



SYNOPSIS ON THE  
ASSETS DECLARATION ORDINANCE, 2019  
RIAZ AHMAD, SAQIB, GOHAR & CO.  
CHARTERED ACCOUNTANTS

Excellent.  
Connected.  
Individuals.

## TABLE OF CONTENT

S.No.	Section	Page No.
1	Preamble	1
2	What can be declared?	2
3	Who or what is not eligible for declaration?	3
4	Declaration of undisclosed assets, undisclosed sales, undisclosed expenditure and benami assets	4
5	Essential requirements of a valid declaration	5
6	Other important matters addressed by the Ordinance	6

**PREAMBLE:**

*A major problem of our country has always been lesser number of tax payers due to undocumented economy. Over the years it has been the endeavor of the governments to take some serious measures in this regard so that the tax burden of the entire economy from a few hands is spread to a wider base. Another rationale put forth is to justify the introduction of this Ordinance has been to allow the declaration of benami assets in the context of the newly promulgated Benami laws so that these assets are effectively owned by their beneficial owners.*

*This document aims at simplifying the Ordinance for ease of understanding for those who wish to avail the benefits of this Ordinance. We hope, as always, we can be of service to you and the matter of undocumented assets, sales and expenditures is solved once and for all!*

*The team of Riaz Ahmad, Saqib, Gohar & Co. Chartered Accountants is always working tirelessly in order to provide Result Assured Services for the Growth of our clients. Please note that this is merely a synopsis based on our understanding of the Ordinance developed for the purpose of giving an overview of the Ordinance at a glance in order to save your valuable time. It is advised to refer to the bare law as well as obtaining consultation prior to taking any decisions.*

*Please feel free to contact our team of highly qualified professionals who are currently dealing with the matters of declaration of assets under this Ordinance (the details of whom are set out below):*

*Gohar Manzoor, FCA, FCMA  
The Founder and Managing Partner  
Email: gohar@rasgco.com*

*Mr. Muhammad Ali Rafique, FCA  
Partner  
Email: muhd.ali@rasgco.com*

*Mr. Muhammad Kamal Gohar, FCA  
Partner  
Email: kamal@rasgco.com*

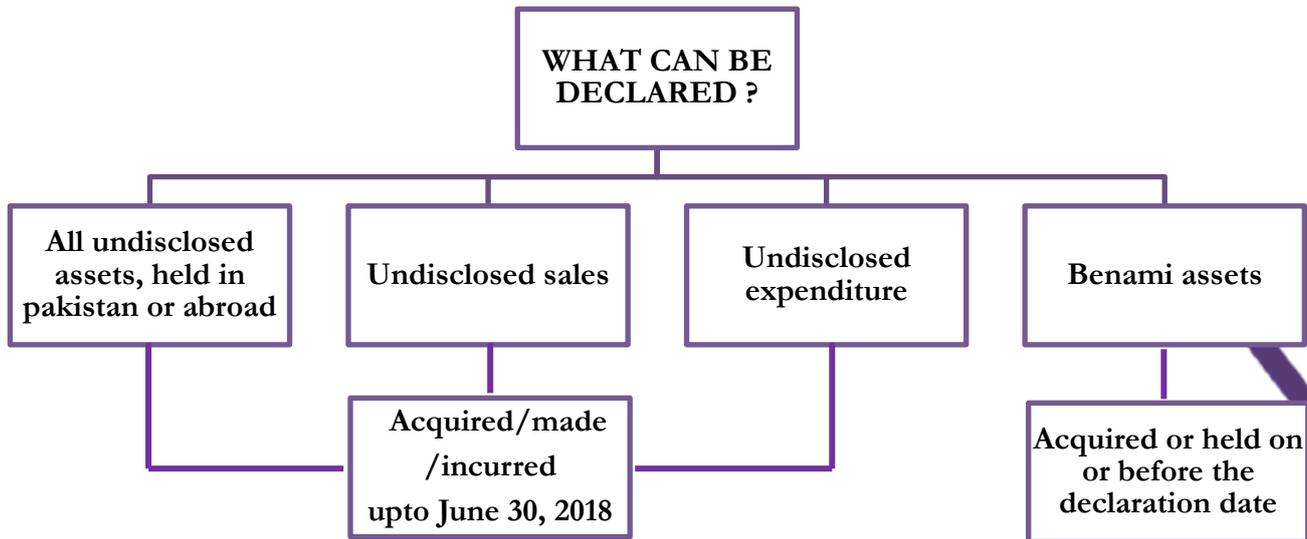
*Mr. Fareed H. Siddique, ITP  
Director Taxation  
Email: fareed@rasgco.com*

*Mr. Mohammed Kamil Gohar, ACA  
Manager  
Email: kamil@rasgco.com*

## WHAT CAN BE DECLARED?

For any person intending to avail the benefits of the Ordinance, it is pertinent to know that what can be declared and for what period? The illustration below summarizes the answer to these questions:

### Illustration



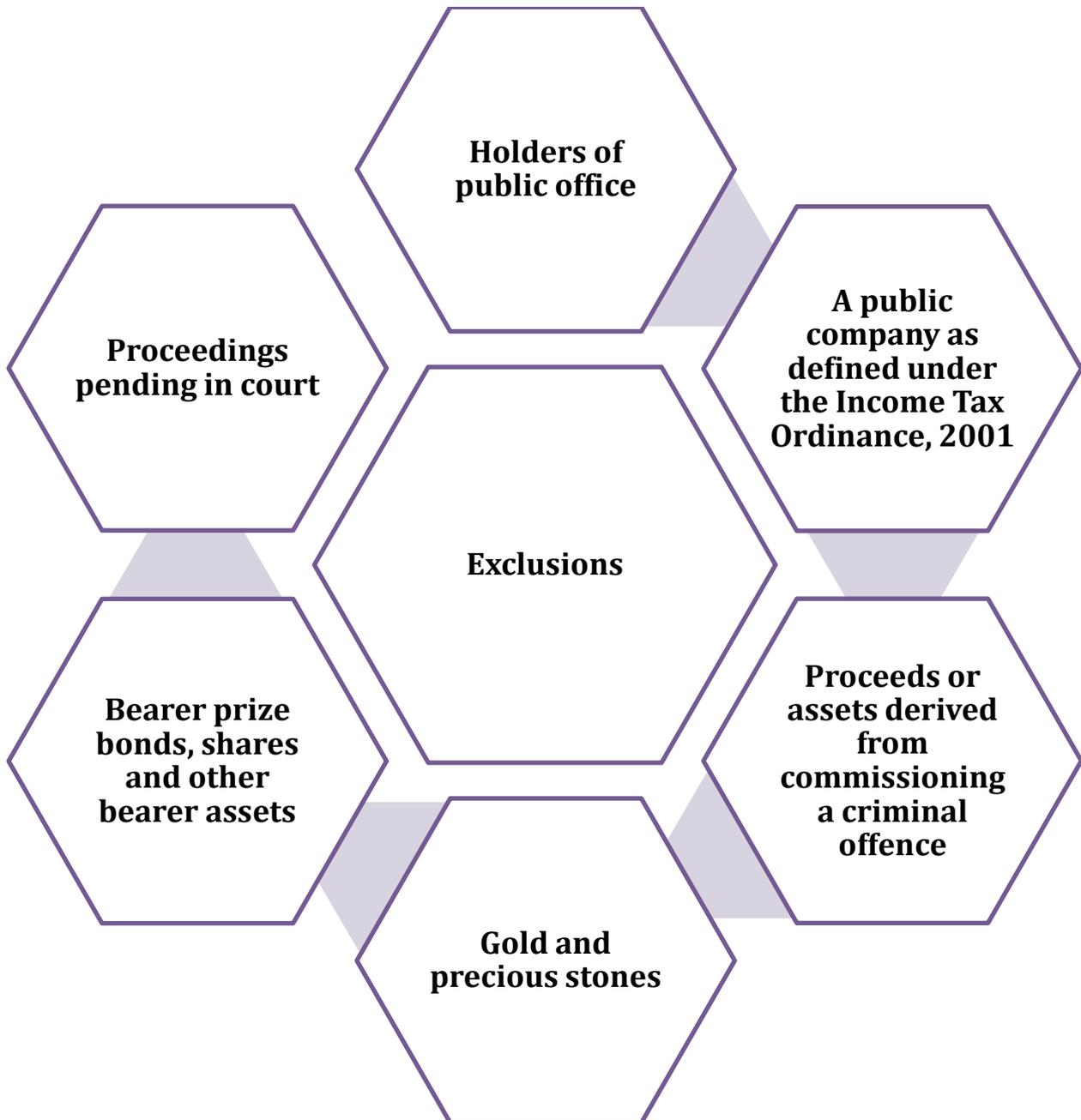
In a nutshell mean:

Assets of any kind, created as a result of Benami transaction or arrangement including any right or interest or legal document or instruments evidencing title or interest in the property ... also includes proceeds from such property!



## WHO OR WHAT IS NOT ELIGIBLE FOR DECLARATION?

The following persons, assets, incomes and expenditures are not eligible for declaration under the Ordinance and have completely been excluded from the ambit of this Ordinance:



## DECLARATION OF UNDISCLOSED ASSETS, UNDISCLOSED SALES, UNDISCLOSED EXPENDITURE AND BENAMI ASSETS:

After an overview of the eligibilities and ineligibilities of the Ordinance, this section of the document describes the mode of declaration which is required to be followed. For the purpose of declaration of any undisclosed assets, undisclosed sales, undisclosed expenditures and benami assets there are two crucial elements to it i.e. its value and the rate of tax chargeable.

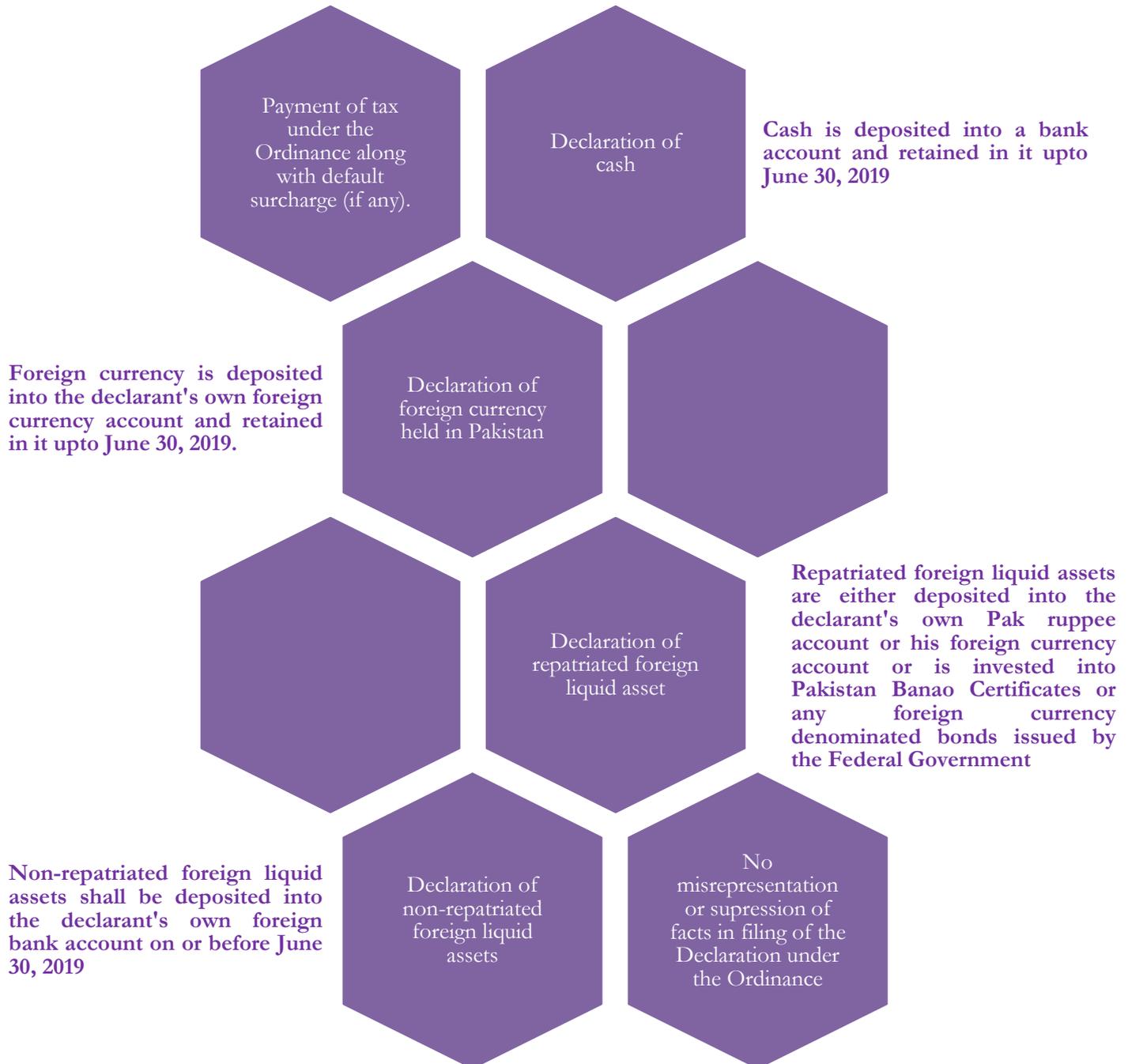
The illustration below summarizes the value and rate of tax chargeable for the purpose of declaration under the Ordinance:

VALUE	TAX RATE
<b>Domestic Immovable Property</b> <ul style="list-style-type: none"> <li>•Not less than 1.5 times the FBR value notified</li> <li>•Not less than 1.5 times the DC value notified, where FBR value is not notified or less</li> <li>•Not less than 1.5 times the FBR value for Land and 1.5 times the DC value for constructed property, where FBR value is not notified</li> </ul>	1.5%
<b>Domestic movable property</b> <ul style="list-style-type: none"> <li>•Open market price but not less than cost of acquiring the assets.</li> </ul>	4%
<b>All foreign assets excluding foreign liquid assets not repatriated</b> <ul style="list-style-type: none"> <li>•Open market price but not less than cost of acquiring the assets. (exchange rate at date of declaration to be used)</li> </ul>	4%
<b>Undisclosed Sales</b> <ul style="list-style-type: none"> <li>•Value of undeclared or under declared sales or supplies chargeable to sales tax or Federal Excise Duty</li> </ul>	2%
<b>Undisclosed expenditure</b> <ul style="list-style-type: none"> <li>•Value of unexplained or unaccounted for expenditure</li> </ul>	4%
<b>Foreign liquid assets not repatriated</b>	6%

\*NB.: For tax paid after June 30, 2019 and on or before June 30, 2020, default surcharge at various rates of the tax amount will be payable along with applicable tax.

## ESSENTIAL REQUIREMENTS FOR A VALID DECLARATION:

There are certain pre-requisites which are required to be met without which a declaration under the Ordinance would be invalid. These pre-requisites have been summarized below in this section of the document:



## **OTHER IMPORTANT MATTERS ADDRESSED BY THE ORDINANCE:**

### **What is the status of previous declarations filed?**

In case a person has already filed a declaration in respect of any immovable property in line with Section 68 of the Income Tax Ordinance, 2001, or the Voluntary Declaration of Domestic Assets Act, 2018 no further proceedings will be initiated against him in view of the provisions of this Ordinance.

### **How can I enhance the value of immovable property previously declared?**

Any declarant who wishes to enhance the value of immovable property previously declared under section 68 of the Income Tax Ordinance, 2001, or the Voluntary Declaration of Domestic Assets Act, 2018 may do so by filing a further declaration in terms of the enhanced value calculated under this Ordinance.

### **Should I account for the undisclosed assets, sales and expenditures declared under this Ordinance?**

**Yes!** A declarant is entitled to reflect any undisclosed assets, sales and expenditures which are declared under this Ordinance in his return, wealth statement or financial statements irrespective of the fact that they relate to a year which is barred by time for the purpose of revision of return of income or wealth statement.

### **What is the mode and manner of repatriation of assets held outside Pakistan and payment of tax thereon?**

The mode and manner of repatriation of assets held outside Pakistan and payment of tax thereon shall be notified by the State Bank of Pakistan in the near future as per the Ordinance.

### **Can I avail the benefits of this Ordinance where proceedings have been initiated and/or pending in relation to the matter of my undisclosed assets, sales and expenditures under the Income Tax Ordinance, 2001; the Sales Tax Act, 1990 and the Federal Excise Act, 2005?**

**Yes!** the benefits of this Ordinance will be available where any proceedings have been initiated and/or pending in relation to the matter of undisclosed assets, sales and expenditures under the Income Tax Ordinance, 2001; the Sales Tax Act, 1990 and the Federal Excise Act, 2005. However, proceedings pending in the court of law have specifically been excluded!

### **Can the Declaration under this Ordinance be used as admissible evidence against me under any proceedings?**

**No!** Nothing contained in any declaration made under the Ordinance shall be admissible evidence against the declarant for the purpose of any proceedings relating to imposition of penalty or adverse action or for the purposes of prosecution under any law.

### **Can I settle my outstanding demand raised under the Income Tax Ordinance, 2001; the Sales Tax Act, 1990 and the Federal Excise Act, 2005 while filing my declaration?**

This Ordinance also provides the facility for any person at the time of filing of declaration to settle any demand raised under the aforementioned statutes without any inference of default surcharge and penalty.

-  ASIA PACIFIC
-  CENTRAL & SOUTH AMERICA
-  EUROPE MIDDLE EAST & AFRICA
-  NORTH AMERICA



Members of



**Corporate Office**

5-Nasim C.H.S. Major Nazir Bhatti Road  
 Off: Shaheed-e-Millat Road, Karachi.  
 Tel.: (92-21) 34945427, 34946112, 34931736  
 Fax: (92-21) 34932629

**Regional Offices:**

**Lahore**  
 Building No. 35 – D / E, Ali Block, New Garden Town, Lahore.  
 Tel.: (92-42) 35940246 – 7  
 Fax: (92-42) 35940248  
 Email: rasglhr@rasgco.com

**Islamabad**  
 Office #3, 1<sup>st</sup> Floor, 96-W, Khyber plaza, Fazl-ul-Haq Road, Blue Area, Islamabad.  
 Tel.: +92-051-2804245-6  
 +92-051-2540503  
 Email: rasgisl@rasgco.com