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FBR warns confiscation of properties under Benami law

KARACHI: The Federal Board of Revenue (FBR) has initiated legal proceedings against owners of 56 properties in the city that might lead to asset confiscation if the income sources for buying are not explained, sources said on Monday.

The sources said the FBR initiated proceedings under benami law against 56 properties identified in Karachi. The sources said out of 56, 36 cases were referred by joint investigation team, while remaining 20 were identified by the local office.

The tax department obtained information from third parties to identify the real beneficiary of such properties.

The sources said the FBR sent notices to benamidar – the owners as appeared on papers of those properties –, asking them about their sources of income to purchase the properties. They said the tax authorities obtained evidences of banking and other transactions used in purchase of benami properties. The tax authorities are also assessing the role of benamidars in purchase of such properties.

The tax authorities have also examined income tax returns and wealth statement submitted by few of those benamidars who possess properties with huge amount. The sources said some big names are behind the benami properties. Benamidars could not establish their ownership in response to the notices.

They said at least one reference out of 56 cases had been filed and legal proceedings were initiated. According to the notices, the FBR asked benamidars to provide details of investment for purchase of lands, immovable properties, bank accounts and purchase of stock shares. The tax authorities believed that undeclared multi-billion rupees were involved in such transactions.

In a notice sent to benamidar, the FBR asked the role of benamidar, who had direct links in purchase of properties as directors or investors of some companies.

The sources said the properties would provisionally be confiscated in case of failure to reply the notices. The FBR would bar the owner or any other beneficiary to sell or take benefits from the property.

The sources said the local tax department is also expanding the ongoing drive against benami properties, which were identified through recent surveys and third party sources. They said recent amendment brought through presidential ordinance would also help the tax authorities identify more benami properties.

The presidential amendment, which was promulgated last week, allowed whistle blower to provide information of benami properties to the FBR. The FBR will grant cash award to the whistle blower on recovery of tax from identified benami assets.