

Compliant taxpayers declare over Rs2trln worth of assets under amnesty

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KARACHI: A much-touted tax amnesty scheme, likely to conclude today, mostly attracted existing taxpayers who so far declared around two trillion rupees of their previously-hidden local and foreign assets, officials said on Friday.

The officials said the compliant taxpayers form majority of the people who availed the tax amnesty for undisclosed foreign and domestic assets.

“New taxpayers are very few in the total declarations filed so far under the amnesty scheme,” an official of the Federal Board of Revenue (FBR) said.

“Most of existing taxpayers are availing the amnesty. And, it is surprising that industrialists and manufacturers, who are already on the tax net, are availing the scheme.”

Paltry 1.3 million income tax returns were filed for the tax year of 2017.

In April, the last government announced tax amnesty scheme for three months to give residents one-off tax benefits for repatriating undeclared local liquid assets with a five percent penalty, undeclared foreign liquid assets with a two percent penalty (if repatriated, or a five percent penalty if remaining abroad or in foreign currencies), and undeclared fixed assets – whether held locally or abroad – with a three percent penalty.

The government announced the scheme to bring large segment of people having taxable income and living luxury life into the tax net.

Officials said leading businessmen belonging to various trade bodies have approached tax offices for availing the tax concessions on registering their hidden wealth. Besides, corporate entities registered with the Securities and Exchange Companies are also availing the domestic amnesty, the officials added.

A tax official, without naming the amnesty beneficiaries, said some of them are “known businessmen”.

The Federation of Pakistan Chambers of Commerce and Industry was the first trade association that sought one-time amnesty about two years back.

The FBR officials said the tax authority has so far received around Rs100 billion in revenue that indicated around Rs2 trillion worth of foreign as well as local assets were documented.

The FBR official said corporate entities have also availed the scheme for domestic hidden assets. “Some of them were issued audit notices.

Tax practitioners said the number of new declarants is very low.

“The response to the amnesty scheme is overwhelming. And majority of existing taxpayers are availing the scheme,” Zeeshan Marchant, vice president of Karachi Tax Bar Association said.

Merchant said people realised the importance of the scheme a bit late.

“The government should extend the last date for the scheme in order to expand the tax base,” he added.

Officials said the government is considering a demand to extend the deadline for declaration of hidden foreign assets in certain cases under the amnesty scheme.

The FBR may allow “filing of declarations by giving specific timeframe in July,” in the cases where the tax was paid but computerised payment receipt couldn’t be generated for any reason, the officials added.