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PART I

Acts, Ordinances, President's Orders and Regulations

NATIONAL ASSEMBLY SECRETARIAT

Islamabad, the 30th June, 2021

No. F. 22(36)/2021-Legis—The following Act of *Majlis-e-Shoora* (Parliament) received the assent of the President on the 30th June, 2021 is hereby published for general information:—

ACT NO. VIII OF 2021

AN

ACT

to give effect to the financial proposals of the Federal Government for the year beginning on the first day of July, 2021, and to amend certain laws

WHEREAS it is expedient to make provisions to give effect to the financial proposals of the Federal Government for the year beginning on the first day of July, 2021, and to amend certain laws for the purposes hereinafter appearing;

(209)

Price: Rs. 340.00

[914(2021)/Ex. Gaz.].

(30AE) IT enabled services include inbound or outbound call centres, medical transcription, remote monitoring, graphics design, accounting services, Human Resource (HR) services, telemedicine centers, data entry operations, cloud computing services, data storage services, locally produced television programs and insurance claims processing;”;

(i) in clause (35AA), for the expression “Companies Ordinance, 1984 (XLVII of 1984)”, the expression “Companies Act, 2017 (XIX of 2017)” shall be substituted;

(j) in clause (42A), for the expression “Companies Ordinance, 1984 (XLVII of 1984)”, the expression “Companies Act, 2017 (XIX of 2017)” shall be substituted;

(k) in clause (59A), for the expression “Companies Ordinance, 1984 (XLVII of 1984)”, the expression “Companies Act, 2017 (XIX of 2017)” shall be substituted;

(l) clause (59A) shall be re-numbered as clause (59AB) and after clause (59), the following new clause (59A) shall be inserted, namely:—

“(59A) “small and medium enterprise” means a person who is engaged in manufacturing as defined in clause (iv) of sub-section (7) of section 153 of the Ordinance and his business turnover in a tax year does not exceed two hundred and fifty million rupees:

Provided that if annual business turnover of a small and medium enterprise exceeds two hundred and fifty million rupees, it shall not qualify as small and medium enterprise in the tax year in which annual turnover exceeds that turnover or any subsequent tax year.

(m) in clause (59AB), re-numbered as aforesaid,—

(i) in sub-clause (ii), the word “and”, at the end shall be omitted;

(ii) in clause (iii), after the semi colon, the word “and” shall be added;

“100E. Special provisions relating to small and medium enterprises.—(1) For tax year 2021 and onwards, the tax payable by a small and medium enterprise as defined in clause (59A) of section 2 shall be computed and paid in accordance with rules made under the Fourteenth Schedule.

(2) The Board may prescribe a simplified return for a small and medium enterprise.”;

(37) in section 107, in sub-section (1), after the words “avoidance of taxes”, the words “or assistance in the recovery of taxes” shall be inserted;

(38) in section 111,—

a. in sub-section (2), in clause (ii), for the word “and” occurring for the second time, the word “or” shall be substituted;

b. for sub-section (4), the following shall be substituted, namely:—

“(4) Sub-section (1) does not apply to any amount of foreign exchange remitted from outside Pakistan through normal banking channels not exceeding five million Rupees in a tax year that is en-cashed into rupees by a scheduled bank and a certificate from such bank is produced to that effect.”;

c. in sub-section (5), the following new explanation shall be added, namely:—

*“Explanation.—*For the removal of doubt, a separate notice under this section is not required to be issued if the explanation regarding nature and sources of amount credited or the investment of money, valuable article, or the funds from which expenditure was made has been confronted to the taxpayer through a notice under sub-section (9) of section 122 of this Ordinance.”.

(39) in section 113,—

(a) in sub-section (1), for the word “ten” wherever occurring, the word “hundred” shall be substituted;

(b) in sub-section (2),—

S. No. (1)	Name (2)
51.	The Prime Minister's COVID-19 Pandemic Relief Fund-2020.
52.	Ghulam Ishaq Khan Institute of Engineering Sciences and Technology (GIKI).
53.	Lahore University of Management Sciences.
54.	Dawat-e-Hadiya, Karachi.
55.	Baitussalam Welfare Trust.
56.	Patients' Aid Foundation.
57.	Alkhidmat Foundation.
58.	Alamgir Welfare Trust International.
59.	Prime Minister's Special Fund for victims of terrorism.
60.	Chief Ministers(Punjab) Relief Fund for Internally Displaced Persons (IDPs) of KPK.
61.	Prime Ministers Flood Relief Fund 2010 and Provincial Chief Ministers Relief Funds for victims of flood 2010.
62.	Waqf for Research on Islamic History, Art and Culture, Istanbul.

Provided that the Federal Government shall have the power to add, amend or omit any entry in this Schedule.”;

FOURTEENTH SCHEDULE

(See section 100E)

RULES FOR COMPUTATION OF PROFIT AND GAINS FOR SMALL AND MEDIUM ENTERPRISES

- Application.**—These rules shall apply to small and medium enterprises as defined in Clause (59A) of Section 2 of the Ordinance.
- Registration.**—Small and medium enterprise shall be required to register with FBR on its Iris web portal or Small and Medium Enterprises Development Authority on its SME registration portal (SMERP).
- Categories and tax rates.**—There shall be following two categories of small and medium enterprises and tax on their taxable income shall be computed at the tax rates given in the table below, namely:—

Sr. No. (1)	Category (2)	Turnover (3)	Rates (4)
1.	Category-1	Where annual business turnover does not exceed Rupees 100 million	7.5% of taxable income
2.	Category-2	Where annual turnover exceeds Rupees 100 Million but does not exceed Rupees 250 Million	15% of taxable income

4. **Option for Final Tax Regime.**—(1) The small and medium enterprises may opt for taxation under final tax regime at the rates given in the table below:

Sr. No.	Category	Turnover	Rates
(1)	(2)	(3)	(4)
1.	Category-1	Where annual business turnover does not exceed Rupees 100 million	0.25% of gross turnover
2.	Category-2	Where annual business turnover exceeds Rupees 100 million but does not exceed Rupees 250 million	0.5% of gross turnover

- (2) Option under sub-rule (1) of this rule shall be exercised at the time of filing of return of income and option once exercised shall be irrevocable for three tax years.
- (3) The provisions of section 177 and 214C shall not apply to SME who opts for taxation under sub-rule (1) of this rule.
5. **Audit.**—(1) SMEs who opt for taxation under normal law under rule 3 may be selected for tax audit through risk based parametric computer ballot under section 214C of the Ordinance if its tax to turnover ratio is below tax rates given in rule 4 of these rules.
- (2) The cases selected under sub-rule (1) of this rule shall not exceed 5% of the total population of SMEs whose tax to turnover ratio is below tax rates given in rule 4 of these rules.
6. **Exports.**—The export proceeds of SMEs shall be subject to tax as per rates prescribed in Rule (4) under final tax regime.”;
7. **Exclusion from Minimum Tax on Turnover.**—The provisions of section 113 of the Ordinance shall not apply to SMEs.
8. **Tax on Supply of Goods.**—The tax deductible under clause (a) of sub-section (1) of section 153 shall not be minimum tax where payments are received on sale or supply of goods by SMEs.
9. **Provisions of Ordinance to apply.**—The other provisions of the Ordinance shall apply mutatis mutandis to the SMEs.”.
8. **Amendments of the Federal Excise Act, 2005.**—In the Federal Excise Act, 2005, the following further amendments shall be made, namely:”
- (1) in section 4, in sub-section (4), for the full stop at the end, a colon shall be substituted and thereafter the following proviso shall be added, namely:—