

Mumtaz Alvi & Zahid Gishkori

Govt launches crackdown on benami assets

ISLAMABAD: The government has kicked off a far-reaching crackdown against benami assets directing the departments concerned at the federal level and the provincial governments to track benami properties, harvesting the Benami Act, 2019 in the national and global contexts.

Prime Minister Imran Khan chaired a meeting on August 20 on benami properties, wherein he laid emphasis on the implementation of the Benami Act, 2019 in order to harvest its true potential in the national and global contexts.

In the wake of the meeting, with the enactment of the Access to Information, the Whistle Blower Act, Benami Act, the government has decided to go all-out against benami assets. A statement issued by the Prime Minister's Office said that there was a need to support the anti-corruption drive through pro-active policies, strategies and approaches to curb corruption at all levels in the government in particular and in the society in general.

During the meeting, the prime minister said that there was a pressing need for tracking benami properties across the country and desired that the provincial governments might adopt a proactive role in initiating tracking benami properties in the provinces through respective institutions in this national cause.

The deputy commissioners, being collectors and custodians of the land record have a key role in collection of property records and it would, therefore, be ideal to direct all the deputy commissioners to identify through respective revenue staff all benami or suspected to be benami properties in their jurisdictions within one month.

Similarly, all heads of the development authorities throughout the respective provinces were being asked to identify such properties, within their respective jurisdictions, through their own records and monitoring mechanisms/sources. A certificate shall be furnished by deputy commissioner or the head of development authority, as the case may, that no benami property or suspected to be benami property exists apart from the ones identified.

In case, any benami property is identified at a later stage, the deputy commissioner/head of development authorities concerned might be liable to proceedings under relevant provisions of the Benami Act. A complete report on the subject matter shall be submitted to FBR Chairman Shabbar Zaidi under intimation to the Prime Minister Office by September 30, 2019.

Meanwhile, the country's top tax and revenue regulator has sought details of thousands of Pakistani nationals, from the United Arab Emirates (UAE) authorities (UAE), who (Pakistanis) have acquired "Iqama" (residential/work permit) and also holding bank accounts accordingly.

"Information received from the UAE is not very substantial since not only that a total of 3,620 accounts have been reported but also that the number of material accounts with substantial balance is

negligible. This is not only contrary to our expectations but also insignificant in comparison with Pakistan's other exchange partners. The internal deliberations on the matter indicate that it might be due to the UAE's domestic laws, which allows foreign nationals to obtain residence/Iqama on the basis of investment beyond a certain threshold. This may pointed out that we have absolutely no problem with the Pakistani nationals investing and doing business in the UAE legally with lawfully remitted funds," reads the letter Federal Board of Revenue (FBR) authorities have written to the UAE authorities.

"However we are gravely concerned with the persons who may have siphoned off funds illegally from Pakistan, parked them in the UAE and now hiding behind "Iqama"-based residential status to circumvent reporting under the CRS. This is, of course, not a desired situation for both the countries, particular for Pakistan," added the letter written by FBR's Directorate of Internal Taxes, Islamabad.

A FBR team would also be arriving in the UAE in first week of September to take the issue of those Pakistanis who have acquired UAE's "Iqama" in past ten years in an effort to fetch maximum details of their accounts and properties over there, officials familiar with the development revealed on Friday. It is also a part of special drive FBR launched in light of the apex court's order, soon after a startling revelation made by Geo News that 7,000 super rich Pakistanis had acquired properties in UAE by violating national law in past eight years.

"Foregoing in view, the UAE Ministry of Finance is requested to guide and assist us in the matter. Legally speaking, Article 26 and 27 of Pakistan-UAE DTA do support formal and structured deliberations on a matter of mutual or a unilateral concern," added the letter Geo News obtained exclusively through sources. The development came weeks after Prime Minister Imran Khan expressed his desire that the people who had "Iqama" despite holding important positions would be made accountable through a high-powered commission.

"Pakistan and the UAE signed the agreement for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income in 1993. Not only that the title but also the very preamble of the DTA notably mentions that prevention of fiscal evasion as one of its cardinal goals and objectives. Article 27 of the TA covers exchange of information between Pakistan and the UAE. Although, both the countries have historically continued to maintain a vibrant EOI relationship, yet to signing of the OECD--Multilateral Convention on Mutual Administrative Assistance in Tax Matters has reinforced its importance. Moreover, Pakistan and the UAE have in place an active automatic exchange of information relationship on bank and financial account information under the common reporting stand--multilateral competent authority agreement signed under the OECD-MC. The first exchange of the bank and financial account information under the CRS-MCAA," added the letter sent to Younis Haji Alkhoori, UAE under-secretary Ministry of Finance.