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MEMBER OF RUSSELL BEDFORD INTERNATIONAL –
A GLOBAL NETWORKS OF INDEPENDENT PROFESSIONAL SERVICES FIRMS

ASSET DECLARATION - AMNESTY SCHEME HANDBOOK

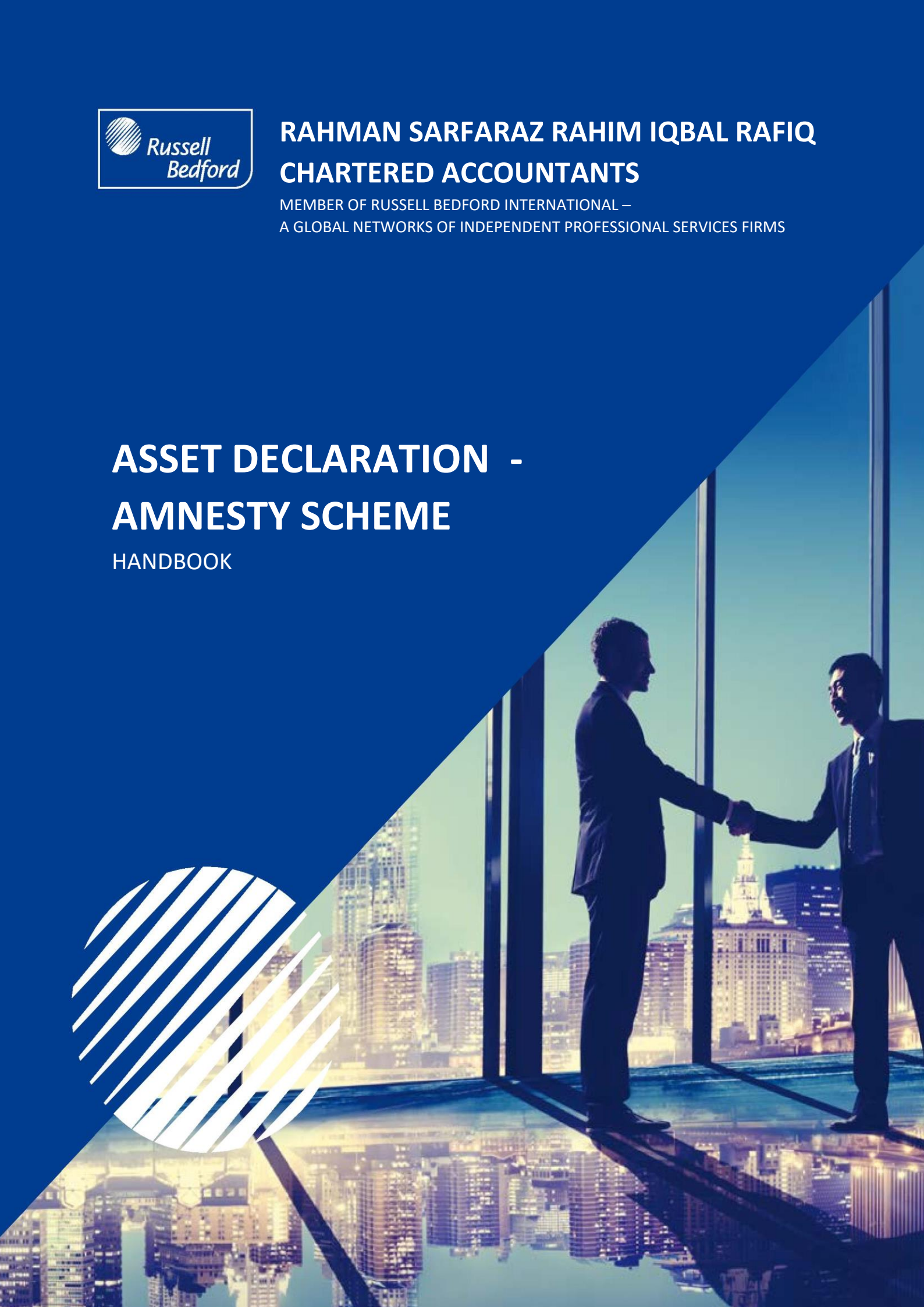


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PREAMBLE

This Handbook is summarized to provide short but brief insight on the application of Foreign Asset (Declaration and Repatriation) Act, 2018 and Voluntary Declaration of Domestic Asset Act, 2018 recently passed as part of Finance Act, 2018.

The main objective of this Handbook is to provide a summarized highlights and objectives of the Acts. It includes the issues and answers to frequently asked questions in order to give clear understanding of the legislature.

Karachi.
Dated: June 1, 2018

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Chartered Accountants

FOREIGN ASSET (DECLARATION AND REPATRIATION) ACT, 2018

Who can avail the amnesty?

All citizens of Pakistan except holders of public office, their spouses and dependent children. It is to be noted that this scheme is solely for individuals and not company or association of persons. Any individual who is not a citizen of Pakistan, but is resident in Pakistan cannot avail this scheme.

Period of Scheme?

The application of scheme commences from 10th of April, 2018 and shall expire on 30th June, 2018.

What foreign assets could be declared?

Any foreign asset which is moveable or immovable held outside Pakistan and include real estate, mortgaged assets, stock and shares, bank accounts, bullion, cash, jewels, paintings, accounts and loan receivables, beneficial ownerships or interests or contribution in offshore entities and trusts.

What value of assets to be declared?

The value of foreign asset shall be the fair market value which for the purpose of this act means price of foreign asset determined and declared by a declarant himself, but in no case is less than the cost of acquisition of the foreign asset.

For the fair market value, there is no condition or whatsoever to produce evidence in any kind to substantiate the fair market value of any asset. It is voluntarily to be declared by the person which shall not be questioned, but however it cannot be less than the actual cost of acquisition.

What description is required for assets declared under the scheme?

No evidence or document pertaining to asset to be declared is required. Following detail, however is required to be declared for specific assets:

Sr.	Asset	Description Required
1.	Bank Account/Foreign Currency	Name of the Bank/Issuer, Account/Reference Number and Country where the bank account is maintained.
2.	Liquid Asset (including Deposit certificates, Securities, Stocks, Promissory Notes, Government Bonds and others)	Name of Institution or issuer and country where they are maintained/held/issued.
3.	Immovable property	- Type of Property (i.e. commercial, residential, industrial or other), - Form of Property, - Area of Property - Address of the property

Value to be declared in which currency?

The value of a foreign asset to be declared under the scheme is required to be declared in Rupees. The rate of conversion shall be applied as on the date of declaration.

What is the rate of Tax on asset declaration?

1.	Liquid assets not repatriated	5%
2.	Immovable assets outside Pakistan	3%
3.	Liquid assets repatriated and invested in Government Securities upto 5 years in US Dollars denominated bonds with six monthly profit payment in equivalent rupees (rate of return 3%) and payable on maturity in equivalent rupees	2%
4.	Liquid assets repatriated	2%

What does Liquid asset mean?

Liquid asset means cash or an asset that can be readily converted into cash with a minimal impact on the assets value and includes bank notes, marketable securities, stocks, promissory notes, government bonds, deposit certificates and other similar instruments.

Can we declare assets which are under proceedings?

All foreign assets can be declared even if they are subjected to any proceedings from the tax department, however, if any proceedings are pending before the court of law which means before Appellate Tribunal, a High Court or Supreme Court of Pakistan, the said property cannot be declared under this scheme.

How to submit declaration under the scheme?

For the purpose of filing of declaration, a person shall need to electronically file the declaration "FORM A" along with "FORM B" through IRIS. "FORM A" is Declaration form and "FORM B" is Description of Asset form, in which detail and description regarding assets declared is to be provided.

The extract of "FORM A" and "FORM B" are reproduced on Forms section of this handbook.

How to Repatriate liquid asset in Pakistan?

A person may repatriate its liquid assets in Pakistan and the same may be invested in Federal Government Bonds or to be credited to the persons PKR account in Pakistan at the option of the person. Funds shall be remitted in USD.

In case of investment in Federal Government Bonds, it would be invested up to five years in US Dollars denominated bonds with six monthly profit payment in equivalent rupees and payable on maturity in equivalent rupees. The rate of return would be at the rate of 3%.

STEPS TO REPATRIATION:

- In either of the cases as mentioned supra, the liquid assets are required to be remitted by wire transfer to the State Bank of Pakistan in the following account:

Name of Payee:	STATE BANK OF PAKISTAN
Payees Address:	I. I. CHUNDRIGAR ROAD, KARACHI, PAKISTAN
Payees SWIFT Code:	SBPPPKKA
Bank Name:	NATIONAL BANK OF PAKISTAN
Bank Address:	NEW YORK, U.S.A
Payees Account No:	55854560
Bank SWIFT Code:	NBPAUS33

- After remitting the funds in the above account, the taxpayer shall email the following documents to the SBP at the email address: tax.foreignasset@sbp.org.pk :

1. Copy of wire transfer or swift message bearing instructions and specification of CNIC/NTN of the taxpayer.
2. Copy of duly signed statement of application of funds remitted to SBP i.e. either funds to be invested in Federal Government Bonds or to be credited to PKR account of the taxpayer
3. Copy of CNIC

4. Details of PKR account of taxpayer including Bank, Branch name, account title, account number and IBAN.
- The SBP after verifying the documents and receipt of money, shall convert USD funds into PKR and apply the same as per option opted by the taxpayer.
 - For record and information, the SBP shall electronically send confirmation of investment or confirmation for the amount, if any, credited to his/her PKR account.
 - SBP will then share the details contained in the Form A with the FBR periodically.

When to pay the tax under declaration?

The due date for payment of tax under the scheme shall be the same day on which declaration under the scheme is made. The tax payable under the scheme shall be paid in United States Dollars. The exchange rate shall be applied at the SBPs rate on the date the declaration is made.

How to pay the tax?

A taxpayer will fill "Form A" electronically through IRIS, after which a PSID for payment of tax due shall be generated. The taxpayer shall open the link <https://paysys.fbr.gov.pk> and enter the tax liability in PKR as determined in the "Form A". The system will convert the PKR to USD as per daily PKR/USD exchange rate notified by SBP. The PSID shall be generated on the same day, the tax payment is to be made.

After declaration of assets and generation of PSID, the taxpayer shall arrange to remit the USD funds against the tax liability as reflected in the PSID and "Form A" to SBP by wire transfer on following account:

Name of Payee:	STATE BANK OF PAKISTAN
Payees Address:	I. I. CHUNDRIGAR ROAD, KARACHI, PAKISTAN
Payees SWIFT Code:	SBPPPKKA
Bank Name:	NATIONAL BANK OF PAKISTAN
Bank Address:	NEW YORK, U.S.A
Payees Account No:	55854560
Bank SWIFT Code:	NBPAUS33

After remitting the funds in the above account, the taxpayer shall email the following documents to the SBP at the email address: tax.foreignasset@sbp.org.pk :

1. Copy of wire transfer or swift message bearing instructions and specification of CNIC/NTN of the taxpayer.

2. Copy of duly signed “Form A” and PSID

- The SBP after verifying the documents and receipt of money, shall convert USD funds into PKR and credit the same to the Federal Government Account No. 1 against the tax receipt.
- The SBP shall generate CPR (Computerized Payment Receipt) against the PSID received from the taxpayer which is a formal evidence.

- SBP will transmit scanned copy of CPR to the taxpayer for record and information.
- The taxpayer shall then link CPR with the “Form A” at the FBR portal – IRIS as the tax payment evidence to complete the asset declaration process.

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VOLUNTARY DECLARATION OF DOMESTIC ASSETS ACT, 2018

Who can avail the amnesty?

Every company, association of persons (AOP) and all citizens of Pakistan except holders of public office, their spouses and dependent children can avail this scheme.

Period of Scheme?

The application of scheme commences from 10th of April, 2018 and shall expire on 30th June, 2018.

What domestic assets could be declared?

Any domestic asset can be declared which includes any kind of asset other than those which qualify as foreign asset under the foreign assets (declaration and repatriation) Act, 2018.

It is also pertinent to mention here, that the scheme not only include domestic asset but also undisclosed income which can be declared under this scheme.

What value of assets to be declared?

The value of domestic asset has been specified in each case/kind of asset which is as under:

S.No.	Domestic Asset/Undisclosed Income	Value for declaration
1.	Undisclosed income	The actual value of income undisclosed
2.	Open plots and land	Higher of: Actual cost of acquisitions; and Value as per FBR valuation
3.	Super Structure; i.e. structure, building built on land or plot	Rs. 400 per square feet
4.	Apartments and Flats	Higher of: Actual cost of acquisition; and Provincial DC value
5.	Imported motor vehicles	On the basis of formula: $A - B$ Where A: is CIF value plus the amount of all charges, customs-duty, sales tax, levies, octroi, fees and other duties and taxes leviable thereon and the costs incurred till their registration. And B:

		Is a sum equal to 10% of the value of A for each successive year up to a maximum of five years. (It is a provision for depreciation on the period of wear and tear)
6.	Motor vehicle purchased from a manufacturer or assembler or dealer in Pakistan	On the basis of formula: $A - B$ Where A: is the price paid by the purchaser including the amount of all charges, customs-duty, sales tax, levies, octroi, fees and other duties and taxes leviable thereon and the costs incurred till their registration. And B: Is a sum equal to 10% of the value of A for each successive year up to a maximum of five years. (It is a provision for depreciation on the period of wear and tear)
7.	Securities and shares traded on stock exchange	Day-end price of the shares or security quoted on registered stock exchange as on the 9th April, 2018 and where no day-end price of such share or security is quoted on stock exchange on the 9 th April, 2018 day-end price of the share or security quoted on a date nearest to the 9 th April, 2018
8.	Securities and shares not traded on stock exchange	Higher of: Break-up value; and Face Value of share (par value). Break-up value for this purpose shall include paid-up capital, reserves and balance as per profit and loss account as reduced by value of preference shares and divided by the amount of paid-up capital ordinary share capital.
9.	National saving schemes, postal certificates, bonds, securities and other similar investments in capital instruments not traded or quoted on stock exchange	Face Value
10.	Gold	Rupees 4,000/- per gram
11.	Other precious stones and metals	Higher of: Market value as on the 9th April, 2018 ; and Actual cost of acquisition

12.	Stock-in-trade	Market rate as on the 9th April, 2018
13.	Plant and Machinery	Actual cost of acquisition with no depreciation allowed
14.	Accounts receivables	Actual cost of acquisitions
15.	Other assets	Actual cost of acquisitions
16.	Prize bonds, cash and bank accounts including foreign currency accounts	For bank accounts, the balance as on 9th April, 2018 and face value in case of cash and prize bonds.

What description is required for assets declared under the scheme?

Following description would be required to be provided in the “Form A” for declaration submitted through IRIS:

S.No.	Domestic Asset/Undisclosed Income	Description required
1.	Undisclosed income	None
2.	Open plots and land	Type of property (i.e. residential, commercial etc.), form of property and address.
3.	Super Structure; i.e. structure, building built on land or plot	
4.	Apartments and Flats	
5.	Imported motor vehicles	Registration Number of motor vehicle
6.	Motor vehicle purchased from a manufacturer or assembler or dealer in Pakistan	
7.	Securities and shares traded on stock exchange	Name of the issuer of the securities/ name of the company
8.	Securities and shares not traded on stock exchange	Name of the issuer of the securities/ name of the company
9.	National saving schemes, postal certificates, bonds, securities and other similar investments in capital instruments not traded or quoted on stock exchange	Name of the Issuer and account/reference number (optional)
10.	Gold	Description suggested in the form of quantity, nature and parties involved specifically in case of receivables.
11.	Other precious stones and metals	
12.	Stock-in-trade	
13.	Plant and Machinery	
14.	Accounts receivables	
15.	Other assets	None for Prize Bonds.
16.	Prize bonds, cash and bank accounts including foreign currency accounts	

		Whereas in case of bank accounts: Name of Bank, Account title, Account number, Currency and Address.
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It is pertinent to mention here that if any misrepresentation or suppression of facts is found in the declaration, the said declaration would be deemed to be void and no coverage under this act would extend in that case.

What is the rate of Tax on asset declaration?

1.	Foreign Currency held in a foreign currency account in Pakistan as on 31 st March, 2018 and encashed in equivalent Rupees.	2%
2.	Foreign Currency held in a foreign currency account in Pakistan as on 31 st March, 2018 which is invested in Government securities upto 5 years in US Dollars denominated bonds with six monthly profit payment in equivalent rupees (rate of return 3%) and payable on maturity in equivalent rupees	2%
3.	Other assets	5%

When to pay the tax under declaration?

Tax payable under the scheme is required to be paid on the same date on which declaration is made under the scheme.

How to pay tax under declaration?

The payment of tax under this scheme is simple as is generally available in case of tax payment made to the FBR. A taxpayer shall create PSID by login in to www.e.fbr.gov.pk and create PSID under payment nature as “Admitted Tax” and then select the payment section as “Payment of tax on domestic assets under section 5”. The said PSID created shall be paid through cash, pay order or cheque.

Once the payment is made, a CPR shall be generated which shall be linked in the “FORM A” through IRIS and submitted accordingly.

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GENERAL CLAUSES TO THE SCHEME

Admissibility of Declaration as evidence:

The scheme comes with a covenant notwithstanding any other law for the time being in force, that the details/information declared under the scheme shall not be admissible evidence against the declarant for the purpose of any proceedings relating to imposition of penalty or for the purpose of prosecution under any law including Income Tax Ordinance, 2001.

Confidentiality of Declaration:

The scheme comes with a promise that the particulars of the declarant under the scheme shall remain confidential, notwithstanding the provisions of the Income Tax Ordinance, 2001, the Right of Access to Information Act, 2017 and any other law for the time being in force.

Any person violating the said provision to confidentiality shall be punishable with a fine not less than 500,000/- and not exceeding 1,000,000/- or imprisonment for a term not exceeding one year or both.

Incorporation in books of accounts:

The assets declared under the scheme shall be entitled by the declarant to incorporate in its books of accounts. For instance, a taxpayer declaring assets under the scheme, would be entitled to incorporate the said assets in his/her return of income/wealth statement to be filed for the coming tax year 2018.

Act overriding other laws:

The scheme introduced through both the acts i.e. foreign asset (declaration and repatriation) act, 2018 and voluntary declaration of domestic assets act, 2018 have overriding effect notwithstanding anything contained in any other law for the time being in force.

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FORMS

FOREIGN ASSETS (DECLARATION AND REPATRIATION) ACT, 2018

“FORM A”

DECLARATION UNDER SECTION 5												
FULL NAME												
CNIC*						-						
NTN (if available)												
ADDRESS												
TELEPHONE NUMBER:												
Email:												
FOREIGN ASSETS												
S.No.	Nature of assets		Amount	in	Tax	Tax in Pak Rupees						
			Rupees		Rate							
1.	Liquid assets not repatriated				5%							
2.	Immovable assets outside Pakistan				3%							
3.	Liquid assets repatriated and invested in Government securities				2%							
4.	Liquid assets repatriated				2%							
Total tax in Rupees(1+2+3+4)												
Total tax in US Dollars												
Whether evidence of payment of tax attached						YES	NO					

*CNIC includes NICOP or any other identification number issued by National Database and

Registration Authority.

“FORM B”

DESCRIPTION OF ASSETS [see section 5(4)]		
A. Liquid assets not repatriated		
1. Foreign currency		
Bank account details	Bank name and bank A/c 1	
	Bank name and bank A/c 2	
	Bank name and bank A/c 3	
	Bank name and bank A/c 4	
	Bank name and bank A/c 5	
2. Other liquid assets (securities, stocks, promissory notes, Government bonds, deposit certificates and other similar instruments, etc.)		
1.		
2.		
3.		
4.		
5.		
6.		
B. IMMOVABLE PROPERTY(Jurisdiction, address and size)		
1.		
2.		
3.		
4.		
5.		
6.		
7.		

VERIFICATION

I, the undersigned, solemnly declare that to the best of my knowledge and belief-

(a) the information given in this declaration is correct and complete; and

(b) the value of foreign assets has truly been declared.

I, further declare that I am competent to make this declaration and verify it in my own name.

Date _____

Signature _____

Name _____

VOLUNTARY DECLARATION OF DOMESTIC ASSETS ACT, 2018

“FORM A”

DECLARATION UNDER SECTION 5														
FULL NAME														
CNIC							-							-
NTN (if available)														
ADDRESS														
TELEPHONE NUMBER:														
Email:														
UNDISCLOSED INCOME AND DOMESTIC ASSETS														
S.No.	Undisclosed income and assets.										Value as per section 10.			
1.	Undisclosed income.													
2.	Open plots and land.													
3.	Super structure.													
4.	Apartments and flats.													
5.	Imported motor vehicles.													
6.	Motor vehicles purchased from a manufacturer or assembler or dealer in Pakistan.													
7.	Used motor vehicles purchased locally.													
8.	Securities and shares traded on stock exchange.													
9.	Securities and shares not traded on stock exchange.													
10.	National saving schemes, postal certificates, bonds, securities and other similar investments in capital instruments not traded or quoted on stock exchange.													
11.	Gold.													
12.	Other precious stones and metals.													

13.	Stock-in-trade.	
14.	Plant and machinery.	
15.	Accounts receivable.	
16.	Other assets.	
17.	Cash, prize bonds and bank accounts	
18.	Government securities (other than those at S.No. 1 in the Table under section 7)	
Total value in Rupees		
Tax @ 5% (A)		
19.	Government securities or rupee amount from encashment of foreign currency accounts (S.No. 1 in the Table under section 7)	
Tax @ 2% (B)		
Total Tax (A+B)		
Whether evidence of payment of tax attached.		YES NO

VERIFICATION

I, the undersigned, solemnly declare that to the best of my knowledge and belief-

- (a) the information given in this declaration is correct and complete; and
- (b) the value of domestic assets have truly been declared.

I, further declare that I am competent to make this declaration and verify it in my own name.

Date _____

Signature _____

Name _____

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