



# COMMENTS ON ONE TIME AMNESTY SCHEME 2018

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PRESENTED BY:

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**DATED: 05 April 2018**

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## Preamble:

The most awaited amnesty scheme has been introduced. There have been rounds of discussions and speculations in media about the scheme since last four months. Honourable Prime Minister of Pakistan, Mr. Shahid Khaqan Abbasi, announced 'one time amnesty scheme' as a part of Economic Reforms Package. Mr. Abbasi claimed that only 1.2 million citizens are return filers, out of which, 500,000 were NIL filers. He further added that the package has been announced for the purpose of broadening the tax base instead of increasing revenues, unlike historical schemes.

He further added that technology shall be used for identification of taxpayers and their financial transactions like travelling, utility payments etc. shall be monitored. He also added that there are 120 million CNIC holders. CNIC numbers of all the citizens shall be treated as NTN. In this way any CNIC holder may become NTN holder by filing a single form.

## Main features of the Economic Package were as under:

- Income Tax rates for individuals shall be as Under:

S. No.	Income Bracket	Tax Rates
1.	Upto 1,200,000	Exempt
2.	1,200,001 to 2,400,000	5%
3.	2,400,001 to 4,800,000	10%
4.	More than 4,800,000	15%

However, it was not made clear whether above rates are for Salaried Individuals, Business Individuals or both.

- One time amnesty scheme to declare both local and foreign assets at following rates:
  - Declaration of local assets – **5%**
  - Declaration of local immovable property
    - adjustable advance income tax of **1%** shall be collected at values declared by taxpayer.
    - However, Government shall have a right to buy such properties within 6 months of registration as under at following percentages of declared values:
      - 200% for properties registered in 2018-19
      - 175% for properties registered in 2019-20
      - 150% for properties registered in 2020-21
  - Declaration of foreign immovable assets – not repatriated – **3%**
  - Declaration of foreign moveable assets – repatriated – **2%**



- Declaration of foreign currency accounts – **2%**
- For registration of properties, maximum 1% tax (federal and provincial) shall be levied for registration of properties
- The scheme will be available upto **30<sup>th</sup> June, 2018** only, thereafter, strict penalties shall be imposed on defaulters.
- The scheme shall be available to all citizens of Pakistan except **politically exposed persons** and their dependents.
- The scheme will not be applicable on assets acquired by way of Money Laundering, Drug Smuggling and Terror Financing.
- FBR rates on property will be abolished from 1<sup>st</sup> July 2018 while provinces are being requested to abolish DC rates.
- Purchase of property of over Rs. 4 million will not be allowed for non-filers.
- FBR will be allowed to question the source of remittances above \$ 100,000 per year per person.
- New foreign exchange accounts shall be opened by filers only.