistan will begin lifting its coronavirus lockdown on Saturday 8 May 2020, Prime Minister Imran Khan said, hours after the country announced its highest daily increase in new cases. Pakistan, where a shutdown has been in place since late March, has recorded 24,073 cases of COVID-19, with 564 deaths. On Thursday, authorities said there had been 1,523 new cases and 38 deaths in the preceding 24 hours.

“We’re deciding that we are ending this lockdown now,” Khan said in a televised address on Thursday. “We know that we’re doing it at a time when our curve is going up ... but it is not edging up as we were expecting.”

Impoverished Pakistanis cannot survive under lockdown any longer, Khan said. “Since we started this lockdown, we had this fear that these people who are daily wagers, who feed their kids on daily earnings, what will happen to them?” he asked.

He said the shutdown would be lifted in phases and warned people that the disease could get out of control if they didn’t take precautions. PM also said that lockdown to be relaxed in coming days due to economic situation of country, problems being faced by common people. Urged national and provincial lawmakers to help government in implementing Covid-19 SOPs, raising public awareness. He also said that strong Tiger Force will help district admins in providing relief to people, implementing SOPs and monitoring food stock.

Planning Minister Asad Umar said that initially small markets and shops would be allowed to open until 5 p.m., although big malls and other spaces which attract large crowds would remain closed for now.

A decision to reopen intercity transport and railways will be taken later, while schools will stay closed until July 15, Umar said.

Fears for the economy are said to be the main reason for relaxing the lockdown. The IMF and the World Bank have forecast a bleak economic outlook for Pakistan as it heads toward a major recession.

## **Manifestation of post 9 May (15 Ramazan) Media Strategy – COVID-19**

### **Public awareness campaign. There are 12 Themes/ Thrust lines.**

Each theme /Thrust Line has messaging in that as per SOPs / health guidelines/ general guidelines

Following depiction maybe included while making PSMs, panaflex, posters, radio / mob like messaging in Urdu & major regional languages

Request for making awareness on following lines Thrust Lines/ Themes

### **Industrial Protocols**

- ◆ Cease Biometric attendance
- ◆ Use Thermal scanning
- ◆ Designate workers with gloves and mask to attend the deliveries and contractors.
- ◆ Place sanitizers at entry and exit points
- ◆ Frequently disinfect clothes of workers and management
- ◆ Split shifts of workers in morning and evening with limit of each shift to 8 working hours.
- ◆ Do not allow any worker at the construction site who has the symptoms
- ◆ Display the awareness banners
- ◆ Wash hands before/ After
- ◆ Use safe transport arrangements which should not be crowded
- ◆ Do not sit at less than 2 meters' distance while having meals and while any other activity requiring interpersonal communication.
- ◆ Medium: Poster/ Standees/ Billboards - PSM on Mobile/ Radio/ TV.

### **Construction Workers – Protocols**

- ◆ Cease Biometric attendance
  - ◆ Use thermal gun at entry and exit of construction site
  - ◆ All workers must wear standard working attire at the commencement of duty and change back to regular dress after taking shower when duty hours end
  - ◆ Place sanitizers at entry and exit points
  - ◆ Minimize contact among workers and customers by virtual communications
  - ◆ Keep social distancing of preferably 2 meters
  - ◆ Arrange alternate days or extra shifts that reduce total number of workers
  - ◆ Provide employees good quality masks and gloves
  - ◆ Workers should not attend work while unwell
  - ◆ Wash hands before/After
  - ◆ Higher health and safety standards for transport. Drivers must wear mask.
- Discourage use of Cooling (air conditions)
- ◆ Medium: Poster/ Standees/ Billboards - PSM on Mobile/ Radio/ TV.

### **Mosque**

- ◆ No carpets or mats to be laid down in mosques. Clean floors for prayers must be ensured
- ◆ Mosque floors should be washed with chlorinated water regularly

- ◆ Mosque at open area / garden is preferable for prayers
- ◆ Tarawih/namaz should not be conducted on roads and footpaths
- ◆ People over 50 years of age & children should not be allowed in mosques.
- ◆ There should be 6-feet distance between people (marked on the floors of mosques / Imambargahs) during congregational prayers
- ◆ Mosque should form committees to ensure that people are following SOPs
- ◆ Mosque committees should be in constant contact with the provincial govt
- ◆ Medium: Poster - PSM on Mobile/ Radio/ TV

### **Guidelines for Namazee (Prayerer)**

- ◆ People should do ablution at home
- ◆ Wear face masks when coming to mosques and maintain physical distance and avoid handshakes
- ◆ Itikaf must be observed at home and no one must hold Sehri and Iftaar in mosques
- ◆ Medium: Poster - PSM on Mobile/ Radio/ TV

### **Every Home is a Mosque**

- ◆ Pray at Home - whole earth was created as clean, pure and a place of worship
- ◆ Keep preferably 6 feet distance
- ◆ Wash hands with soap
- ◆ Use hand sanitizers and medical masks
- ◆ Medium: Billboards - PSM on Mobile/ Radio/ TV

### **Haquq ul Ibad**

- ◆ Muslims should not harm other people
- ◆ Help the poor and needy people of the society
- ◆ Deliver goods at the doors of the needy people
- ◆ Medium: Billboards - PSM on Mobile/ Radio/ TV

### **Essence of Ramazan**

- ◆ Avoid Aftaar gathering
- ◆ Avoid visiting Ramzan Bazar / Juma and Itwar Bazars
- ◆ Keep preferably 6 feet distance
- ◆ Wash hands frequently and use medical masks in public
- ◆ Medium: PSM on Mobile/ Radio/ TV

### **Traffic**

- ◆ Use of face mask by all passengers
- ◆ Air conditioning shouldn't be used
- ◆ Windows screens should remain open for fresh air circulation
- ◆ Passengers shouldn't sit side by side with each other
- ◆ Thermal scanning
- ◆ Drivers must wear masks while traveling
- ◆ Disinfection of transport vehicles before boarding

- ◆ Medium: Billboards/ Posters - PSM on Mobile/ Radio/ TV

### **Harvesting and Ehsas program**

- ◆ Avoid gathering
- ◆ Keep preferably 6 feet distance
- ◆ Wash hands and use medical masks
- ◆ Medium: Billboards/ Posters - PSM on Mobile/ Radio/ TV

### **Federal Capital Territory of Islamabad**

On 21 March, the city administration of Islamabad imposed Section 144 Cr.P.C. (ban on public gathering and social distancing) for 15 days. Starting from 2 April 2020, as per directions of the Federal Government the lockdown was extended until 14 April 2020.

### **Province of Punjab**

The Government of Punjab in a cabinet meeting declared a health emergency on 12 March 2020. On 22 March, the government decided to close down shopping malls, markets, parks and public gathering places for two days till 24 March 2020. On 23 March, the Chief Minister announced a 14 days lockdown from 24 March till 6 April. Thereafter the lockdown has been extended from time to time until 9 May 2020 with various sectors / industries, such as, but not limited to, essential services and others, allowed to continue their operations during the lockdown.

### **Province of Sindh**

On 21 March, the Government of Sindh announced a ban on travel (lockdown) in the province for 14 days from the morning of 24 March 2020, ordering all public transport, markets, offices, shopping malls, restaurants, and public areas to be shut down. Thereafter the lockdown has been extended from time to time until 9 May 2020 with various sectors / industries, such as, but not limited to, essential services and others, allowed to continue their operations during the lockdown.

### **Province of Khyber Pakhtunkhwa**

The Government of Khyber Pakhtunkhwa declared public holidays in the province from 24<sup>th</sup> to 28<sup>th</sup> March 2020. These (public holidays) have been extended from time to time until 15 May 2020 with various sectors / industries, such as, but not limited to, essential services and others, allowed to continue their operations during the lockdown.

### **Province of Balochistan**

On 24 March, the Government of Balochistan imposed a complete lockdown in the entire province until 7 April 2020. Thereafter the lockdown has been extended from time to time until 9 May 2020 with various sectors / industries, such as, but not limited to, essential services and others, allowed to continue their operations during the lockdown.

### **1.6 Air Traffic**

Regular incoming flight operations have been suspended by the Government of Pakistan to ensure the health and safety of the people and travellers. A limited number of flights are being operated to ensure the safe return of nationals and the safety of passengers travelling to and from Pakistan. Currently, the Government is making efforts to take proactive, comprehensive and coordinated steps to bring back Pakistani nationals who wish to return to Pakistan. Pakistan Embassies and Missions abroad are actively supporting stranded Pakistanis in coordination with the Ministry of Foreign Affairs and Ministry of Overseas

Pakistanis. Upon arrival in Pakistan, all passengers and crew are subjected to a minimum of 48-hour state-monitored quarantine period. Testing is also being conducted after 48-hours to ensure on-flight transmission of the virus is also monitored. The quarantine can be extended based on the result of the passenger's Covid-19 test, or upon the discretion of governmental health authorities. Passengers who are sent home after a negative test will be advised compulsory self-isolation to complete a 14-day period. Any country that wants to repatriate its own nationals from Pakistan can do on special flights with Civil Aviation Authority permission. PIA is also continuing limited outbound flights. Please contact Civil Aviation Authority for information.

### **1.7 Federal and Provincial laws against Hoarding**

The President of Pakistan has promulgated an Ordinance for the prevention of hoarding in respect of various essential items including food items and medicines, masks, sanitizers etc. The hoarding laws prescribes hoarding of scheduled items as stated therein as an offence punishable with simple imprisonment up to 3 years and a fine equivalent to 50% of the value of items involved.

### **1.8 E-Commerce and Cyber Security**

Due to the lockdown and social distancing measures that are being enforced due to the virus, there is a significant rise in the use of e-commerce in Pakistan. However, with the rise of the use of e-commerce there is also a risk of breach of cyber security and cyber crime laws. To spread awareness about the increased level of threat, the Government has issued warnings to organisations at the forefront of the global response to the COVID-19 outbreak that have also become targets of ransomware attacks, which are designed to lock them out of their critical systems in an attempt to extort payments. In Pakistan, the Pakistan Telecommunication Authority (PTA) advised people not to use public Wi-Fi services, warning of possible cyber-attacks through messages pretending to contain COVID-19 information.

The State Bank of Pakistan has encouraged the use of digital payment services and directed Banks to run campaigns on print, electronic and social media to create awareness and promote the use of Alternate Delivery Channels (ADCs) to limit the use of currency notes and minimizing branch visits. Furthermore, SBP has directed all Banks to strictly adhere to all cyber security laws and regulations and to establish dedicated Cyber Threat Intelligence Units and Emergency Response Teams with the objective to minimize and control the damage resulting from cyber security incidents, offer guidance for response & recovery activities and affiliated proactive measures.

The Pakistan e-commerce landscape is regulated by the Electronic Transactions Ordinance, the Prevention of Electronic Crimes Act and the PTA Act and its rules and regulations framed the

### **1.9 Digital Privacy and Covid-19 Contact "Trace and Track" Systems**

On 23 April 2020, in a live telecast of the Ehsaas Telethon, the Prime Minister of Pakistan, Mr. Imran Khan, informed viewers that the Government of Pakistan is using a contract tracing system developed by its Intelligence agency, the Inter-Services Intelligence ("ISI"), - to combat terrorists - to fight the coronavirus (Covid-19). The Prime Minister disclosed that, "the ISI has given us a great system to track and trace" which "was originally used against terrorism, but now it has come in use against coronavirus." According to the

Prime Minister, “track and trace is the best way [to combat the virus] and ... this is the only way if you want to restart your business.”

Earlier, on 8 April 2020, according to news reports, the National Command and Operation Center ("NCOC") had also discussed digital tracking and tracing mechanism for identification of hot-spots and clusters of coronavirus (Covid-19) cases and to isolate and targeted areas facing a breakout of the pandemic.

### **1.9 Digital Privacy and Covid-19 Contact "Trace and Track" Systems**

On 23 April 2020, in a live telecast of the Ehsaas Telethon, the Prime Minister of Pakistan, Mr. Imran Khan, informed viewers that the Government of Pakistan is using a contact tracing system developed by its Intelligence agency, the Inter-Services Intelligence ("ISI"), - to combat terrorists - to fight the coronavirus (Covid-19). The Prime Minister disclosed that, "the ISI has given us a great system to track and trace" which "was originally used against terrorism, but now it has come in use against coronavirus." According to the Prime Minister, “track and trace is the best way [to combat the virus] and ... this is the only way if you want to restart your business.”

Earlier, on 8 April 2020, according to news reports, the National Command and Operation Center ("NCOC") had also discussed digital tracking and tracing mechanism for identification of hot-spots and clusters of coronavirus (Covid-19) cases and to isolate and targeted areas facing a breakout of the pandemic.

### **1.10 Import of certain Essential Medical Goods**

The Ministry of Commerce has allowed Commercial importers import of acetone, anthranilic acid, ethyl ether, hydrochloric acid, and sulphuric acid subject to NOC and quota determination by Ministry of Narcotics Control.

### **1.11 Export Control of PPE**

The Federal Government has notified ban on exports of certain personal protective equipment due to increase in its demand with a spike in coronavirus cases in Pakistan. These include, inter alia, Tyvek Suits, Disposable Gowns and Gloves, Face Shields, Surgical Masks, N 95 Masks, Biohazard Bags, Goggles, Shoe cover and hand sanitizers.

### **1.12 Ban on Export of anti-malaria medicines**

The Government of Pakistan has also banned the export of anti-malaria medicines till further order/decision from the National Co-ordination Committee (“NCC”) for COVID-19. Other precautionary measures include steps such as the ban on Sale of Non-conforming Sanitizers. The Government has so far banned 23 brands of sanitizers which are non-confirming to the standards set by the Quality Control Regulatory Authority.

### **1.13 Crackdown on Non-conforming Sanitizers**

The Government of Pakistan has also banned Sale of Non-conforming Sanitizers. As of 30-04-2020 the Government has banned 23 brands of sanitizers which are non-confirming to the standards set by the Pakistan Quality Control Standards Regulatory Authority.

### **1.14 Ban on Export of Edible Items**

The Ministry of Commerce has banned export of all edible items with the ban for export of Onions only to lapse on 31-05-2020.



### **1.15 Direct Payments (Ehsaas Program / BISP)**

The Federal Government has issued “the Ehsaas Emergency Cash: Social Protection Response to Coronavirus” for disbursement of cash amount of PKRs.12,000 (USD75) for Category I and II beneficiaries. According to the Profiling criteria published by the Government, the beneficiaries are likely to be the poor and needy. As such the Ehsaas scheme is unlikely to be applicable to employees and workmen of most businesses, including SMEs.

## **2. FINANCIAL SUPPORT OF BUSINESSES**

### **2.1 Temporary Economic Refinance Facility (TERF)**

Temporary Economic Refinance Facility (TERF)

The Central Bank, the State Bank of Pakistan ("SBP"), has introduced a Temporary Economic Refinance Facility ("TERF") scheme to provide concessionary refinance for setting up of new industrial units which may be obtained through banks/DFIs. A few of the salient features of the TERF include, inter alia, (a) long term finance facility for purchase of new imported and locally manufactured plant & machinery for setting of new projects; (b) maximum limit of up to PKR 5 billion per project; (c) available for a period of up to 10 years including grace period up to 2 years and at an End User Rate of maximum 7% per annum (SBP's rate of refinance will be 3%); (d) repayment to be on quarterly / half-yearly basis; and (v) letters of credit and irrevocable letters of credit established between March 17, 2020 and March 31, 2021 will be eligible for the TERF.

In order to dampen the adverse effects of Covid-19 and to facilitate the banking sectors to extend additional loans to businesses of Pakistan, SBP has also reduced the Capital Conservation Buffer (CCB) for the time being, from its existing level of 2.50% to 1.50%, till further instructions and enhanced existing regulatory retail portfolio limit of Rs. 125 million to Rs. 180 million.

### **2.2 Export and Import Financing**

With regard to availing export financing during the period January 1, 2020, to September 30, 2020, the requirement to have exports worth 50% of total sales, or USD 5 million of exports to avail credit under Long Term Financing Facility (LTFF) has been reduced to 40 percent or USD 4 million for all borrowings made under LTFF. Exporters have also been allowed an extension of six (6) months in terms of the Export Finance Scheme to meet the required export performance. Exporters whose date of shipment fell within the period January, 2020 to June 30, 2020 will not be liable to pay penalties due to being unable to ship their goods during the said period and in cases where penalty has already been paid, the penalty would be refunded. The time- period for realization of exports proceeds may be increased from the existing requirement of 180 days to 270 days if an exporter submits a satisfactory explanation along with supporting evidence showing delay in realization of export proceeds was due to Covid-19. With regard to importers, the time period for import of goods into Pakistan against advance payment has been increased from the existing requirement of 120 days to 210 days, provided that the importer submits satisfactory explanation along with supporting evidence showing delay in the import of goods was due to Covid-19. The restriction of delivering shipping documents directly to foreign buyers if the export consignment was of value up to USD 100,000 has been removed, provided that the exporter's export over-dues are less than 1% and the exporter has exports of at least USD 5 million during the last 3 years. Further to facilitate manufacturing and industrial concerns and commercial importers, the existing limit on advance payment of USD 10,000 per invoice has been increased to USD 25,000 for import of raw material, spare parts, and machinery.

### **3. SUPPORT OF THE JOBMARKET**

#### **3.1 Employment and Labour Relations**

Under the labour laws of Pakistan, in the event of an outbreak of an epidemic, an employer has the right to reduce wages by 50% for 14 days and eventually retrench the worker. The World Health Organization has declared Coronavirus Disease (Covid-19) as a Pandemic and Global Health Emergency. Ordinarily in the circumstances, the employers should have recourse to options available to an employer in the case of an epidemic under the labour laws. However, the Provincial Government of Sindh issued a Special Sindh Notification on Coronavirus (Covid-19) under the Epidemic Disease Act which states that during the on-going epidemic all employees shall be paid salary / wages in full; no employee shall be laid off; and, closure shall be considered as paid leave. The Notification was followed by a draft Ordinance with similar provisions which has yet to be signed by the Governor of Sindh to become law. The moratorium on reduction of wages and retrenchment has also become the subject of a legal challenge which is currently pending in Court. A similar Moratorium Notification was issued by the Federal Government in the Capital Territory of Islamabad. The issue of retrenchment and reduction in salary is also being litigated in the province of Punjab.

#### **3.2 Refinance Scheme for Payment of Wages and Salaries**

The State Bank of Pakistan ("SBP") has also issued a scheme for extending loans to businesses at reduced markup rates to facilitate businesses (who agree not to lay off their workers/employees during first three (3) months from the date of first disbursement) in paying wages and salaries to their workers and employees to ensure their continuing employment during the Covid-19 pandemic. The markup rate for business entities registered with the Income Tax Authorities will be 3%.

### **4. SUPPORT OF SPECIFIC SECTORS**

#### **4.1 Construction**

The President of Pakistan has promulgated amendments in the tax laws to accelerate investment in the construction sector. The Amendment Ordinance grants status of "industry" to the construction sector and offers several time-bound tax relief measures for builders and developers that complete their projects by September 2022. The Amendment Ordinance also grants immunity from audit regarding source of investment, subject to fulfilment of certain conditions. The Amendment Ordinance is silent on any exemptions from sales tax or excise tax (duty) on construction material, and there is also no relief from capital gains tax on commercial property or open plots.

#### **4.2 Hospitality Industry**

The Province of Punjab with significant investment in the hospitality industry, the Government of Punjab granted zero percent rate of sales and service tax without input tax adjustment, etc. to Hotels, Motels, Guest Houses, Marriage Halls, Catering Services and Clubs through amendment made in the Second Schedule of the Punjab Sales Tax and Services Act, 2012.

#### **4.3 Health Sector**

##### **Refinance Facility for Health Sector for Combating Covid-19 (RFCC)**

In order to improve the health sector, the State Bank of Pakistan enhanced financing limit of a single hospital/ medical center under its Refinance Facility for Combating COVID -19

(RFCC) from Rs. 200 million to Rs. 500 million. RFCC is an emergency funding facility to support hospitals/medical centres to develop their capacities for treatment of infected patients of COVID-19. So far, financing of Rs. 2.2 billion for 11 hospitals/medical centres has been approved.

#### **4.4 Import of Medical Equipment, Medicines, etc.**

##### **Import of Medical Equipment, Medicines and ancillary items**

The State Bank of Pakistan ("SBP") has amended the existing foreign exchange regulations to facilitate the import of medical equipment, medicines, ancillary items etc., which may be required for the medical treatment of the disease and the Ministry of Commerce has exempted customs duties and other regulatory and additional custom duty in relation to specified medical equipment and items for a period of Three months on the recommendation of the Ministry of National Health, Services Regulation & Coordination (MNHSR&C)

Further, authorized dealers are allowed to make advance payments of up to 100% of the value of imports as well as make payments without any limit (on open account basis), on behalf of federal and provincial government departments and organizations, public and private sector hospitals or their approved agents, charitable organizations and commercial importers for the import of medical equipment, medicines, and ancillary items for the medical treatment of Covid-19 epidemic. Banks have been allowed to approve Electronic Import Form (EIF) for import of the equipment, donated by international donor agencies and foreign governments. In addition to the above, the Federal Board of Revenue has also notified that the import of certain items relating to diagnostic support and health safety items required to combat Covid-19 would be exempted from taxes including income tax, sales tax and customs duties for a period of 3 months from the date of the notification, that is, from 20-03-2020.

#### **4.5 Food and Agriculture**

In light of the the impact of Covid-19 on the food and agriculture industry in Pakistan, the Government of Pakistan has taken many significant measures to soften the economic impact of the virus on the agricultural sector. The State Bank of Pakistan (S"BP") has announced financial relief facilities, including inter alia, granting relief for agriculture farmers who are unable to service the mark-up amount or need deferment exceeding one year, allowing such finances to be rescheduled / restructured upon the request of the farmer and deferment and the repayment of principal loan amount by one year; provided that the obligor will continue to service the mark-up amount.

The Provincial Governments of Punjab and Balochistan have also extended relief of suspension of Cess on all items, including food items, imported into the Province of Punjab and Balochistan till June 2020.

### **5. DIRECTORS MEETINGS, AGM, COMPANY FILINGS, ETC.**

#### **5.1 Netting**

The Federal Cabinet has approved, in principle, "Netting of Financial Contracts Bill, 2020" to remove any uncertainty in enforcing the netting rights in case of a termination event, bankruptcy, insolvency proceedings, limits the power of the liquidators to prevent any cherry picking of qualified financial contracts/transactions, which fall under the ambit of netting provisions ad allows financial collateral arrangements under such netting rights. Once the law is enforced the qualified financial contracts will always be settled on the basis of "netting" in the presence of the netting arrangement.

### **5.1 Board of Directors Meetings**

As a result of the Covid-19 pandemic the SECP is encouraging directors to pass resolutions through circulation pursuant to Section 179 of the Companies Act, 2017 and to prioritise public safety.

### **5.2 Shareholders Meetings and Election of Directors**

SECP has granted an extension of 30 days for companies to hold an AGM for the year ended December 31, 2019. The revised deadline for holding an AGM for the year ended December 31, 2019 is May 31, 2020. The SECP has also, vide Circular No. 6, directed companies whose elections are due before or in the said AGM to file impediment reports with the concerned registrar citing the reasons for the delay in holding the election of directors.

SECP advises companies to prioritize public safety whilst ensuring regulatory compliance and that it shall give due consideration to all underlying circumstances when enforcing regulatory compliance.

### **5.3 Annual General Meetings of Shareholders**

SECP is directing listed companies whose financial year ended on December 31, 2019 to modify their usual planning for AGM as stated therein, including considering provision of video link facilities and webinar; provide Whatsapp numbers for shareholders to dial-in to participate; upload info regarding their efforts to broaden their electronic reach out to shareholders, PSX, etc.

Initially, in mid-March 2020, SECP had began to direct listed companies to *inter alia* modify their usual planning for AGM's such that video link facilities or electronic means are utilized for the purpose of quorum and to avoid large gatherings at one place.

### **5.4 Financial Statements and Statutory Returns**

On account of the Covid-19 pandemic, SECP has extended relaxation to listed companies, for a period of thirty (30) days, for laying their financial statements before their members on account of the extensions given in relation to holding of AGM.

Additionally, SECP shall facilitate companies for grant of extension in filing of first quarter financial statements on application submitted to SECP via email.

With regards to the obligation to file statutory returns with the CRO, insofar as any statutory return is to be filed on or after March 24, 2020, the SECP has offered relaxation so that the same may be filed with the delay of thirty (30) days of occurrence of any event without any additional filing fee and no penal action shall be taken for such late filing.

### **5.5 Relaxation in Renewal of Licenses of Insurance Brokers, Insurance Surveyors and Authorized Surveying Officers**

The SECP has provided the following relaxations to insurance brokers, insurance surveyors and authorized surveying officers in respect of the renewal of their respective licenses:

(a) Any insurance broker, insurance surveyor or authorized surveying officer license has expired or will expire during the period from March 15, 2020 to May 15, 2020 shall continue to carry on its business without renewal of its current license with the SECP. This relaxation is granted until May 15, 2020 and the insurance brokers, insurance surveyors and authorized surveying officers shall file their license renewal applications before the expiry of such period.

(b) Upon the receipt of the renewal applications, the licenses shall be renewed effective from the date of expiry of the previous license.

Insurance Brokers and authorized surveying officers may nevertheless file applications online through SECP's e-services portal and the insurance brokers may send their applications to the SECP via email until the expiry of the lockdown.

### **5.6 Relaxation of Requirements of Regulated Persons**

SECP has relaxed the requirements of Regulated Persons (Securities Brokers, Future Brokers, Insurers, Takaful Operators, NBFCs and Modarabas) relating to:

- (i) Submission of quarterly information under Directive 55(I)/2020 – Quarterly information submission for the First Quarter of 2020 is extended until May 31<sup>st</sup>, 2020;
- (ii) Companies to make necessary work arrangements with use of technology for ensuring regulatory compliance

### **5.7 Relaxation of certain provisions of Non-Banking Finance Companies**

As a result of Covid-19 (Coronavirus), the Securities & Commission of Pakistan allows further relaxation in relation to compliance with certain requirements of the NBFC Regulations, 2008, namely:

- (i) Time period for Quarterly Financial Statements of Open End Scheme and Close End Scheme for the quarter ended 31<sup>st</sup> March 2020 is extended by 30 days till May 31<sup>st</sup> 2020; and
- (ii) Time to ensure compliance with minimum fund size for Open End Schemes is increased to 180 days (a) for currently non-compliant schemes with minimum fund size and (b) for those which may become non-compliant within next 90 days of issuance of this circular.

### **5.8 Suspension of Dividends of Financial Institutions**

The Central Bank, the State Bank of Pakistan (SBP) has directed Financial Institutions to suspend profit payment in cash or in shape of shares to their shareholders in order to strengthen the capacity of financial institutions to lend and absorb any losses which they may incur in the wake of Coronavirus pandemic.

## **6. ADMIRALTY, PORTS AND SHIPPING**

### **6.1 Relaxation of certain Shipping Charges & Demurrage**

In the Maritime/Admiralty sector, the Government of Pakistan has introduced measures such as exempting items from Custom, Regulatory and Additional Custom Duty for a period of Three months, extension of free period for cargo/containers landing in Karachi Port Trust from 5 to 15 working days, requesting Shipping lines not to charge detention charges and other charges in connection with late delivery of goods and waiver of demurrage and detention charges by terminal authorities. Despite the Federal Board of Revenue (FBR) notification to waive demurrage and detention charges, several privately-owned terminal authorities have and/or are currently defying the orders of the FBR. This has led to the Customs Enforcement Wings to send letters to these shipping lines and terminal operators disobeying the Notifications to strictly implement the directives of the FBR.

## **7. TENANCY AND LEASE**

### **7.1 Punjab Province**

The Government of Punjab has issued notification against any forceful eviction of tenants by landlords during period of lockdown.

## **7.2 Sindh Province**

The Government of Sindh has also circulated an Ordinance proposing similar amendments to the Rent laws (as in Punjab) including providing reduction of payment in rent by tenants to landlord subject to a specified rental slabs. The Ordinance has yet to signed by the Governor of Sindh. Currently the Hon'ble High Court of Sindh has issued a Court Notice seeking explanation from the Governor regarding reason for delay in the promulgation of the said Ordinance.

## **8. LEGAL PROCEEDINGS**

### **8.1 Supreme Court of Pakistan**

#### **Coronavirus (Covid-19) Litigation**

The Hon'ble Supreme Court of Pakistan is currently hearing a *suo moto* case in relation to combating the Covid-19 outbreak. The Court of Last Resort continues to encourage the Federal and Provincial Governments to improve coordination with each other in order to stop the spread of the epidemic.

#### **Time-bar and Limitation**

For the purpose of calculation of period of limitation, i.e. the statutory period within which a legal action may be enforced in Court, the Hon'ble Supreme Court of Pakistan has been extending the period of limitation from time to time from 22-03-2020 to 30-04-2020.

### **8.2 Islamabad High Court**

#### **Time-bar and Limitation**

The Hon'ble Chief Justice of the Islamabad High Court has ordered that owing to the prevailing emergency situation in the country, the period of limitation prescribed by laws in filing appeals/petitions etc. in the Islamabad High Court and in its Civil and District Courts, Islamabad from 24-03-2020 till the time the situation returns to normalcy shall be deemed to be condoned and the Courts shall be deemed to be closed during the relevant period, in the public interest.

### **8.3 Lahore High Court**

#### **Petition against retrenchment and deduction of salary/wages**

The Lahore High Court hearing Writ Petition No.18973/2020 has ordered the Director Labour to obtain a "Certificate" from the Divisional Directors Labour in Punjab confirming that the wages of the industrial workers has been paid for the month of March 2020 along with industrial wise detail of payment of wages to the workers and the legal action taken against the delinquents. The Director Labour was ordered to submit his Report to the Court before the end of the month of April 2020.

#### **Time-bar and Limitation**

The Lahore High Court had extended the period of limitation upto 20 April 2020.

### **8.4 High Court of Sindh**

#### **Writ Petition against Retrenchment and reduction of salary**

The High Court of Sindh at Karachi is currently hearing Petitions filed by the Employers Federation of Pakistan and its members against the Notification issued by the Government of Sindh extending a moratorium against the reduction of wages and retrenchment of workmen.

## **Writ Petition against the delay on the part of the Governor of Sindh to sign / pass the Sindh Coronavirus Emergency Relief Ordinance**

The High Court of Sindh at Karachi also commenced hearing of a petition alleging that a draft of the Sindh Coronavirus Emergency Relief Ordinance which was sent to the Governor of Sindh for approval on 8 April 2020 has yet to be signed by him. The Sindh Home and Labour Department submitted their replies supporting the case of the Petitioner. The draft Ordinance extends concessions in the payment of rents, school tuition fee and utility bills as well as bars businesses from withholding wages and salaries and/or terminating their employment.

### **Time-bar and Limitation**

For the purpose of calculation of period of limitation, i.e. the statutory period within which a legal action may be enforced in Court, the Hon'ble Supreme Court of Pakistan has been extending the period of limitation from time to time from 22-03-2020 to 30-04-2020.

**Important note:** Information provided on this website is not a legal advice. Please contact a legal expert from your jurisdiction if you seek legal advice. Information on this website may be inaccurate or incorrect for your case. You should not take action upon information on this website without first seeking professional counsel. Reading this website does not replace reading the law.

*Kindly note that due to the extraordinary and fluid situation on ground, the legislation responding to the Coronavirus (Covid-19) is in continuous evolution and may change very quickly and may not reflect the current law in force. Information provided in this article is not a legal advice. Please contact a legal expert if you seek legal advice. Information on this website may be inaccurate or incorrect for your case. You should not take action upon information in this article without first seeking professional counsel. Reading this article does not replace reading the law.*