

Benami Act Rules 2019 enforced

ISLAMABAD: The Federal Board of Revenue (FBR) on Monday enforced Benami Act Rules 2019 for attaching assets, properties and transactions kept on fictitious names to move towards whitening of black economy.

“We have gathered a lot of information through various avenues including the exchange of information from OECD mechanism, mapping of plazas, getting information from banks under 165 section of the income tax ordinance. Now the FBR is empowered to move against those who are keeping assets and bank accounts on the name of others in order to evade taxes. It will help whiten billions of rupees black money by creating a deterrence,” top official of the FBR said while talking to The News here on Monday.

According to Benami Transactions (Prohibition) Rules 2019 issued by FBR, the Board offered cash rewards to the whistleblowers who would disclose information leading to the detection and confiscation of Benami properties. The rewards amount would be five per cent of the price of benami property where the price of benami property determined is Rs2,000,000 or less. The amount of reward would be Rs100,000 in addition to four per cent of the price of benami property in excess of Rs2,000,000 where the price of benami property determined is more than Rs2,000,000 but not more than Rs5,000,000. The amount of reward would be Rs220,000 in addition to three per cent of the price of benami property in excess of Rs5,000,000 where the price of benami property is determined to be over Rs5,000,000.

The Board may empower any Commissioner Inland Revenue, Deputy Commissioner Inland and Assistant Commissioner to exercise powers and perform functions for the attachment of the benami properties. The Board may by an order assign any Deputy Commissioner Inland Revenue to exercise the powers and perform the functions of Initiating Officer under the provisions of the Act and these rules. The initiating officer shall be empowered to provisionally attach any property in the manner provided in the Income Tax Rules, 2002. The Board may by an order assign any Assistant Commissioner Inland Revenue to exercise the powers and perform the functions of the administrator under the provisions of the Act and these rules.

Under the rules, the price of the benami properties would be determined in accordance with the provisions of section 68 of the Income Tax Ordinance, 2001 and rules made there to the extent applicable under the Act. Therefore, the price would be determined on the basis of fair market value (section 68). The fair market value of any property or rent, asset, service, benefit or perquisite at a particular time shall be the price which the property, asset, service, benefit or perquisite would ordinarily fetch on sale or supply in the open market at that time. The fair market value of any property asset, service, benefit or perquisite shall be determined without regard to any restriction on transfer or to the fact that it is not otherwise convertible to cash. The FBR has also laid down the procedure for appointment of Chairperson and Members of Adjudicating Authority for adjudication of the benami properties. Secretary Revenue Division shall forward to the federal government a panel of suitable officers who are qualified as per criteria provided and the federal government shall appoint from amongst the panel a chairperson and as many members as it may deem fit. Where an order of confiscation of property has been made, the Adjudicating Authority shall send a copy of the order to the Approving Authority (Commissioner Inland Revenue), FBR said.

Where an order referred has been received by the Approving Authority in respect of any immovable property, he shall forthwith direct the Administrator (Assistant Commissioner Inland Revenue) to proceed to take any or all necessary steps. He shall issue notice to the authority concerned of the federal government or a provincial government, or a local body or an authority or any person or officer who is responsible for recording the registration of any property or maintaining its record of ownership, as the case may be, having jurisdiction for the purposes of registration of such immovable property, intimating that the property has been confiscated. He shall arrange to place a copy of the notice at some conspicuous part of the immovable

property for the benefit of general public mentioning clearly therein, in English and in the vernacular language, that the property has been confiscated under the Act and vests absolutely in the federal government. Where the federal government directs that the property be disposed of, the administrator shall arrange to dispose of the property in the manner as provided in the Income Tax Rules 2002.

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