

FBR warns assets' confiscation on tax liabilities

KARACHI: The Federal Board of Revenue (FBR) has warned the declarants of concealed assets of property confiscation as they couldn't settle their tax liabilities under a year-old amnesty scheme, people familiar with the matter said on Thursday.

Sources said the FBR issued notices for concealment of income and assets to around 560 individuals who declared their domestic and foreign assets under the tax amnesty scheme but failed to pay concessionary taxes by the deadline.

"Around 560 declarants under the amnesty scheme failed to pay reduced rate of income tax by June 30," a senior official at Regional Tax Office Karachi said.

In May last year, the government announced assets declaration ordinance 2019, which covered undisclosed assets, expenditures, sales and benami assets.

The declarants under the amnesty scheme were allowed to pay tax amounts in installments with default surcharges. The default surcharge was 10 percent in case the due amount was paid by September 30 last year. It was 20 percent till December 31, 30 percent till March 31, and 40 percent till June 30.

"For the declarants, the outstanding amount under the amnesty is around Rs610 million," the official said. "The default in payment rendered such declarations invalid under the rules defined for the amnesty scheme. Show cause notices were sent to the declarants before any action related to concealment of assets."

The official said the amount declared under the amnesty scheme would be paid under normal tax rate if the declarations are rejected.

The official said the tax rates offered under the amnesty scheme were very nominal, yet the declarants failed to pay the outstanding amounts.

Under the tax amnesty scheme, all assets except domestic immovable properties can be declared with 4 percent tax rate, domestic immovable properties draw 1.5 percent tax, unrepatriated foreign liquid assets bear 6 percent, unexplained expenditures invoke 4 percent and undisclosed sales bear 2 percent tax rate.

The law was necessitated to provide an opportunity to people to declare benami assets – those whose ownership has been falsely disclosed – something that was prohibited under the Benami Transactions (Prohibition) Act, 2017.

The FBR didn't update the figures related to the declarations under the assets declaration scheme, the previous amnesty introduced during the last government recorded total 82,889 declarations with paid tax amount of Rs124.8 billion that means each declaration on an average contributed around Rs1.4 million as tax to the national kitty.