

Declarants of undisclosed assets: Business community seeks explicit protection: survey

ISLAMABAD: The business community has suggested explicit protection to declarants of undisclosed assets and income in the law in the event that the government offers a new tax amnesty scheme.

This was the outcome of an anecdotal survey carried out by Business Recorder.

One industrialist on condition of anonymity revealed that members of the business community who recently met with the Prime Minister informed him that they were harassed by the Federal Investigation Agency (FIA) and tax authorities after they availed of the previous amnesty scheme.

On January 2019, on the direction of Prime Minister's Office, Federal Board of Revenue directed field formations to ensure that businessmen who availed Income Tax Amnesty Scheme and completed all codal formalities are not harassed by the taxmen.

Sources in the Finance Ministry on condition of anonymity said that government is considering offering a new tax amnesty scheme before the end of the current fiscal year and soliciting proposals from the business community.

"The contours of the scheme are yet to be developed as the idea is at a very initial stage," sources said adding that the primary objective of the scheme is to broaden the tax base and not increase revenue collection.

The last tax amnesty scheme announced by Shahid Khaqan Abbasi netted the government Rs 97 billion in revenue against declaration of Rs. 577 billion foreign assets and Rs.1192 billion domestic assets.

The original closing date for filing of declarations under the scheme was June 30, 2018 but was subsequently extended to July 31, 2018. The amnesty scheme for foreign assets applied to both liquid and immovable assets such as bank accounts, shares and properties. Tax rates ranged from 2 percent to 5 percent.

An Ordinance promulgated on April 8 to launch the tax amnesty scheme was made part of the Finance Act 2018 to protect declarants from any harassment. Additionally, the information provided by the declarants was not to be used as evidence.

The government is heavily banking on cooperation of Organization for Economic Cooperation and Development (OECD) member countries for the success of the new tax amnesty scheme claiming that keeping assets and accounts undisclosed for a long period would not be possible for Pakistanis in foreign tax jurisdictions. So far details of 150,000 bank accounts from 29 jurisdictions have been received.

"Tax authorities have received information through OECD network from 29 countries participating in OECD exchange of information network and are profiling the amount and other details of these foreign bank accounts," sources added.

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