

Regulatory Procedure

SINDH PROFESSIONAL TAX GUIDE



Small and Medium Enterprises Development Authority

Ministry of Industries & Production

Government of Pakistan

www.smeda.org.pk

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INTRODUCTION OF SMEDA

The Small and Medium Enterprise Development Authority (SMEDA) was established with the objective to provide fresh impetus to the economy through the launch of an aggressive SME development strategy. Since its inception in October 1998, SMEDA had adopted a sectoral SME development approach. A few priority sectors were selected on the criterion of SME presence. In depth research was conducted and comprehensive development plans were formulated after identification of impediments and retardants. The all-encompassing sectoral development strategy involved overhauling of the regulatory environment by taking into consideration other important aspects including finance, marketing, technology and human resource development.

After successfully qualifying in the first phase of sector development SMEDA reorganized its operations in January 2001 with the task of SME development at a broader scale and enhanced outreach in terms of SMEDA's areas of operation. Currently, SMEDA along with sectoral focus offers a range of services to SMEs including over the counter support systems, exclusive business development facilities, training and development and information dissemination through a wide range of publications. SMEDA's activities can now be classified into the three following broad areas:

1. Creating a Conducive Environment; includes collaboration with policy makers to devise facilitating mechanisms for SMEs by removing regulatory impediments across numerous policy areas
2. Cluster/Sector Development; comprises formulation and implementation of projects for SME clusters/sectors in collaboration with industry/trade associations and chambers
3. Enhancing Access to Business Development Services; development and provision of services to meet the business management, strategic and operational requirements of SMEs.

SMEDA has so far successfully formulated strategies for sectors, including fruits and vegetables, marble and granite, gems and jewellery, marine fisheries, leather and footwear, textiles, surgical instruments, transport and dairy. Whereas the task of SME development at a broader scale still requires more coverage and enhanced reach in terms of SMEDA's areas of operation.

Along with the sectoral focus a broad spectrum of services are now being offered to the SMEs by SMEDA, which are driven by factors like enhanced interaction amongst the stakeholders, need based sectoral research, over the counter support systems, exclusive business development facilities, training and development for SMEs and information dissemination through wide range of publications.



ROLE OF SMEDA LEGAL SERVICES CELL

The Legal Services Cell [LSC] is a part of Business Development Division of SMEDA and plays a key role in providing an overall facilitation and support to SMEs. The LSC provides guidance based on field realities pertaining to SMEs in Pakistan and other parts of the world.

LSC believes that information dissemination among the SMEs on the existing regulatory environment is of paramount importance and it can play a pivotal role in their sustainable development.

In order to facilitate SMEs at the Micro Level LSC has developed user-friendly systems, which provide them detail description of the Laws, and Regulations including the process and steps required for compliance.

The purpose of this document is to provide SMEs with information pertaining to the Sindh Professional Tax. Entrepreneurs interested in enhancing their understanding about the procedures can also use the document and documentation required to comply with registration / licensing procedure. For convenience of the readers sample of various forms, rates and important addresses are also included in this document.

DISCLAIMER

Information in this document is provided only for general information purpose and on an "as is" basis without any warranties of any kind. Use of this information is at the user's sole risk. SMEDA assume no responsibility for the accuracy or completeness of this information and shall not be liable for any damages arising from its uses.



1) The Sindh Professionals, Trades, Callings and Employment Tax (i.e. called Professional Tax) is levied to businesses, professions, trades callings or employments in respect of which Professional Tax has been levied under the entry of the Seventh Schedule to the Sindh Finance Act, 1964 (hereinafter referred as “the act, 1964”). To regulate the registration, collection and payment of Professional Tax the Government of Sindh has made the Sindh Professions, Trades, Callings, and Employment Tax Rules, 1976 (hereinafter referred as “the rules”. The seventh schedule of the act notifying the taxable business, professions and employment and professional tax rate is annexed herewith as annex “A”.

2) Under the said rules, the Excise and Taxation Officer is empowered to enroll in survey register every person who carries on any business or profession or is liable to tax under entry of the schedule and thereafter he shall give notice in Form PCT-2 (annexed herewith as annexure “B”) to such enrolled person. Any person who receive the said notice in Form PCT-2 if he is in opinion that he is not liable to pay the Professional Tax shall file a declaration, within fifteen days of receipt of such notice, in Form PCT-3 (annexed herewith as annexure “C”) before the Excise & Taxation Officer. Incase no declaration is filed by the person within prescribed time, it will be presumed that he is liable to pay Professional Tax which will recovered according to law. Every person who is liable to pay tax shall be enrolled by the District Excise and Taxation Officer in register in Form PCT-1.

3) Every person who is liable to pay tax shall assess and deposit the tax every year into the Government Treasury under the Head of Account...XIII other taxes and duties-11- Other Head- Tax on Trades, Professions, Callings and Employment through a challan in Form PCT-8 and thereafter he shall furnish a declaration in Form PCT-3 (annexed herewith) accompanied by copies of the paid challan and other relevant documents to the District Excise & Taxation Officer latest by the 31st of August every year. The challan Form PCT-8 may be obtained from the District Excise and Taxation Office.

4) The District Excise & Taxation Officer shall, after receipt of the declaration of person and after being satisfied that the person enrolled is liable to pay tax, order his name to be entered in the Demand Register. Every person, whose name has been entered in the demand register, shall be given an assessee’s card in Form PCT-5 (sample of card annexed herewith as annex “D”) which shall be displayed by the assessee at a conspicuous place within the premises of the business. The assessee may obtain duplicate card, if needed, on payment of Rs. 100/-.



- 5) In case of start a new business or profession, a person who starts a business or profession is required to make a request to the District Excise & Taxation Officer to enroll himself as an assessee. The said request shall be filed in Form PCT-6 (annexed herewith as annex "E") within thirty days from starting a business or profession.
- 6) All the persons, who have not received their assessee's card in Form PCT-5 within six months from the date of publication of the said rules, are entitled to get their card by applying in Form PCT-6 (annexed herewith as annex "E") for issuance of such card to the District Excise and Taxation Officer . On receipt of such application the District Excise and Taxation Officer shall order his name to be entered in the demand register in Form PCT-4 and card to be issued in Form PCT-5.
- 7) If any assessee closes its business or for any other reason ceases to be liable for professional tax, he shall within thirty days give such intimation to the District Excise and Taxation Officer in Form PCT-7 (annexed herewith as annex "F")
- 8) If the Professional Tax has not been paid within prescribed time the District Excise and Taxation Officer shall issue a demand notice in Form PCT-9 accompanied with a challan in Form PCT-8. If no tax is paid within fifteen days of the issuance of the said demand notice the District Excise and Taxation Officer shall issue a show cause notice in Form PCT-10 and if in response thereof the assessee does not show cause to the satisfaction of the District Excise and Taxation Officer, as to the cause of delay in payment of the tax, District Excise and Taxation Officer may impose penalty not exceeding the amount of the tax unpaid.
- 9) Any person aggrieved by an order of the District Excise and Taxation Officer may prefer an appeal within thirty days from the date of the order to the Director of Excise and Taxation.

Address Of The Sindh Excise And Taxation Department

Sindh Excise and Taxation Department
6th Floor, Shireen Manzil,
Near Uncle Sarya Hospital,
Randal Road,
Karachi
Tell: 9215772



ANNEX "A"

SCHEDULE OF PROFESSIONAL TAX RATES

Cate gori es	Particulars	Rate of Tax (per annum)
1	<p>All persons assessed to Income Tax :-</p> <p>All persons engaged in any profession, trade, calling or employment, other than those mentioned hereinafter and assessed to income tax in the preceding financial year</p>	Rs. 150/-
2	<p>All Limited Companies with paid up capital & reserve :-</p> <p>-All Limited Companies, Modarbas, Mutual Funds, and any other body corporate with "paid-up capital" or ""paid up share capital and reserves" in the preceding year whichever is more: -</p> <p>(i) not exceeding Rs. 10.0 million</p> <p>(ii) exceeding Rs. 10 million but not exceeding Rs. 25 million</p> <p>(iii) exceeding Rs. 25 million but not exceeding Rs. 50 million</p> <p>(iv) exceeding Rs. 50 million but not exceeding Rs. 100 million</p> <p>(v) exceeding Rs. 100 million but not exceeding Rs. 200 million</p> <p>(vi) exceeding Rs. 200 million</p>	<p>Rs. 10,000</p> <p>Rs. 15,000</p> <p>Rs. 20,000</p> <p>Rs. 50,000</p> <p>Rs. 75,000</p> <p>Rs.100000</p>
3	<p>All establishments other than limited companies With Annual Turnover</p> <p>-Holders of import or export licence, owners of industries, factories and commercial establishments; contractors engaged in construction work or supplying goods or providing services or lab our; all wholesalers and agents, stockists agency holders' engaged in selling or buying goods or services for</p>	



	<p>others as owners or on commission basis, medical and legal practitioners, auditors, accountants, architects, car dealers, real estate agents, video shop and any other persons providing professional services and shops assessed to income tax in the proceeding year with the turn over:-</p> <p>(i) not exceeding Rs. 0.5 million</p> <p>(ii) exceeding Rs.0.5 million but not exceeding Rs. 5 million</p> <p>(iii) exceeding Rs. 5 million but not exceeding Rs. 25 million</p> <p>(iv) exceeding Rs. 25 million but not exceeding Rs. 100 million</p> <p>(v) exceeding Rs. 1 00 million but not exceeding Rs.500 million</p> <p>(vi) exceeding Rs.500 million but not exceeding Rs. 1000 million</p> <p>(vii) above Rs. 1000 million</p>	<p>Rs. 500/-</p> <p>Rs. 1,500</p> <p>Rs. 2,500</p> <p>Rs. 5,000</p> <p>Rs. 10,000</p> <p>Rs. 30,000</p> <p>Rs. 100000</p>
4	<p>Establishments not assessed to income Tax :-</p> <p>-All factories, shops or establishments including video shops, real estate shop/agencies, land car dealers not assessed to income tax in the preceding financial year.</p>	Rs. 500/-
5	All petrol pumps	Rs. 2500/-



ANNEX "B"

FORM PCT-II
Notice for Filling Declaration
See rule 3(1)

No.: _____
Date: _____

To
Mr./Messrs. _____

WHEREAS, it is to be ascertained whether are liable to pay the tax on callings, Professions, trades and employment, you are hereby required to please fill up the declaration in form PCT -4 (which is enclosed herewith), and return to this office within fifteen days.

In case no declaration is received within fifteen days from the date of receipt of this letter, it will be presumed that you are liable to pay the said tax, which will be recovered according to law.

District Excise and Taxation Officer

Form PCT -III

See rule 3(2)

Declaration Form

(See Rule-3)

1) Name & Address of Establishment _____

Karachi

2) Nature of Business _____

a) Public Ltd. Company Private Ltd. Company Foreign Company

b) Moderba Mutual Fund Partnership Finn Sole Proprietorship
 Others

Please tick/fill in which is applicable

3) Paid up share capital in the preceding year Rs. _____

4) Total reserves at the end of preceding year Rs. _____

5) Total of serial No. 3 and 4 Rs. _____

6) Total turnover in the preceding year Rs. _____

7) Whether Assessed to income tax in the preceding financial year _____

8) Number of Directors/Partners _____

9) No. of employees _____

10) _____ T

otal amount of tax due _____

11) _____ A

mount of tax deposit _____ (attached receipted copy of challan)

Note:- 1) Evasion of tax is punishable under the Sindh Tax Evasion (Punishment) Act, 1974

Note:-2) In case the space in the form is insufficient additional plain papers may be used and attached.

Note:-3) The declaration under Sub-Rule(2) of Rule(3) to be accompanied by the relevant documents such as Audited Financial Statement, Income Tax Returns, Income Tax Assessment Order, N.I.C No., N.T.N. etc.

Note:-4) Person liable to pay tax in respect of more than one Profession, Trades, Callings, or Employment shall pay the tax only in respect of such Professions, Trades, Callings, or Employments the rate of which is higher but shall disclose the relevant information in respect of all such items.

Signature: _____

Name & Designation: _____

9 N.I.C. No. _____

N.T.N.





ANNEX "D"

FORM PCT-V
See Rule 5(1)

Assessee's Card

No. in Demand register _____ PCT-2

- 1. Name and address of the person

- 2. ~~Tibofusies~~ _____
- 3. S. No. of the schedule under which the tax is leviable _____
- 4. Rate of tax _____
- 5. Date of entry in Demand Register _____
- 6. Year of first assessment _____



ANNEX "E"

FORM PCT-VI
See Rule 5(2)

Declaration of Starting Business

To,
The District Excise and Taxation Officer

I _____ S/o _____

At _____, do hereby request to be enrolled as an assessee, as I,

- (i) have started the business of _____ mentioned at _____ entry of the schedule.
- (ii) have become liable to pay the tax under entry 1 of the schedule.

Signature _____

Name _____

Address _____

Date: _____



ANNEX "F"

FORM PCT-VII
See Rule 5(3)

Letter for Closure of Business

I _____ S/o _____

at _____ do hereby declare that

- (i) I have closed down the said business of _____
from 20 _____ and _____
- (ii) I have ceased to be liable to the tax under entry 1 of the schedule.

I would therefore, request that my name may kindly be deleted from the list of the assessee.

Signature _____

Name _____

Address _____

Place: _____

Date: _____