

Govt allows non-filer overseas Pakistanis to purchase property

ISLAMABAD: The government has removed the condition of being a tax-filer for overseas Pakistanis to purchase properties in the country and individuals acquiring properties through inheritance.

The decision was taken to alleviate hardships faced by non-resident individuals investing in the real estate sector. The condition which was imposed by previous government increased challenges for overseas Pakistanis.

The decision issued via a circular on Wednesday reveals that restriction on purchase/transfer of property having value exceeding Rs5 million by non-filers will not apply to legal heirs acquiring property through inheritance.

Decision to also apply on individuals acquiring properties through inheritance

In addition to that, condition of being a filer will not apply on overseas Pakistanis who are able to produce a certificate from a scheduled bank verifying receipt of foreign exchange remitted from outside Pakistan through normal banking channels during a period of 60 days prior to the date of registering, recording or attesting transfer of immovable property valuing Rs5m.

The government in order to effectively implement restrictions on non-filers to purchase and sell properties and vehicles introduced penalties upon local manufacturers of vehicles, excise and taxation department and authorities responsible for registering, recording or attesting of immovable properties.

A local manufacturer of a motor vehicle will pay a penalty of 5 per cent of the value of the motor vehicle in case of accepting or processing any application for booking or purchase of a locally manufactured motor vehicle by a non-filer.

Similarly, the excise and taxation department will pay a penalty of 3pc of the value of motor vehicle by accepting, processing or registering any application for registration of a locally manufactured motor vehicle or the first registration of an imported vehicle by a non-filer.

If any authority responsible for registering, recording or attesting the transfer of immovable property accepts or processes the registration or attestation of immovable property valuing above Rs5m in the case of a non-filer, it will be liable to a penalty of 3pc of the value of immovable property.

Through an amendment in Finance Act 2018, banks will provide information to Federal Board of Revenue of individuals who withdraw cash in excess of Rs50,000 in a day and tax deduction for filer and non-filers, aggregating to Rs1m or more during each preceding calendar year.

The banks have also been mandated provide list containing particulars of deposits aggregating Rs10m or more made during the calendar month and a list of payment made by any person against credit card bills aggregating Rs200,000 or more during the preceding calendar month. They will also provide a list of persons receiving profit on debt exceeding Rs1m for filers and Rs500, 000 for non-filers along with information regarding tax deduction during the preceding financial year. The information will be provided on monthly basis.

Through an amendment, the government has allowed taxpayers to revise tax return voluntarily by December 31 2018 along with the payment of higher tax which is 25pc higher than tax paid

with return on the basis of taxable income. In case no tax is payable, the taxpayer will have to pay 2pc of the turnover.

The taxpayer will apply to the commissioner of income tax on the Iris system for the revision of return selected for audit. The commissioner will grant permission within three working days of receipt of application. In case there is no reply from the commissioner, the Iris system will automatically accept the application for revision on the fourth working day and it will be deemed that the commissioner has accepted the application for revision.

The application will be accepted through the system after fulfillment of the necessary conditions.

The condition of revision of return or payment of 25pc higher tax or 2pc of the turnover will not apply if the taxable income of the taxpayer includes salary income and income subject to final taxation.

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