

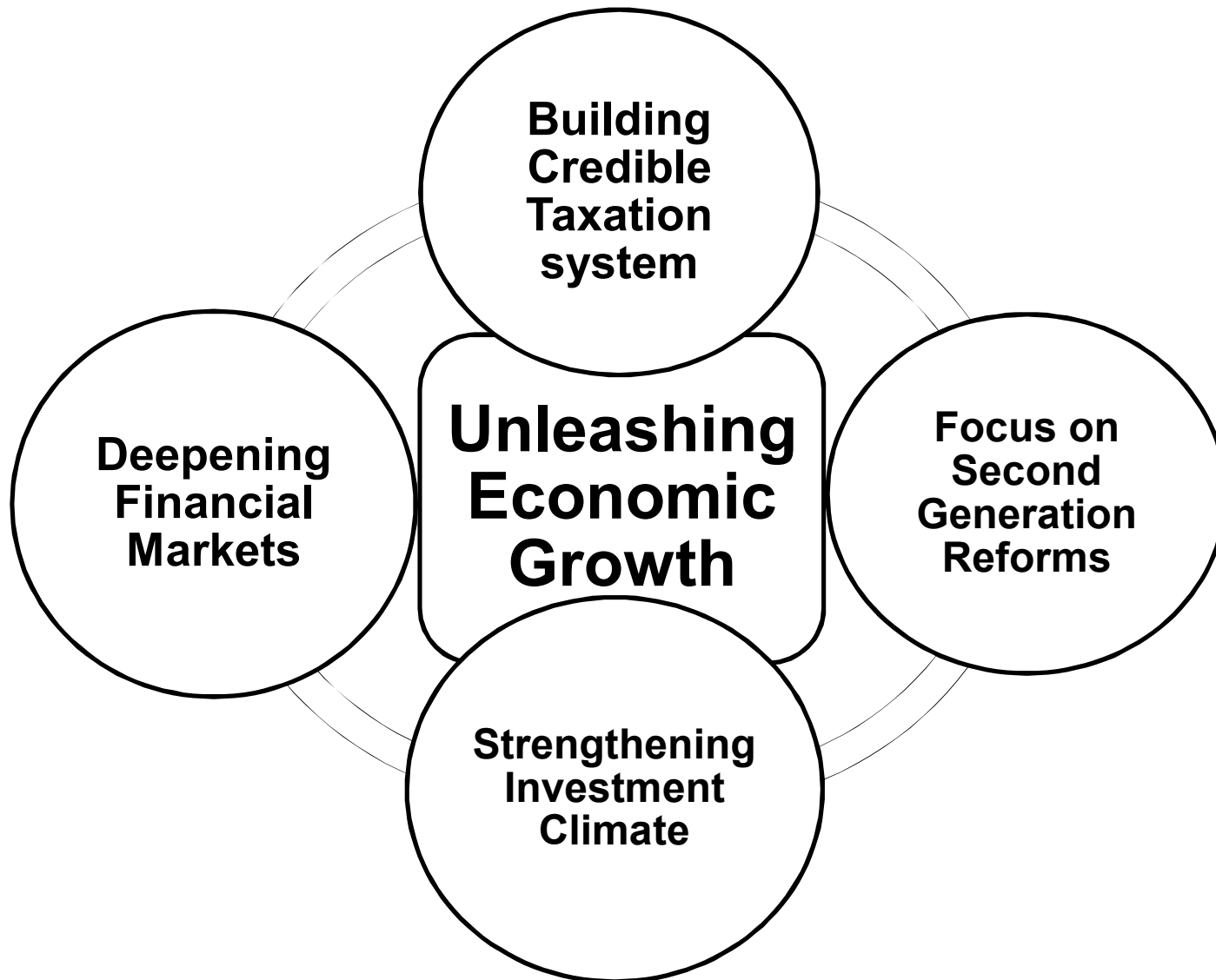
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ECONOMIC REFORMS PACKAGE

Islamabad
April 2018

PML (N)'S MANIFESTO FULFILMENT

The reform agenda being unleashed is the fulfilment of the PML(N)'s Manifesto



CHANGES IN THE INDIVIDUAL TAX RATES

| | | |
|-----------|------------------------------|------------|
| a) | Upto 1,200,000 | 0% |
| b) | 1,200,000 - 2,400,000 | 5% |
| c) | 2,400,000 - 4,800,000 | 10% |
| d) | 4,800,000 & above | 15% |

FOREIGN ASSETS DECLARATION AND REPATRIATION ORDINANCE

- ◆ **Foreign exchange repatriation on 2% payment**
- ◆ **Foreign exchange repatriation will have 2 options:**
 - **Bonds for 5 years at the rate of 3% per annum (6 month payment) [not encashable in year 1]**
 - **All encashment in Pak rupee @ prevailing Interbank Dollar rate**
 - **Local holders of forex can also buy this bond**

FOREIGN ASSETS DECLARATION AND REPATRIATION ORDINANCE

- ◆ **Dollar account holders in Pakistan who have purchased dollars through undeclared money can also regularize on 2% payment**

FOREIGN ASSETS DECLARATION AND REPATRIATION ORDINANCE

- ◆ **Declaration of Foreign Fixed Assets on 3% payment**
 - **Foreign Fixed asset at market price but should be in no case less than the cost of acquisition**
- ◆ **Foreign Liquid assets including Cash/Securities/Bonds etc. held abroad and in local dollar accounts may be declared at 5% payment**

FOREIGN ASSETS DECLARATION AND REPATRIATION ORDINANCE

- ◆ **All remittances less than 100,000/year/person will continue without any questions from any agency about the source and enjoy tax exemptions**
- ◆ **All remittances greater than 100,000/year/person will enjoy tax exemptions but only FBR may question the source**
- ◆ **Any new foreign exchange accounts can only be opened by tax filers**

PAKISTAN PROGRESS ON ACCESS TO INTERNATIONAL INFORMATION

- ◆ **Pakistan has signed and ratified the OECD's Multilateral Convention on Mutual Administrative Assistance in Tax Matters.**
- ◆ **This has established an exchange of information mechanism for tax purposes with more than 100 countries, including tax havens.**
- ◆ **This has enabled us to seek information on banking and other details of our residents from these countries for taxable periods 2018 onwards and for tax matters involving intentional conduct which is liable to prosecution, for earlier taxable periods as well.**
- ◆ **Pakistan is also commencing automatic exchange of financial accounts information under the OECD's umbrella from September 2018 onwards. We will receive detailed information about banking and other financial accounts of our residents automatically each year from other countries and jurisdictions.**
- ◆ **All this will expose Pakistanis' hidden offshore accounts and assets to government and help contain cross border tax evasion.**

VOLUNTARY DECLARATION OF DOMESTIC ASSETS ORDINANCE

- ◆ **All undeclared incomes earned before June 30, 2017 on all local assets (gold, bonds, property etc) can be regularized on a payment of 5%**
- ◆ **FBR rate on property being abolished from 1st July 2018 and provinces being requested to abolish DC rate**
- ◆ **No purchase of property over Rs. 4 million is possible for non-filers of tax returns from 1st July 2018**

VOLUNTARY DECLARATION OF DOMESTIC ASSETS ORDINANCE

◆ **CNIC to be the tax number**

◆ **Reduced tax incidence:**

- **Maximum 1% tax (local and provincial) for registration of property being recommended**
- **At Federal level Adjustable Advance Income Tax being reduced to 1%**

VOLUNTARY DECLARATION OF DOMESTIC ASSETS ORDINANCE

◆ Federal Government to have power to buy individual properties anywhere in Pakistan within six months of registration for:

- 100% more for properties registered in FY 2018-19 (50%)**
- 75% more for properties registered in FY 2019-20 (57%)**
- 50% more for properties registered in FY 2020-21 & thereafter (67%)**

EXEMPTIONS

- ◆ **The Foreign Assets Declaration and Repatriation Ordinance is not valid for the following categories:**
 - Money laundering
 - Drug smuggling
 - Terror financing

- ◆ **It is not applicable to public office holders/ people in service of Pakistan including their spouses and dependent children**

Thank You!

