

Govt likely to extend June 30 deadline for declaring foreign assets

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KARACHI: The government is considering a demand to extend the deadline for declaration of hidden foreign assets in certain cases under the amnesty scheme that is expiring on June 30, sources said on Tuesday.

Well-placed sources in the Federal Board of Revenue (FBR) said the apex tax authority may allow “filing of declarations by giving specific timeframe in July,” in the cases where the tax was paid but computerised payment receipt (CPR) couldn’t be generated for any reason.

But, they clarified that the relaxation should not be considered as extension. “There is no extension (in the deadline) under consideration,” a senior tax official said, requesting anonymity.

Tax lawyers said the amnesty scheme announced for foreign undisclosed assets has virtually come to an end as ‘procedural delays’ seem to deny its benefits to some potential taxpayers.

“The benefit is not available anymore considering the explanation given by the SBP (State Bank of Pakistan) on the procedure for tax payment through cheque for the foreign undisclosed assets,” Muhammad Zubair, general secretary of Pakistan Tax Bar Association (PTBA) said.

Tax practitioners said even if an individual opts for declaring his foreign assets now it would take at least one week for the whole process to complete. So, procedural glitches in the tax payment have halted the declaration process ahead of the deadline.

The previous government unveiled the amnesty scheme to give one-off tax benefits of two to five percent to individuals who want to declare their local or foreign assets under Foreign Assets (Declaration and Repatriation) Act 2018. The scheme was announced in April.

The SBP, in frequently asked questions on June 21, said the declarants having bank accounts outside Pakistan but presently residing in Pakistan can pay the tax in dollars by depositing the dollar cheques with the authorised branches of National Bank of Pakistan in Pakistan for collecting the proceeds for the SBP account in NBP New York branch.

“This may, however, take 7 to 10 days in collection of the proceeds,” the SBP said.

The declarants, using the payment option, should be aware of possible delays in collection of the proceeds, the SBP said. It said the declarants, using the payment option “shall after deposit of the cheque with NBP electronically transmit the copy of

the cheque”, deposit slip, payment slip ID, Form A to SBP for issuance of CPR. “The SBP shall issue the CPR on realisation of the cheque proceeds in the SBP account,” the central bank said.

Zubair said the delay in wire transfer would mean no CPR. Since CPR is mandatory for filing of returns and wealth statements on the FBR portal the amnesty scheme seems to have become ineffective.

Tax lawyers said the government should announce relaxation in the time period for the individuals who want to avail the scheme, but their amount couldn’t be realised by the deadline.

The tax lawyer further said the PTBA members received enquiries from people who have no bank accounts but want to avail the facility. The authorities, such as SBP and the FBR should also consider such people, who could contribute huge foreign exchange reserves.

So far the amnesty schemes have received overwhelming response and the government should consider extending the deadline.

Till Monday, the FBR generated Rs36 billion in tax revenue from people under local and foreign assets amnesty. The amount included Rs22 billion for which individuals generated payment slip IDs and Rs14 billion already realised by the apex tax authority.