



National Freelancing Facilitation Policy

2023

Consultation Draft

List of Acronyms

- CIR – Committed Information Rate
- FBR – Federal Board of Revenue
- IT – Information Technology
- ITeS – Information Technology enabled Services
- GoP – Government of Pakistan
- Mbps – Megabits per second
- MNC – Multinational Companies
- MoC – Ministry of Commerce
- MoF – Ministry of Finance
- MoFA – Ministry of Foreign Affairs
- MoITT – Ministry of Information Technology and Telecommunication
- PRC – Proceed Realization Certificates
- PSEB – Pakistan Software Export Board
- PTA – Pakistan Telecommunication Authority
- SBP – State Bank of Pakistan
- SECP – Security and Exchange Commission of Pakistan
- SMC – Single Member Company
- STP – Software Technology Park
- VoIP – Voice over Internet Protocol
- VPN – Virtual Private Network

1. Preamble

The growth of the Information Technology (IT) and Information Technology enabled Services (ITeS) sector is vital for Pakistan's economic development. This sector has tremendous potential and is expected to reach its set target of US\$ 5 Billion in IT & ITeS export remittances within the next three years. The Government of Pakistan (GoP) has invested heavily in this sector, especially in the last two decades, resulting in laying the foundations for developing a knowledge-based economy and digitally empowered society through the use and adoption of inclusive, affordable, and sustainable technology.

IT & ITeS export remittances surged to \$1.23 billion during FY 2019-20, including US\$150 million earned by freelancers. Whereas, in the first seven months of the current FY 2020-21 (July 2020 – January 2021), freelancers' export remittances have rapidly increased to US\$ 219 Million and are expected to cross US\$ 350 Million by the end of FY 2020-21. It is estimated that, at present, around 100,000 "active" freelancers (who at least make \$100 a month) are working from Pakistan and earning valuable foreign exchange for the country. To increase Pakistan's freelancer's footprint globally and gain a larger share of the global outsourcing business, it is essential to devise and implement a National Freelancing Facilitation Policy. This would enable freelancers to work within a supportive framework duly aligned with enhancing demand generation and supply of IT & IT enabled Services to the international markets worldwide.

With the right policy interventions, the number of freelancers in Pakistan can be increased tenfold in few years, generating self-employment for talented youth, bolstering IT & ITeS export remittances, and spurring economic growth of the country.

The policy has been drafted by Ministry of Information Technology & Telecommunication (MoITT) through its departments Pakistan Export Board (PSEB), Ignite, and IT Wing of MoITT in consultation with the National Freelancing Policy Committee comprised of the representatives from Security and Exchange Commission of Pakistan (SECP), State Bank of Pakistan (SBP), Federal Board of Revenue (FBR), and Ministry of Commerce (MoC). Input from a working group of prominent freelancers has also been sought while preparing this draft.

Pakistan's Freelancing Landscape:

Freelancers have registered remarkable growth in numbers and income during recent years. The telecom infrastructure expansion across the country has played a pivotal role in freelancers' development. This is now getting global acknowledgment, a reputation for reliable and cost-effective IT and ITeS delivery. Freelancers from Pakistan are ranked 3rd globally and have become increasingly popular due to quality of work and cost-effectiveness compared to other competing countries.

As per 'The 2020 Freelancer Income Report' by a Payoneer, the role of technology advances and shifting work paradigms are fueling a surge in freelancing with collaborative technologies making it easier for remote workers to communicate and contribute. Online marketplaces are making it easier for freelancers to find work. Cross-border payment platforms make it easier for freelancers to get paid for their services, regardless of the client's location. Whether an individual is making the shift from a full-time salaried position or working to supplement an existing job with some extra income, freelancing presents a wealth of opportunities.

According to an international survey, the worldwide average hourly rate charged by freelancers is US\$ 21, showing that freelancing is providing an attractive earning potential that, in many cases, far exceeds average wages, especially in emerging economies. The most popular fields of work for freelancers are web development, graphics designing (30%), computer programming (19%), IT services (10%), multimedia production (8%), content writing (8%), translation (7%), marketing (6%), admin (3%), customer support (2%), project management (2%), sales (2%), quality assurance (2%) and finance (1%).

In this digital world, freelancers have recognized that they can earn a significant income and gain more freedom over their working and employment conditions, with the ability to choose projects and create a more excellent work-life balance no matter where they are located. Likewise, businesses realize that having a growing freelancers' workforce can provide them with the flexibility to scale and quality service when costs need to be cut.

The United States of America is one of the leading freelancing countries. According to the study "Freelance Forward 2020" carried out by Upwork, 59 million

Americans were engaged in providing freelancing services during the last fiscal year, which makes up 36% of the USA's total workforce, generating \$1.2 trillion in annual earnings from freelancing. Research finds that hard skills, soft skills, and business skills are fundamental to be a successful freelancer. Most freelancers in the USA are aged between 18 to 22 years, followed by 23 to 38 years old, 39 to 54 years old, and 55+. Whereas in Asia, the number of freelancers under the age of 35 is a lot higher, reflecting the potential of freelancing in countries such as Pakistan.

Freelancing is also playing a pivotal role in closing the overall mean gender pay gap in earnings. The mean hourly rate of female freelancers is 84% (in APAC 85%) of the male's mean hourly rate freelancers across all fields.

Freelancers' Definition

Freelancer is a type of self-employment where the individual works for themselves, carries out temporary jobs / projects / contracts / assignments / tasks and relate to professions such as web development, software development, graphics designing, computer programming, IT services, multimedia production, content writing, translation, marketing, IT solutions administration, customer support, project management, sales activities, quality assurance, financial services, research activities, news reporting, medical services, interpretation, commercial advisories, tech consultancies, financial consultancies, attorney services, etc. using IT platform and software/tools to provide services in-country and globally.

For the purpose of this policy, only those freelancers will be considered for facilitation who are registered with PSEB, residing in Pakistan, and declaring income.

2. Vision

To establish Pakistan as a leading global freelance market and increase exports and foreign exchange for the country.

3. Objectives

i. Business Development

- Provide access to freelancers to international markets, projects, and clients.
- Introduce a robust marketing strategy and promotional plan for freelancers.

ii. Facilitation

- Create a registry of freelancers through a registration portal and facilitate them by providing a platform to interact with the local and international market.
- Facilitate freelancers in interfacing with governing/regulatory authorities.
- Create transparent governance model, framework, and policies.
- Introduce digital banking, e-payments, access to financial instruments, and capital, especially low-interest loans for freelancers.
- Provide income tax holiday to registered freelancers.
- Facilitate access to health insurance, life insurance, and employee liability insurance through subsidies and government incentives.

iii. HR Development and Entrepreneurship

- Enable a digital-ready environment across the country and increase adoption rate for learning, upscaling, and skill practice.
- Strengthen and build qualified human resources through capacity building and skill training programs.

iv. Legislations

- Designating policy stakeholders and the policy review board's formulation to create a legal and litigation framework suited to the freelancers.

v. Women, Differently Abled, Remote Areas

vi. Underserved Areas

- Nine districts of Southern Balochistan i.e. Awaran, Chagai, Kharan, Khuzdar, Lasbella, Kech, Panjgur, Gwadar, Washuk

4. Strategy Implementation

i. Business Development

- PSEB, in collaboration with relevant government and private sector organizations, to organize inbound and outbound delegations, IT exhibitions, trade fairs, expos, meetups, roadshows, seminars, etc. for freelancers to showcase their portfolios and creating partnerships.
- PSEB, in collaboration with relevant government and private sector organizations, to work on enabling linkages of freelancers with local and foreign investors.
- Multiple freelance marketplaces to operate from Pakistan to compete against the international freelancing platforms, ensuring competition, which will reduce platform fees and provide multiple channels of revenue for Pakistani freelancers. This will also provide strategic security to this sector by lowering dependence on foreign-owned freelancing platforms and payment systems.

ii. Facilitation

- PSEB to provide registration for freelancers for Rs. 1,000 and renewal for Rs. 3,500 per annum to access to PSEB programs and initiatives, including free and subsidized training, certifications, subsidized office space at Software Technology Parks (STPs) across the country, and access to international marketing and matchmaking opportunities.
- PSEB to establish facilitation desk for freelancers at PSEB office and PSEB-operated STP to address matters related to registrations, taxation, banking, Intellectual Property (IP) rights, Voice over IP (VoIP) whitelisting, Virtual Private Network (VPN) access, dispute resolution, or any other legal or commercial matters.
- PSEB and relevant government bodies will provide visa facilitation to freelancers with a record of a minimum of three years of IT & ITeS export remittances exceeding US \$5,000 per annum through formal banking channels.
- Provide digital banking channels to freelancers in opening bank accounts, enabling e-payments and providing access to other financial instruments, increasing export remittances, simplifying outward remittances for purchasing services, software, tools, and digital platforms.

- Banks to establish technology business branches in at least six Pakistani cities where technology-aware bank staff can help freelancers. PSEB to work with SBP and banks in providing relevant training for the staff of these branches.
- PSEB and relevant government and private sector organizations to collaborate on providing subsidized, collateral-free loans up to Rs. 1.0 million to registered freelancers through existing and new initiatives of banks and financial institutions.
- Provide income tax holiday to registered freelancers till 2030 on export income/revenue/receipts of freelancers, subject to receipt of income/revenue through formal banking channels in the specific purpose codes assigned by the SBP.
- PSEB and relevant government and private sector organizations to collaborate on providing subsidized health insurance, life insurance, and employee liability insurance to registered freelancers through existing and future subsidies and initiatives.

iii. HR Development and Entrepreneurship

- PSEB, in partnership with other public and private sector organizations, will launch new training and technology certifications initiatives for registered freelancers.
- PSEB will create partnerships with multinational technology companies (Tech MNCs) for subsidizing the course materials and certifications, making such material available to the registered freelancers.

iv. Legislations

- PSEB, in collaboration with SBP, to work to streamline inward foreign exchange remittances from freelancing activity using freelancing defined codes by SBP that are subjected to income tax exemptions.
- PSEB to work with SBP to allow foreign exchange bank account opening for registered freelancers.
- SBP to allow retention of 35% of foreign exchange income received as an inward remittance in these foreign exchange business accounts of freelancers.
- PSEB to work with the Ministry of Finance (MoF) and FBR to ensure the foreign exchange export remittances received in freelancing codes will remain income tax exempted till 2030.

- SBP to mandate banks to ensure the foreign exchange payments received in the freelancers' business accounts are reconciled with the corresponding local PKR deposit in the recipient's account. These recipients should not face any hassle in obtaining Proceed Realization Certificates (PRCs) for such remittances.
- SBP to allow freelancers to use documents such as bank statements, transaction history, or freelancer marketplace payments transaction statements in obtaining PRC documents from the banks within 72 hours.
- SBP to instruct the banks to ensure adopting mechanisms of tracking and recording the transaction proceeds from freelancing activities both from local and international sources. Freelancers must not face any difficulty in providing the complete traceable records of such transactions to any government organization.
- Facilitation of freelancers to also include access to bank loans, credit cards, leasing services, and ease of sending payments abroad against services, software purchase, online platform usages, and other similar business expenses.
- PSEB registered freelancers to be included in any home loan schemes under the existing and future government and private initiatives, subject to providing a record of a minimum of 5 years of freelancing exports remittances of more than \$10,000 per annum. Such home loan facilities shall be provided to these qualified freelancers at a subsidized loan rate.
- Provinces and the Federal Capital revenue boards to implement a reduced sales tax rate, not exceeding 2%, against the local services revenue earned by the PSEB registered freelancers. This sales tax payment shall only be due at invoice month end plus 60 days.
- Escrow accounts for Freelancers to be introduced by the SBP. This will help to overcome the challenges of freelancers and their local and international clients related to the payment and other legal and commercial disputes.
- Ensure the inclusion of freelancers and their digital and physical products and services, brands and trademarks, and any other intellectual properties in the Intellectual Property Policy in consultation with all associated stakeholders.

v. Women, Differently Abled, Remote Areas

- PSEB to run awareness programs on district level to encourage students, women, and others to start their careers as freelancers.
- Conduct a national survey to find out what challenges – in addition to those already noted – these freelancers face.
- Provide common centers in remote areas for freelancers to have access to internet.
- Subsidize IT equipment costs such as personal use laptops and home networking equipment for the registered freelancers working in remote and underserved areas.
- Provide free-of-cost/subsidized Internet bandwidth for registered transgender and differently abled freelancers across Pakistan.

vi. Underserved Areas

- Subsidized Workspace for Freelancers: Software Technology Parks (STPs) being established in underserved areas by PSEB to provide subsidized workspace to Freelancers.
- Free Online Training of Freelancers: Ignite's DigiSkills Program in collaboration with the Virtual University to allocate a quota of 20% for training of Freelancers in underserved areas.
- Establish state of the art computer labs and provide lab-based trainings in in freelancing courses at Nine districts of Southern Balochistan i.e. Awaran, Chagai, Kharan, Khuzdar, Lasbella, Kech, Panjgur, Gwadar, Washuk.
- Offer stipend/incentive to the trainees to motivate them to enroll in freelancing courses.

Promote gender inclusion and equality by offering transport facilities specifically for women trainees

5. Additional Incentives

i. Fiscal Incentives

- Fiscal incentives for freelancers are recommended in consultation with the working group of prominent freelancers and freelancing community representatives. MoITT to recommend these proposals for inclusion in the relevant documents such as Finance Bill and SBP and SECP regulations, etc., after due process.
- PSEB, in collaboration with the SECP, to simplify the process of registering Single Member Company (SMC) and SECP to introduce 20% registration fee discount to registered freelancers.
- Provinces and the Federal Capital revenue boards to implement a reduced sales tax rate, not exceeding 2%, against the local services revenue earned by the PSEB registered freelancers. This sales tax payment shall only be due at invoice month end plus 60 days.
- PSEB to provide subsidized office space at PSEB STPs across the country.

ii. Non-Fiscal Incentives

- Provide free VPN gateway for registered freelancers.
- Pakistan Telecommunication Authority (PTA) to provide IP whitelisting for VoIP traffic for PSEB registered freelancers where VoIP traffic must not exceed 384 kbps.
- Internet Service Providers (ISP) and telco operators to provide Committed Information Rate (CIR) internet bandwidth service under “Work from Home Packages” with a minimum of 20 Mbps connection at subsidized rates to be made available to PSEB registered freelancers.
- Provide location case arbitration facility/guidelines for freelance sector.

References

1. The 2020 Freelancer Income Report – Payoneer
2. Freelance Forward 2020 - Upwork

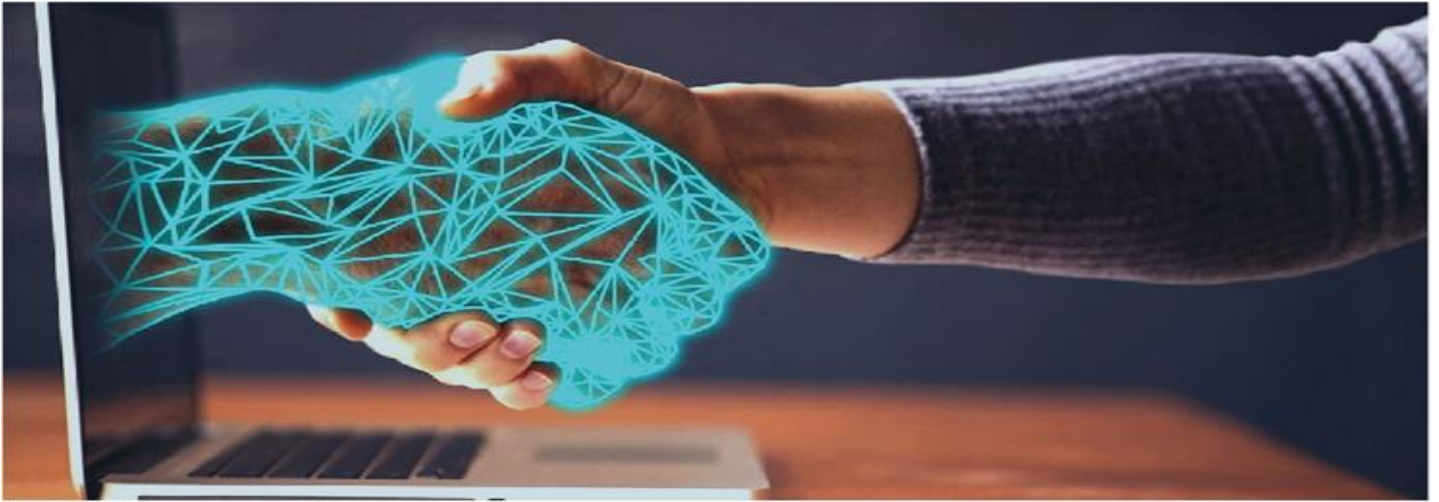
Annexure 1 - Roles & Responsibilities Matrix

Implementation of the National Freelancing Policy will involve multiple ministries and departments. Considering the engagement of multiple ministries and departments, it is appropriate to align the relevant bodies with their specific roles and responsibilities for clarity. Responsibilities/assignments are being proposed as part of this policy which is attached at Annexure-1.

S.#	Policy Initiative	Lead Ministry / Department	Facilitating Ministries / Departments / Bodies
1	Organize inbound and outbound delegations, IT exhibitions, trade fairs, expos, meetups, roadshows, seminars, etc. for freelancers to showcase their portfolios and create partnerships.	<ul style="list-style-type: none"> • PSEB 	
2	Registration of freelancers to access PSEB programs and initiatives, including free and subsidized training, and certifications, subsidized office space at Software Technology Parks (STPs) across the country, and access to international marketing and matchmaking opportunities.	<ul style="list-style-type: none"> • PSEB • Ignite National Technology Fund 	
3	Establishment of Freelance assistance facility to address matters related to registrations, taxation, banking, Intellectual Property rights, Voice over IP whitelisting, VPN access, dispute resolution, or any other legal or commercial matters.	<ul style="list-style-type: none"> • PSEB 	<ul style="list-style-type: none"> • PTA • Intellectual Property Organization (IPO)
4	Establishment of technology business branches of commercial in at least six Pakistani cities where technology-aware bank staff can help freelancers. PSEB to work with SBP and banks in providing relevant training for the staff of these branches.	<ul style="list-style-type: none"> • SBP 	<ul style="list-style-type: none"> • MoITT • PSEB • Commercial Banks
5	Allow foreign exchange bank account opening for registered freelancers and streamlining of inward foreign exchange remittances using freelancing-defined codes by SBP in line with policy applicable to IT/ITeS sector	<ul style="list-style-type: none"> • TBA (MOF & SBP to be involved) <p>(Point should be mentioned along with Point 4)</p>	<ul style="list-style-type: none"> • MoITT • PSEB
6	Adoption of mechanisms of tracking and recording the transaction proceeds from freelancing activities both from local and international sources.	<ul style="list-style-type: none"> • SBP • Commercial Banks 	<ul style="list-style-type: none"> • MoITT • PSEB
7	Provide subsidized, collateral-free loans up to Rs. 1.0 million to registered freelancers through existing and new initiatives of banks and financial institutions.	<ul style="list-style-type: none"> • SBP • Gov Youth Affairs Programs 	<ul style="list-style-type: none"> • MoITT • PSEB • Financial Institutions • Microfinance and commercial banks
8	Visa facilitation to freelancers with a record of a minimum of Two years of IT & ITeS export remittances exceeding US \$5,000 per annum through formal banking channels.	<ul style="list-style-type: none"> • MoFA • 	<ul style="list-style-type: none"> • MoITT • PSEB • M/o Interior • M/o Overseas Pakistanis and HRD
9	Ensure foreign exchange payments received in the freelancers' business accounts are reconciled with the corresponding local PKR deposit in the recipient's account. These recipients should not face any hassle in	<ul style="list-style-type: none"> • SBP • Commercial Banks 	<ul style="list-style-type: none"> • MoITT • PSEB

	obtaining Proceed Realization Certificates (PRCs) for such remittances. Allow freelancers to use documents such as bank statements, transaction history, or freelancer marketplace payment transaction statements in obtaining PRC documents from the banks within 72 hours.		
10	Facilitation of freelancers to also include access to bank loans, credit cards, leasing services, and ease of sending payments abroad against services, software purchases, online platform usage, and other similar business expenses.	<ul style="list-style-type: none"> • PSEB 	<ul style="list-style-type: none"> • SBP • Commercial Banks
11	Subsidized home loan schemes for registered freelancers under the existing and future government and private initiatives, subject to providing a record of a minimum of 5 years of freelancing exports remittances of more than \$12,000 per annum.	<ul style="list-style-type: none"> • M/o Housing and Works, HBFC, Youth Affairs and other relevant Government bodies • SBP • Commercial Banks 	<ul style="list-style-type: none"> • PSEB • Other Financial Institutions
12	Establishment of local escrow accounts in commercial banks for freelancers.	<ul style="list-style-type: none"> • SBP 	<ul style="list-style-type: none"> • MoITT • PSEB • Commercial Banks
13	Account opening facility for 'minor (under 18 years of age)' freelancers including facilitation and outreach activities.	<ul style="list-style-type: none"> • SBP • (criteria to define minor freelancers ?) 	<ul style="list-style-type: none"> • MoITT • PSEB • Commercial Banks
14	Income tax holiday to registered freelancers till 2030 on export income/ revenue/receipts of freelancers, subject to receipt of income/revenue through formal banking channels in the specific purpose codes assigned by SBP.	<ul style="list-style-type: none"> • FBR 	<ul style="list-style-type: none"> • MoITT • PSEB
15	Provide Preferential/subsidized health insurance, life insurance, and employee liability insurance to registered freelancers through existing and future subsidies and initiatives.	<ul style="list-style-type: none"> • Poverty Elevation & social security division • PM Youth Program • M/O NHSRC 	<ul style="list-style-type: none"> • PSEB • Insurance Sector Companies
16	Launch training and technology certifications and other skills capacity development initiatives for registered freelancers. Subsidizing the course materials and certifications, making such material available to the registered freelancers	<ul style="list-style-type: none"> • PSEB • Ignite • Provincial IT Boards 	<ul style="list-style-type: none"> • MOITT • HEC • Federal and Provincial Education Departments
17	Implementation of a reduced sales tax rate, not exceeding 2%, against the local services revenue earned by the PSEB registered freelancers. This sales tax payment shall only be due at invoice month end plus 60 days.	<ul style="list-style-type: none"> • FBR • Provincial Revenue Boards 	<ul style="list-style-type: none"> • MoITT • PSEB
18	Inclusion of digital and physical products and services, brands and trademarks, and any other intellectual properties of the freelancers in Intellectual Property laws/policies in consultation with all associated stakeholders.	<ul style="list-style-type: none"> • PSEB • IPO <p>(Needs to be rephrased)</p>	<ul style="list-style-type: none"> •

19	Awareness programs on the district level to encourage students, women, differently abled people and others to start their careers as freelancers.	<ul style="list-style-type: none"> • M/o Human Rights • Provincial Women Development departments • PSEB • Provincial IT boards/departments • (And advertise in woman empowerment centers) 	<ul style="list-style-type: none"> • MoITT • M/o IPC
20	National surveys to include freelancer sector as well for informed decision making in order to further facilitate the freelancers	<ul style="list-style-type: none"> • National Bureau of Statistics 	<ul style="list-style-type: none"> • PSEB • Provincial Governments
21	Providing common centers in remote areas for freelancers to have access to the internet.	<ul style="list-style-type: none"> • PSEB • Telcos, USF • Provincial IT Boards/Departments 	<ul style="list-style-type: none"> •
22	<ul style="list-style-type: none"> • Subsidizing IT equipment costs such as personal use laptops and home networking equipment for the registered freelancers working in remote and underserved areas. • Establish state cof the art computer labs, provide lab based trainings in freelancing courses, offer stipend/incentives to trainees, promote gender inclusion and equality and offer transport facilities specifically for women trainees in underserved areas 	<ul style="list-style-type: none"> • PM Youth Program • Provincial youth departments • Digital Skills Training & Support Program for Southern Balochistan 	<ul style="list-style-type: none"> • MOITT • PSEB • Ignite
23	Free-of-cost / concessional Internet bandwidth for registered transgender and Differently-abled freelancers across Pakistan.	<ul style="list-style-type: none"> • ISPs • NTC 	<ul style="list-style-type: none"> • MoITT • PSEB
24	Simplification of the process of registering Single Member Company (SMC) and introduction of a 20% registration fee discount to registered freelancers.	<ul style="list-style-type: none"> • SECP 	<ul style="list-style-type: none"> • PSEB
25	PSEB to provide subsidized office space at PSEB STPs across the country.	<ul style="list-style-type: none"> • PSEB 	<ul style="list-style-type: none"> • PSEB
26	Free VPN gateway for registered freelancers.	<ul style="list-style-type: none"> • PTA • PSEB • ISPs 	<ul style="list-style-type: none"> • M/o IT & Telecom
27	IP whitelisting for VoIP traffic for PSEB registered freelancers where VoIP traffic must not exceed 384 kbps.	<ul style="list-style-type: none"> • PTA • PSEB 	<ul style="list-style-type: none"> • M/o IT & Telecom
28	Local case arbitration facility/guidelines for freelance sector.	<ul style="list-style-type: none"> • M/o Law and Justice 	<ul style="list-style-type: none"> • MoITT • PSEB
29	Guidelines for facilitation of freelancers in global market accessibility, understanding international/local market laws and other relevant threads	<ul style="list-style-type: none"> • PSEB 	<ul style="list-style-type: none"> • PSEB
30	Collaboration amongst different stakeholders for a cohesive drive for freelance facilitation	<ul style="list-style-type: none"> • PSEB 	<ul style="list-style-type: none"> • MOITT • PSEB



Ministry of IT & Telecommunications

7th Floor, Kohsar Block, Pak Secretariat, Islamabad

051-9208207