

## **Can Foreigners Own and Allowed to Purchase Property in Pakistan?<sup>1</sup>**

### **Understanding the Rules**

The ownership of land and property by foreigners in Pakistan is regulated by the Foreign Exchange Regulation Act (FEDA) from 1947 and the Pakistan Citizenship Act from 1951. These laws outline that, generally, foreigners are not permitted to own property in Pakistan, except in specific situations like diplomatic missions, foreign companies, or partnerships with Pakistani nationals. The ownership of land and property by foreigners is limited to 18% of the total land area, but there are no limits on the use of agricultural land. However, some foreigners have managed to own property through intermediaries or by transferring the ownership to a family member in Pakistan. This method is considered illegal and could lead to the government confiscating the property. As of 2023, there were 37,677 registered foreign investors in Pakistan.

### **The Restrictions on Foreign Ownership of Property in Pakistan Include:**

- Foreign nationals are not allowed to own property in Pakistan, except under special circumstances such as diplomatic missions, foreign companies, and joint ventures with Pakistani citizens.
- Foreign companies can explore a world best business opportunity by owning property in Pakistan for the purpose of setting up a business or industry there, but they must first obtain permission from the government.
- Foreigners are also not allowed to purchase real estate within the federal capital of Islamabad.
- Foreigners are not allowed to own land larger than 300 square meters in any provincial capital, and foreigners are generally not allowed to own agricultural land.
- Foreigners are allowed to purchase up to two residential properties in Pakistan. Pakistan limits the amount of land that can be owned by foreigners to only 2 percent of the total land area.
- Foreign investors are required to obtain a permit from the government in order to purchase or lease land in Pakistan. In some provinces, such as Sindh and Baluchistan, foreigners are restricted from owning any type of real estate at all.

### **Required Permits for Foreign Ownership of Property in Pakistan**

Foreign nationals who wish to own property in Pakistan must obtain the following permits:

- The first step is to acquire a property purchase permit from the provincial government. This permit is generally only granted to nationals of countries that have diplomatic relations with Pakistan. The permit costs around \$2,000 and must be renewed every six months.
- NOC (No Objection Certificate) from the Ministry of Interior

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- Approval from the Pakistan Board of Investment
- Approval from the Foreign Exchange Regulation Act (FERA)
- A valid passport and visa
- Proof of funds for the purchase.

Foreign ownership of property in Pakistan can be a beneficial investment for foreigners and locals alike. However, the above-mentioned permits are required in order to own property in Pakistan, and these permits can often be difficult to obtain.

After acquiring the purchase permit, the next step is to obtain a construction permit from the local municipality. This permit is required if any work is going to be done on the property, including remodeling or adding onto it.

### **Various methods of purchasing real estate in Pakistan**

There are two main ways to purchase property in Pakistan: either through a Pakistani citizen, or through a foreign investment company.

If you're working with a Pakistani national, they'll need to be the one to purchase the property on your behalf. They'll also be responsible for all the legal paperwork and handling all necessary documentation and communicating with the relevant authorities.

If you're working with a foreign investment company, they'll handle all the legal paperwork for you. However, they'll typically take a more significant commission fee (typically around 10%).

### **Questions to Consider When Buying a Property in Pakistan**

When contemplating the acquisition of property in Pakistan, it is essential to consider the following questions:

- What are my reasons for wanting to purchase property in Pakistan?
- Can I afford to buy property in Pakistan?
- What is the process for purchasing property in Pakistan?
- What are the risks associated with purchasing property in Pakistan?
- Are there any restrictions on foreigners purchasing property in Pakistan?
- What is the current market value for the property in Pakistan?

### **Conclusion**

It's not just foreigners who are interested in property investment in Pakistan. Interest in real estate investment within Pakistan extends beyond international buyers. Pakistani nationals themselves are also actively investing in property in other parts of the world. The government is also encouraging the development of the property sector by removing certain taxes and offering other incentives.

Thus, addressing a commonly asked question: Yes, foreigners are permitted to acquire property in Pakistan subject to fulfilling the above-mentioned conditions.