

4pc tax termed attractive for legalising black money

ISLAMABAD: Tax experts have termed the 4 percent tax rate as attractive for legalisation of black money held in the form of expenditures, sales and assets including foreign assets; however, they said that duration of the scheme is relatively less.

Talking to Business Recorder, tax experts said that the scheme would come into effect through a Presidential Ordinance, which will offer a period of 45 days to people for declaration of their undeclared assets along with payment of taxes until June 30, 2019.

They added that the PTI government announced its first tax amnesty scheme for whitening of undisclosed expenditures, sales and assets including foreign assets at nominal tax rates.

All tax experts were unanimous that the time period of the scheme should be extended beyond June 30, 2019. They appreciated the FBR's move to issue the scheme in Urdu language as well as in simplified form. They added for the first time lucrative rate of 1.5 per cent has been offered for real estate sector.

The FBR has deputed special IT teams to ensure hassle free declarations by the declarants after promulgation of the Ordinance.

Talking to Business Recorder, a leading tax expert Ashfaq Tola said that despite the fact that the rates are comparatively higher as compared to last amnesty scheme, legalisation of undeclared assets at 4 percent is very attractive.

He said, "Considering the size of the parallel economy of Pakistan specifically, unless we resolve the issues of real estate and bearer instruments, we will not be able to clip the wings of grey economy. Hence, this dirt will resurface again and again and we have to offer amnesty again and again."

He added if amnesty rate of 4 to 6 percent is charged on foreign assets, it will be icing on the cake. Almost 20 percent depreciation of rupee is on the cards. Hence, allowing them to retain their assets outside Pakistan (other than immovable and long-term investments) will be a joke with the nation.

Waheed Shahzad Butt, Lahore-based tax lawyer said that the rates of the scheme are lucrative for the people for availing the scheme. Particularly, those availing of this scheme would have to become filer in the tax system. This condition would increase the number of return filers into the country.

Another tax expert said that since deadline for availing the scheme is 30 June 2019 which would be fast approaching after Ramzan/Eid; therefore the government would have to launch the scheme at the earliest through an Ordinance which later can be regularised through Finance Act 2019 expected to be passed by the National Assembly towards the end of June. Same was the case of earlier scheme of 2018, he added.

As per expert, this time the scope of the scheme could be for those avenues which were not covered in earlier ones like sales tax and benami assets especially benami bank accounts.

RECORDER REPORT