

NEW TAX AMNESTY SCHEME 2019, FEATURES

The government launched a new tax amnesty scheme 2019 on April 15 (**delayed by cabinet**) for allowing undeclared local and domestic assets to become part of documented economy. The main features of the amnesty scheme, included:

- 1) Beenami assets
- 2) Sales Tax and Federal Excise Duty
- 3) Mandatory return filing
- 4) Allowing balance sheet revision
- 5) Litigation cases would also be allowed
- 6) Amnesty to banking transaction will require cash to be put in bank accounts
- 7) There will be limit on gold declaration
- 8) Bank credits in last five years included
- 9) The amnesty will have higher valuation and rates

The draft of amnesty scheme also explained persons qualified:

- 1) According to it all companies and individuals except: holders of public office since January 01, 2000, their spouses, children, brothers and sister or lineal ascendant or descendant.
- 2) Proceeds derived for commission of a criminal offence would be excluded for amnesty.
- 3) Cases pending before a court of law would be allowed with the exception of older pending litigation.

NEW TAX AMNESTY 2019 RATES:

- 1) Persons may be allowed to avail tax amnesty at one percent for undeclared banking transactions of past five years. According to draft of Tax Amnesty Scheme 2019, credit entries in a person's own bank account is allowed at one percent of the total credit entries from July 01, 2013 till June 30, 2018 or 10 percent of peak credit entries during the said period whichever is higher.
- 2) A tax rate of 10 percent has been proposed for declaration of beenami assets.
- 3) For foreign liquid assets repatriated into Pakistan the tax rate shall apply at five percent.
- 4) The government has also proposed to allow transactions into beenami bank accounts at only two percent of the total credit entries from January 01, 2017 till April 15, 2019 or 10 percent of peak credit entries during the said period whichever is higher.
- 5) Any other assets have been allowed to avail amnesty at 7.5 percent of the prescribed value.

VALUATION PROCEDURE:

The valuation has been proposed for undisclosed income and assets for the purpose of Section 5(2) of Income Tax Ordinance, 2001 as under:

- 1) For undisclosed bank accounts, the credit entries from July 01 2013 till June 30, 2018.
- 2) For undeclared open plots and land, flat the valuation shall be cost of acquisition or FBR values on April 15, 2019, whichever is higher.
- 3) For undisclosed superstructure, the valuation has been proposed at Rs 1,500 per square feet.
- 4) For undisclosed motor vehicles, the valuation shall be costs incurred till original registration.
- 5) For undisclosed gold, the valuation shall be Rs5,000 per gram

COMMENTARY AND SUGGESTIONS:

- a. Prime Minister must address the nation for making confidence in masses
- b. All Chambers of Commerce shall be take in confidence to create awareness and motivation
- c. All Tax and Legal Bars need to be on one page
- d. Rate need to rationalize and not be more than 5.00% in any category of assets / transactions and 0.50% on bank and 1.00% on Beenami Accounts Transactions
- e. All trade bodies like Manufacturing, Trading and Industrial also need to on one page
- f. All public office bearer need to create awareness movement for its success
- g. Local bodies members, MPA's MNA's, Senators and Ministers need to create awareness in there circles to attract masses in this scheme
- h. Name should be as National Benefit Tax Scheme (Pakistan Build Up Movement)
- i. Strong message be given to public/stakeholders for protection of inquiries and harassment at later stage.

For Queries may contact as:

Namdar & Co.

Chartered Accountants | Business Starts Here

Office # 1, Mubeen Arcade, Soldier Bazaar # 3, Near Bank Alfalah, Karachi.

Phone: 021-32243898

Cell: 0321-8264129

Email: info@namdarzlc.pk