

Real estate deals: purchase of property only through banking channel

To document buying and selling of immovable properties, the government has made it mandatory for persons to purchase assets through banking channel under the Finance Bill 2019. This major measure has been introduced through Finance Bill 2019 issued here on Tuesday to document real estate transactions. In order to ensure documentation of real estate transactions and also to ascertain the actual value of a transaction of purchase of asset, persons purchasing immovable property of fair market value greater than Rs 5 million and Rs 1 million or more in the case of any other asset, would now be required to make payment for the said purchase through a crossed banking instrument so that transaction can be clearly identified from one bank account to another.

In case of non-compliance, the deductions in respect of depreciation and amortization in respect of such assets shall not be allowed. Further, the amount of purchase shall not be treated as cost for calculation of any gain on sale of such asset. A penalty at the rate of five percent of the FBR value of asset is being imposed for violation of this requirement.

RECORDER REPORT