

KARACHI TAX BAR ASSOCIATION

Professional Development Program 2017-18

OTHER STATUTORY LAWS STAMP, PROFESSIONAL TAX, EOBI & SESSI

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THE STAMP ACT, 1899

Introduction; Federal Stamp Duty

- ❖ It is a Federal Law and extends to the whole of Pakistan.
- ❖ Under Section 75 of the Act, the power has been delegated to Province to make their own Rules and Schedules to collect the Stamp Duties in their Provinces.
- ❖ There are 65 Articles in the Schedule of Federal Act, on which the Stamp Duty is liable / collected on various instruments.
- ❖ Here we have managed to cover the stamp Act, 1899 as related to province of SINDH.

Introduction; Sindh Stamp Duty

- ❖ The Stamp Duty is charged on various instrument at the time of their preparation / execution.
- ❖ The Sindh Province also follows the Stamp Act, 1899 for the collection of the said Duty
- ❖ The Board of Revenue (BOR) is the collecting Authority of Stamp Duty in Sindh Province.
- ❖ The Sindh Government (BOR) has introduced its own Schedule, whereby the Stamp Duty is collected.
- ❖ As compared to the Federal Schedule, there are 31 Articles only in the Sindh Stamp Schedule.

Which Instruments are liable to pay Stamp Duty;

There are some Articles which a company is generally held liable to pay Stamp Duty;

- Article No. 1; Acknowledgment of Receipt (Payment)
- Article No. 2; Affidavit (Undertaking)
- Article No. 7; Bill of Entry
- Article No. 12; Issuance of Shares
- Article No. 15(a); Services Order / Contract Agreement
- Article No. 15(b); Purchase Order
- Article No. 21; Lease Agreement / Rent Agreement
- Article No. 27; Power of Attorney
- Article No. 31; Transfer of Shares

Which Instruments are liable to pay Stamp Duty;

Article No. 1; Acknowledgment of Receipt

The Company is required to affix / pay stamp revenue ticket on each and every payment voucher according to the following slabs;

- Where the payment is up to 2,000/- Rupees
- Where the payment is more than 2,000/- Rupees

DUTY

2/-

5/-

Article No. 2; Affidavit (Undertaking)

Whenever, an affirmation or declaration is given by the person, he shall be required to pay stamp duty @ 50 Rupees.

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Which Instruments are liable to pay Stamp Duty;

Article No. 7; Bill of Entry

The Company is required to pay stamp on every bill of entry at import / clearance stage 1,000/- w.e.f. 02/2018 (Weboc)

Article No. 12; Issuance of Shares (New, Right, Bonus, Spice)

At the time of issuance of shares, the company is required to pay stamp duty @ 0.5% of the value of shares.

Article No. 15(a); Services Order / Contract Agreement

If the company enters into an agreement for any services, it would be required to pay the stamp duty @ 0.35% of the amount of the agreement.

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Which Instruments are liable to pay Stamp Duty;

Article No. 15(b); Purchase Order

The company is liable to pay stamp duty @ 0.25% of the purchase order amount.

Article No. 21; Lease Agreement

The company is also liable to pay stamp duty @ 1.5% of the rental amount as mentioned in the rental / lease agreement. It remains important to mention here that the stamp duty is paid before the execution (signing) of the agreement.

Which Instruments are liable to pay Stamp Duty;

Article No. 27; Power of Attorney

Whenever, POA is being given to a person, he shall be liable to pay stamp duty as per the following table;

	<u>RUPEES</u>
▪ Authorizing one or more person for a single transaction	200/-
▪ Authorizing not more than 5 person for more than one transaction	500/-
▪ Authorizing more than 5 but less than 10 person for more than one transaction	1,000/-

Which Instruments are liable to pay Stamp Duty;

Article No. 31; Transfer of Shares (Listed, Unlisted)

If the Company transfers the shares, it is liable to pay stamp duty as per the following table;

- Physical Shares @ 1.5% of face value.
- Electronic Shares transfer by CDC @ 0.15% of face value

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Payment of Stamp Duty;

S. NO.	ARTICLE	DESCRIPTION	WHEN TO PAY	HOW TO PAY	WHO TO PAY
1	Article No.1;	Acknowledgment of Receipt	At the time of execution	Revenue Tickets	Executed Person
2	Article No.2;	Affidavit	At the time of execution	Stamp Paper	Deponent
3	Article No.7;	Bill of Entry	At Import Stage	Goods Declaration	Executant
4	Article No.12;	Issuance of Shares	Before Issuance of Shares	Revenue Tickets / from BOR Department	Company
5	Article No.15(a);	Services Order / Contract Agreement	Before execution of Agreement	BOR Department	Contractor
6	Article No.15(b);	Purchase Order	After issuing the PO	BOR Department	Purchase
7	Article No.21;	Lease Agreement / Rent Agreement	Before signing the Rental Agreement	Stamp Paper / City Court (adhesive stamp)	Lessee
8	Article No.27;	Power of Attorney	POA will be given on Stamp Paper	Stamp Paper	Principal
9	Article No.31;	Transfer of Shares	Before transfer of Shares	Revenue Tickets / from BOR Department	Transferee

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Penal Provision;

If any instrument is found not duly stamped, the Chief Collector of Stamp may exercise his power under Section 40(b) of the Act and may impose the Penalty up to 10 times of Principal Amount which means 1,000% of the principal duty.

THE PROFESSIONAL TAX

**Sindh Professions, Trades, Callings
&
Employment Tax**

Introduction;

- ❖ The Professional Tax is a Provisional Levy, which is applicable on any business, establishment, profession or employment in Sindh Province.
- ❖ It is a yearly tax which is paid in advance before 31st August of every year.
- ❖ The Professional Tax is based upon the Annual Turnover in case of individual business and partnership firms.
- ❖ The Professional Tax based on paid up capital in case of company.
- ❖ The Professional Tax is also applicable on employees as well but only taxable employees.
- ❖ The Excise & Taxation (E&T) Department is the collecting authority of the said levy.

Schedule of Professional Tax Rates

Categories	Particular	Rate of tax (per annum)
1	All persons assessed to Income Tax	
	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.	Rs. 150/-
2	All Limited Companies with paid up capital & reserve	
	All Limited Companies, Modarbas, Mutual Funds, and any other body corporate with "paid up capital" or "paid up share capital and reserve" in the preceding year whichever is more:-	
	(i) not exceeding Rs. 10.0 million	Rs.10,000/-
	(ii) exceeding Rs. 10 million but not exceeding Rs. 25 million	Rs.15,000/-
	(iii) exceeding Rs. 25 million but not exceeding Rs. 50 million	Rs.20,000/-
	(iv) exceeding Rs. 50 million but not exceeding Rs. 100 million	Rs.50,000/-
	(v) exceeding Rs.100 million but not exceeding Rs. 200 million	Rs.75,000/-
	(vi) exceeding Rs.200 million	Rs.100,000/-

Schedule of Professional Tax Rates

Categories	Particular	Rate of tax (per annum)
3	All establishment other than limited companies with Annual Turnover	
	Holders of import or export licence, owners of industries, factories and commercial establishments; contractors engaged in construction work of supplying goods or providing services or labour ;all wholeseller and agents stockists agency holders' engaged in selling or buying goods or services for others as owners or on commission basis, medical and legal practitioners, auditors, accountant, architects, car dealers, real estate agents, video shop and any other persons providing professional services and shops assessed to income tax in the preceding year with the turn over :-	
	(i) not exceeding Rs. 0.5 million	Rs. 500/-
	(ii) exceeding Rs. 0.5 million but not exceeding Rs. 5 million	Rs.1,500/-
	(iii) exceeding Rs. 5 million but not exceeding Rs. 25 million	Rs.2,500/-
	(iv) exceeding Rs. 25 million but not exceeding Rs. 100 million	Rs.5,000/-
	(v) exceeding Rs. 100 million but not exceeding Rs. 500 million	Rs.10,000/-
	(vi) exceeding Rs. 500 million but not exceeding Rs. 1000 million	Rs.30,000/-
	(vii) above Rs. 1000 million	Rs.100,000/-

Schedule of Professional Tax Rates

Categories	Particular	Rate of tax (per annum)
4	Establishments not assessed to Income Tax	
	All factories, shops or establishments including video shops, real estate/agencies land car dealers not assessed to income tax in the preceding financial year.	Rs.500/-
5	All petrol pumps with commission earned	Rs.2,500/-

How to pay Professional Tax;

- ❖ Before 31st August of every year, the assessee is required to provide the Declaration Form under Self-assessment.
- ❖ On the basis of Declaration Form, the concerned ETO will issue the Professional Tax Challan for the payment.
- ❖ The PT Challan will be deposited into the designated branches of NBP.
- ❖ After payment of Tax, the concerned ETO will issue the clearance / payment certificate that the required tax has been collected from the assessee.

Penal Provision;

In case of default, the ETO has power to impose the penalty not exceeding the amount of unpaid tax, means upto 100% of the principal tax.

THE EMPLOYEES OLD AGE BENEFITS INSTITUTION (EOBI)

Introduction;

- ❖ The scheme of EOBI becomes applicable to every industry or establishment, wherein 5 or more persons are employed directly or through any other person on any day during the preceding twelve months.
- ❖ The employer will become liable to get itself registered within one month whenever the scheme of EOBI applicable.
- ❖ The employer is also responsible to get its employees enrolled with the Institution.
- ❖ Employer & ee both contribute in this scheme.
- ❖ It is only National Pension Plan of the Government of Pakistan.

Monthly Contribution

- ❖ Employer contributes @ 5% of applicable minimum wages (13,000/-)
- ❖ While employee contributes @ 1% of applicable minimum wages.
- ❖ Last date for submission of monthly contribution is 15th of every month.
- ❖ In case of non-payment of the EOBI contribution, the penalty can be imposed up to 50% of the principal amount.

Monthly Compliance

- ❖ The Employer is required to Submit PR-02A Form on web portal of EOBI
- ❖ Wherein the information of employees are declared.
- ❖ The Employer informs the Institution about the new employees, existing employees and left employees.
- ❖ After submitting the PR-02A, the online payment challan is generated.
- ❖ The generated challan needs to be submitted into any branch of Bank Alfalah Limited.

Benefits

- ❖ The Insured person will be entitled to monthly old –age pension minimum at Rupees. 5,500/-.
- ❖ For entitlement of Pension, the contribution should be deposited at least 15 years.
- ❖ In case, if the contribution is less than 15 years, a lumpsum pension would be given to the insured person.

THE SINDH EMPLOYEES SOCIAL SECURITY ACT, 2016

Introduction;

- ❖ The scheme of SESSI is applicable to every industry or establishment, wherein the salary of employees is less than 15,000/- per month.
- ❖ The employer will become liable to get itself registered within one month whenever the scheme of SESSI applicable.
- ❖ The employer is also responsible to get its employees enrolled with the Institution.
- ❖ Employer only contributes in this scheme and cannot recover the same / any portion from the employee salary.
- ❖ If the employee salary increases from the threshold, he will remain covered in this scheme unless he resign / gets retirement.

Monthly Contribution

- ❖ Employer contributes @ 6% of applicable minimum wages
- ❖ Last date for submission of monthly contribution is 15th of every month.
- ❖ In case of non-payment of SESSI Contribution, the penalty can be imposed upto 50% of the principal amount.

Monthly Compliance

- ❖ The Employer is required to submit the employees detail along with cheque directly in the Head Office of SESSI.
- ❖ After submission above, the department issues the receipt / confirmation for the payment of required contribution.
- ❖ The Cheque is made in the name of “The Sindh Employees Social Security Institution (SESSI)”.

Benefits

- ❖ Sickness Benefits
- ❖ Maternity Benefits;
- ❖ Death Grant
- ❖ Medical care of dependents
- ❖ Injury Benefits
- ❖ Disablement Pension
- ❖ Disablement Gratuity
- ❖ Survivor's Pension

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THANK YOU