

COMMENTS ON  
ASSET DECLARATION ORDINANCE 2019



**Q1: What is the definition of Undisclosed Expenditure?**

"undisclosed expenditure" means any unexplained or unaccounted expenditure under the provisions of the Income Tax Ordinance, 2001 (XLIX of 2001) up to the tax year 2018, which has not been declared in the return of income or for which a return of income has not been filed and such expenditure is not accounted for.

**Q2: What is the definition of undisclosed Sales?**

**A:** "undisclosed sales" means sales or supplies chargeable to sales tax or federal excise duty under the Sales Tax Act, 1990 or the Federal Excise Act, 2005, respectively, which were not declared or have been under-declared up to 30th June, 2018.

**Q3: What is the definition of Undisclosed Assets?**

**A:** "undisclosed assets" includes Benami assets as defined in the Benami Transactions (Prohibition) Act, 2017 (V of 2017) and any assets the value of which has been unreported, under-reported or understated.

**Q4: What will be the currency to pay tax in respect of Foreign Assets or Assets in Foreign Currency?**

**A:** In case of foreign assets, declaration is to be made in Rupees; however the payment is to be made in foreign currency in accordance with the guideline prescribed by State Bank of Pakistan.

**Q5: Any amount of default surcharge paid under the provision of this ordinance is refundable or not?**

**A:** Any amount of tax or default surcharge paid under the Asset Declaration Ordinance, 2019 shall not be refundable. This means that where tax is paid and the proceedings are pending in appeals which are subsequently decided in favour of the declarant, the tax so paid would not be refunded. It is suggested that if subsequently, the appeal is decided favourably, the tax so

paid may be refunded to the extent of relief allowed.

**Q6: What is the rate imposed on unexplained expenditure?**

**A:** Tax Rate for declaration of unexplained expenditure is 4%.

**Q7: What is the rate imposed on unexplained Sales?**

**A:** Tax Rate for declaration of unexplained Sales is 2%.

**Q8: What is the rate imposed on Domestic Immoveable Property?**

**A:** Tax Rate for declaration of Domestic Immoveable Property is 1.5%.

**Q9: What is the rate imposed on cash in hand and what is the procedure to claim that?**

**A:** Tax Rate on Cash in hand is 4% and condition is to Deposit of declared cash into bank account which must be retained in the bank account upto June 30, 2019

**Q10: What is the rate of default surcharge if tax amount is paid after 31-03-2020 and on or before 30-06-2020?**

**A:** 40% of the tax amount.

**Q11: What will be the rate of default surcharge if tax amount is paid after 30-06-2019 and on or before 30-09-2019?**

**A:** 10% of the amount of Tax.

**Q12: Is there any Persons or Assets or Proceedings on which Declaration cannot be made?**

**A:** The provisions of this Ordinance shall not apply to:

- 1) Holders of public office.
- 2) A public company as defined under clause (47) of section 2 of Income Tax Ordinance, 2001.
- 3) Assets / proceeds that are involved in or derived from the commission of criminal offence.
- 4) Gold and precious stones.
- 5) Bearer prize bonds.
- 6) Bearer securities, shares,

certificates, bonds or any other bearer assets; or

- 7) Proceedings pending in any court of law.

**Q13: What is the date on which Foreign and Local Assets, Sales and Expenses can be disclosed?**

**A:** Foreign and local assets held, sales made, expenditure incurred up till 30 June 2018 can only be disclosed

**Q14: What is the time limit for declaring Benami Assets held or acquired?**

**A:** Benami assets held or acquired before the date of declaration made on Asset Declaration Ordinance, 2019 can be disclosed.

**Q15: Is declaration can be made to enhance the value of the immovable Property which are already disclosed?**

**A:** Yes. A declaration can also be made to enhance the value of immovable property already disclosed earlier.

**Q16: In case proceedings are initiated by the Department on the basis of Assets, Sales or expenditure. Can a Person get benefited from this Assets Declaration Ordinance, 2019?**

**A:** Yes A person can declare assets, sales or expenditure even in case proceedings are initiated by the tax authorities but are not finalized before the date of declaration. However, this would not be applicable in case of proceedings pending in any court of law. Court of Law under the Ordinance is defined as a "High Court" or "Supreme Court of Pakistan

**Q17: What is the deadline for filing declaration and made payment?**

**A:** The deadline for filing of declaration shall be 30th June 2019. The deadline for payment of tax without default surcharge shall be 30th June 2019.

**Q18: is there default surcharge on payment made after 30<sup>th</sup> June 2019?**

**A:** Yes, if the payment of tax is made after 30 June 2019, it would attract default surcharge at varying rates ranging from 10% to 40% depending upon the date of payment.

**Q19: How the value of Domestic Immoveable Property determined?**

**A:** Domestic immovable properties would be valued on their cost which shall not be less than -

(i) 150% of the FBR value notified through SROs issued by the FBR under section 68 of the Ordinance; or

(ii) 150% of the DC value, where FBR value has not been notified or the FBR value is less than the DC value; or

(iii) 150% of FBR value notified under section 68 of the Ordinance for land and 150% of DC value for constructed property, where FBR value has not been notified for constructed property;

For example, if the FBR prescribed value of a property is Rs. 10,000,000 then the same will be required to be declared at Rs. 15,000,000 minimum. The tax at 1.5% will be required to be paid on value of Rs. 15,000,000 instead of Rs. 10,000,000 which will be Rs. 225,000. Therefore, effective rate of tax will become (Rs. 225,000/Rs. 10,000,000).

**Q20: How the Value of Constructed Property be determined?**

**A:** In case of constructed property where FBR rates are not prescribed, its value should not be less than cumulative of 150% of value of land notified by FBR and 150% of DC value for constructed property.

**Q21: what are the rates of Taxes for declaration of Assets, Sales or Expenditure?**

**A:** The rates of tax to be paid in respect of assets or sales or expenditure are as follows;

- a. Undisclosed sales @ 2%.
- b. Domestic immovable property @ 1.5%.
- c. Foreign liquid assets not repatriated @ 6%.
- d. All other assets and expenditures @ 4%.

**Q22: How Declaration and Payment of Taxes is to be made in case of Foreign Assets?**

**A:** In case of foreign assets, declaration is to be made in Rupees, however the payment is to be made in foreign currency in accordance with the guideline prescribed by State Bank of Pakistan.

**Q23: How Declaration for Cash, Foreign Currency and Foreign Currency liquid Assets (both repatriated and nonrepatriated) can be declared under the provision of Asset declaration Ordinance, 2019?**

**A:** Declaration of cash, foreign currency, and foreign currency liquid assets (both repatriated and nonrepatriated) would be valid only if such assets are deposited by the declarant into his local/ foreign bank account and retained till 30 June 2019.

**Q24: on which Value declaration of assets (other than immovable property) is to be made?**

**A:** The declaration of assets (other than immovable property) is to be made at Fair Market Value, which shall not be less than the cost of acquisition. In case of asset denominated in foreign currency, the value shall be computed by applying the exchange rate prevailing at the date of declaration.

**Q25: if there any option to file revised declaration for domestic immovable property?**

**A:** In case, a declarant who filed a declaration for domestic immovable

property either under the Income Tax Ordinance, 2001 or Voluntary Declaration of Domestic Assets Act, 2018, and wishes to enhance the declared value of such property, he may file a declaration under the new scheme.

The Ordinance further provides that no proceeding or action under the Ordinance will be initiated against a person who filed a declaration in respect of immovable property which is in line with section 68 of the Income Tax Ordinance, 2001, or Voluntary Declaration of Domestic Assets Act, 2018.

**Q26: What will the mode and manner of repatriation of assets held outside Pakistan and payment of tax thereon?**

**A:** The State Bank of Pakistan shall notify the mode and manner of following:

- a. Repatriation of assets to Pakistan;
- b. Deposit of tax in foreign currency through State Bank of Pakistan; and
- c. Method of conversion of value of assets held outside Pakistan in Pak rupees.



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