

Rules	Sub-rule	Clause	THE FOURTEENTH SCHEDULE (See section 100E) NEW / inserted Omitted or deleted Substituted Gazette Finance Act, 2021
			RULES FOR COMPUTATION OF PROFIT AND GAINS FOR SMALL AND MEDIUM ENTERPRISES

1			Application. - These rules shall apply to small and medium enterprises as defined in Clause (59A) of Section 2 of the Ordinance.																
2			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).																
3			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:-																
			<table border="1"> <thead> <tr> <th>Sr.No.</th> <th>Category</th> <th>Turnover</th> <th>Rates</th> </tr> <tr> <th>(1)</th> <th>(2)</th> <th>(3)</th> <th>(4)</th> </tr> </thead> <tbody> <tr> <td>1.</td> <td>Category-1</td> <td>Where annual business turnover does not exceed Rupees 100 million</td> <td>7.5% of taxable income</td> </tr> <tr> <td>2.</td> <td>Category-2</td> <td>Where annual turnover exceeds Rupees 100 Million but does not exceed Rupees 250 Million</td> <td>15% of taxable income</td> </tr> </tbody> </table>	Sr.No.	Category	Turnover	Rates	(1)	(2)	(3)	(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
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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:																
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	(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.																

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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.
<u>6</u> 9			Provisions of Ordinance to apply. - The other provisions of the Ordinance shall apply mutatis mutandis to the SMEs.”.