

# SENATE OF PAKISTAN

REPORT NO.1 OF 2018



*House of the Federation*

## REPORT OF THE STANDING COMMITTEE ON FINANCE, REVENUE AND ECONOMIC AFFAIRS

ON

THE VOLUNTARY DECLARATION OF DOMESTIC ASSETS BILL,  
2018", LAID IN THE HOUSE ON 12<sup>TH</sup> APRIL, 2018, UNDER  
ARTICLE 73 OF THE CONSTITUTION

PRESENTED BY

SENATOR FAROOQ HAMID NAEK



## SENATE SECRETARIAT

### REPORT OF THE STANDING COMMITTEE ON FINANCE, REVENUE AND ECONOMIC AFFAIRS ON "THE VOLUNTARY DECLARATION OF DOMESTIC ASSETS BILL, 2018"

I, Senator Farooq Hamid Naek, Chairman Standing Committee on Finance, Revenue and Economic Affairs, have the honour to submit, on behalf of the Committee, this report on a money Bill to provide for Voluntary Declaration of Domestic Assets in Pakistan [The Voluntary Declaration of Domestic Assets Bill, 2018], laid on the table of the House on 12<sup>th</sup> April, 2018, under Article 73 of the Constitution for making recommendations, if any, thereon to the National Assembly and referred to the Standing Committee for consideration and report.

2. The composition of the Standing Committee is as under: -

(1)	Senator Farooq Hamid Naek	Chairman
(2)	Senator Saleem Mandviwalla	Member
(3)	Senator Ayesha Raza Farooq	Member
(4)	Senator Mushahid Ullah Khan	Member
(5)	Senator Musadik Masood Malik	Member
(6)	Senator Dilawar Khan	Member
(7)	Senator Muhammad Akram	Member
(8)	Senator Muhammad Talha Mahmood	Member
(9)	Senator Khanzada Khan	Member
(10)	Senator Mohsin Aziz	Member
(11)	Senator Aurangzeb Khan	Member
(12)	Senator Mian Muhammad Ateeq Shaikh	Member
(13)	Senator Anwar ul Haq Kakar	Member
(14)	Minister for Finance, Revenue and Economic Affairs	Ex-Officio Member

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3. The Committee considered the said Bill in its meeting held on 24<sup>th</sup> April, 2018, which was attended by the following:-

(1)	Senator Farooq Hamid Naek	Chairman
(2)	Senator Saleem Mandviwalla	Member
(3)	Senator Ms. Ayesha Raza Farooq	Member
(4)	Senator Musadik Masood Malik	Member
(5)	Senator Dilawar Khan	Member
(6)	Senator Muhammad Akram	Member
(7)	Senator Khanzada Khan	Member
(8)	Senator Mohsin Aziz	Member
(9)	Senator Aurangzeb Khan	Member
(10)	Rana Muhammad Afzal	Ex-Officio Member
	Minister of State for Finance and Revenue	

4. The Standing Committee considered the said Bill clause by clause and after due deliberations recommended that the Bill may be passed by the National Assembly with the following amendments:-

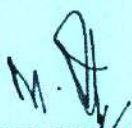
- (1) That in Clause 1, for the word "**Ordinance**", the word "**Act**", shall be substituted;
- (2) That in Clause 2,-
  - a) in sub-clause (1), for the word "**Ordinance**" the word "**Act**", shall be substituted;
  - b) in sub-clause (1), in paragraph (b), for the word "**Ordinance**" the word "**Act**", shall be substituted;
- (3) That in Clause 3, for the word "**Ordinance**", the word "**Act**", shall be substituted;
- (4) That in Clause 4, for the word "**Ordinance**" wherever occurring, the word "**Act**", shall be substituted;

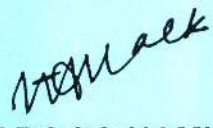
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- (5) That in Clause 5, for the word "**Ordinance**" wherever occurring, the word "**Act**", shall be substituted;
- (6) That in Clause 8, in sub-clause (2) for the words "**foreign assets**", the words "**domestic assets**", shall be substituted;
- (7) That in Clause 10,-
  - a) for the word "**Ordinance**", the word "**Act**", shall be substituted;
  - b) In the table, at S.No.3, in Column (3), after the words "**Rs.400 per square feet**", the brackets and word "**(minimum)**", shall be added; and
  - c) In the table, at S.No.14, in Column (3), for the words "**of acquisition with no depreciation**", the words "**or declared value**", shall be substituted;
- (8) That in Clause 11, for the word "**Ordinance**", occurring in the fifth and sixth lines, the word "**Act**", shall be substituted;
- (9) That in Clause 13, for the word "**Ordinance**", the word "**Act**", shall be substituted;
- (10) That in Clause 14, for the word "**Ordinance**", the word "**Act**", shall be substituted;

5. The Bill as laid in the Senate is Annexed. The Committee also gave approval for presentation of this report to the House.

  
(MUHAMMAD TAHIR KHAN)  
Secretary (Committee)

  
(SENATOR FAROOQ HAMID NAEK)  
Chairman (Committee)



[Published in the Gazette of Pakistan, Extraordinary, Part-I,  
dated the 8<sup>th</sup> April, 2018]

ORDINANCE NO.IV OF 2018

AN

ORDINANCE

*to provide for voluntary declaration of domestic assets in Pakistan*

WHEREAS there is a large scale non-reporting and under-reporting of assets held in Pakistan and it is expedient to provide for declaration of such assets for the purposes hereinafter appearing;



AND WHEREAS the Senate and the National Assembly are not in session and the President of the Islamic Republic of Pakistan is satisfied that circumstances exist which render it necessary to take immediate action;

NOW, THEREFORE, in exercise of the powers conferred by clause (1) of Article 59 of the Constitution of the Islamic Republic of Pakistan, the President of the Islamic Republic of Pakistan is pleased to make and promulgate the following Ordinance:—

1. **Short title and commencement.**—(1) This Ordinance may be called the Voluntary Declaration of Domestic Assets Ordinance, 2018.

(2) It shall come into force at once.

2. **Definitions.**—(1) In this Ordinance, unless there is anything repugnant to the subject or context,—

(a) "declarant" means a person making a declaration under section 5;

(b) "domestic assets" means assets of every kind other than foreign assets under Foreign Assets (Declaration and Repatriation) Ordinance, 2018,

(c) "holder of public office" means a person who is or has been, at any time since 1st day of January 2000,—

(i) the President of the Islamic Republic of Pakistan or the Governor of a Province;

(ii) the Prime Minister, Chairman Senate, Speaker of the National Assembly, Deputy Chairman Senate, Deputy Speaker National Assembly, Federal Minister, Minister of State, Attorney-General for Pakistan and other Law Officers appointed under the Central Law Officers Ordinance, 1970 (VII of 1970), Adviser or Consultant or Special Assistant to the Prime Minister and holds or has held a post or office with the rank or status of a Federal Minister or Minister of State, Federal Parliamentary Secretary, Member of Parliament, Auditor-General of Pakistan, Political Secretary;

(iii) the Chief Minister, Speaker Provincial Assembly, Deputy Speaker Provincial Assembly, Provincial Minister, Adviser or Consultant or Special Assistant to the Chief Minister and who holds or has held a post or office with the rank or status of a Provincial Minister, Provincial Parliamentary Secretary, Member of the Provincial Assembly, Advocate-General for a Province including Additional Advocate-General and Assistant Advocate-General, Political Secretary;



- (iv) the Chief Justice or, as the case may be, a Judge of the Supreme Court, Federal Shariat Court, a High Court or a Judicial Officer whether exercising judicial or other functions or Chairman or member of a Law Commission, Chairman or Member of the Council of Islamic Ideology;
- (v) holding an office or post in the service of Pakistan or any service in connection with the affairs of the Federation or of a Province or of a local council constituted under any Federal or Provincial law relating to the constitution of local councils, co-operative societies or in the management of corporations, banks, financial institutions, firms, concerns, undertakings or any other institution or organization established, controlled or administered by or under the Federal Government or a Provincial Government or a civilian employee of the Armed Forces of Pakistan;
- (vi) the Chairman or Mayor or Vice Chairman or Deputy Mayor of a *mita* council, a municipal committee, a municipal corporation or a metropolitan corporation constituted under any Federal or Provincial law relating to local councils;

*Explanation.*—For the purpose of this sub-clause the expressions "Chairman" and "Vice Chairman" shall include "Mayor" and "Deputy Mayor" as the case may be, and the respective councilors therein; and

- (vii) a District *Nazim* or District *Naib Nazim*, Tehsil *Nazim* or Tehsil *Naib Nazim* or Union *Nazim* or Union *Naib Nazim*;

(2) All other words and expressions used but not defined in the Ordinance shall have the same meaning assigned to them under the Income Tax Ordinance, 2001 (XLIX of 2001) and the rules made thereunder.

3. **Ordinance to override other laws.**—The provisions of this Ordinance shall have effect notwithstanding anything to the contrary contained in any other law for the time being in force.

4. **Application.**—(1) The provisions of this Ordinance shall apply to—

- (a) every company, association of persons and all citizens of Pakistan wherever they may be, except holders of public office, their spouses and dependent children; and
- (b) undisclosed income and domestic assets held by the persons first mentioned in clause (a) in Pakistan, except where proceedings are pending in any court of law in respect of the domestic assets.



(2) The provisions of this Ordinance shall not apply to any proceeds or assets that are involved in or derived from the commission of a criminal offence.

5. **Declaration of domestic assets in Pakistan.**—(1) Subject to the provisions of this Ordinance, any person may make, to the Federal Board of Revenue by the due date specified in section 6, a declaration in respect of undisclosed income and domestic assets acquired before the commencement of this Ordinance.

(2) The value of a domestic asset shall be as specified in section 10.

(3) The description, value and tax paid in respect of the undisclosed income and domestic assets declared in sub-section (1) shall be in the manner as set out in Form A of the Schedule to this Ordinance.

(4) The declaration of undisclosed income and domestic assets shall be made in the manner as set out in Form A of the Schedule to this Ordinance, electronically on Federal Board of Revenue's web portal and shall be valid only if it is accompanied by the evidence of payment of tax.

6. **Period of applicability.**—The declaration under section 5 shall be made after the tenth day of April, 2018 but on or before the thirtieth day of June, 2018.

7. **Charge of tax.**—The domestic assets declared within the due date shall be chargeable to tax at the rates specified in the Table below on the value of assets as determined under section 10, namely:—

TABLE

S.No.	Assets	Rate (as a percentage of the value of the asset)
(1)	(2)	(3)
1.	Foreign currency held in a foreign currency account in Pakistan as on the 31st March, 2018 and encashed in equivalent Rupees.	2%
	Foreign currency held in a foreign currency account in Pakistan as on the 31st 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.	Other assets.	5%

8. **Payment of tax.**—(1) The due date for payment of the tax chargeable under section 7 shall be the date on which declaration is made under section 6.



(2) No tax shall be payable by the declarant under any law for the time being in force including the Income Tax Ordinance, 2001 (XLIX of 2001) where tax has been paid under sub-section (1) in respect of the foreign assets declared under section 5.

9. **Incorporation in books of account.**—(1) Where a declarant has paid tax under section 8 in respect of undisclosed income and domestic assets declared under section 5, the declarant shall be entitled to incorporate in his books of account such domestic assets.

(2) For the purpose of the Income Tax Ordinance, 2001 (XLIX of 2001), the cost of acquisition of domestic assets and date of acquisition shall be deemed to be the value under sub-section (2) of section 5 and the date on which declaration has been made by the declarant, respectively.

10. **Valuation.**—For the purpose of this Ordinance, the valuation of assets declared shall be made in the following manner, namely:—

S. No.	Undisclosed income and assets	Value for the purpose of section 5(2)
(1)	(2)	(3)
1.	Undisclosed income.	As declared.
2.	Open plots and land.	Cost of acquisition or FBR rates, whichever is higher.
3.	Super structure.	Rs. 400 per square feet.
4.	Apartments and flats.	Cost of acquisition or Provincial stamp duty rates, whichever is higher.
5.	Imported motor vehicles.	A-B A= 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. B= a sum equal to 10% of the said value for each successive year upto a maximum of five years.
6.	Motor vehicles purchased from a manufacturer or assembler or dealer in Pakistan.	A-B A= The price paid by the purchaser, including the amount of all charges, customs duty, sales tax and other taxes, levies, octroi, fees and all other duties and taxes leviable thereon and the costs incurred till their registration. B= a sum equal to 10% of the said value for each successive year upto a maximum of five years.
7.	Used motor vehicles purchased locally.	Value determined in the manner specified in S.N. 5 or 6, as the case may be, as reduced by an amount equal to 10% for every year following the year in which it was imported or purchased from a manufacturer.



8.	Securities and shares traded on stock exchange.	Day-end price of the share 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 9th April, 2018 day-end price of the share or security quoted on a date nearest to the 9th April, 2018.
9.	Securities and shares not traded on stock exchange.	Break-up value or face value, whichever is higher. Breakup value shall be the sum of paid-up capital, reserves and balance as per profit and loss account as reduced by the value of preference shares and divided by the amount of the paid up ordinary share capital.
10.	National saving schemes, postal certificates, bonds, securities and other similar investments in capital instruments not traded or quoted on stock exchange.	Face value
11.	Gold	Rupees 4000 per gram.
12.	Other precious stones and metals.	Market rate as on the 9th April, 2018 or cost of acquisition, whichever is higher.
13.	Stock-in-trade	Market rate as on the 9th April, 2018.
14.	Plant and machinery	Actual cost of acquisition with no depreciation.
15.	Accounts receivable.	Actual cost of acquisition.
16.	Other assets.	
17.	Prize bonds, cash and bank accounts including foreign currency accounts.	Face value.

11. **Confidentiality.**—(1) Notwithstanding the provisions of sub-section(3) of section 216 of the Income Tax Ordinance, 2001 (XLIX of 2001), the Right of Access to Information Act, 2017 (XXXIV of 2017) and any other law for the time being in force, particulars of any person making a declaration under this Ordinance or any information received in any declaration made under this Ordinance shall be confidential.

(2) A person who discloses any particulars in contravention of sub-section (1) shall commit an offence punishable on conviction with a fine of not less than five hundred thousand Rupees but not exceeding one million Rupees or imprisonment for a term not exceeding one year or with both.

12. **Declaration not admissible in evidence.**—Notwithstanding anything contained in any other law for the time being in force, nothing contained in any declaration made under section 5 shall be admissible in evidence against the declarant for the purpose of any proceedings relating to



imposition of penalty or for the purposes of prosecution under any law including Income Tax Ordinance, 2001 (XLIX of 2001).

13. **Removal of difficulty.**—If any difficulty arises in giving effect to the provisions of this Ordinance, the Federal Government may make such order in writing, as is not inconsistent with the provisions of this Ordinance, for removal of such difficulty.

14. **Misrepresentation.**—Notwithstanding anything contained in this Ordinance, where a declaration has been made by misrepresentation or suppression of facts, such declaration shall be void and shall be deemed never to have been made under this Ordinance.

**Schedule**

**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 and prize bonds	
18.	Government securities.	
Total value in Rupees		
Tax @ 5% (A)		
19.	Government securities (S.No. 1 in the Table under section 7)	
Tax @ 2% (B)		
Total Tax (A+B)		
Whether evidence of payment of tax attached.		<div>YES</div> <div>NO</div>

### 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 \_\_\_\_\_



### STATEMENT OF OBJECT AND REASONS

Whereas there is a large scale non-reporting and under-reporting of assets and income held in Pakistan and it is expedient to provide for declaration of such assets.

2. To provide an opportunity to taxpayers to regularize their tax affairs and disclose their concealed incomes and domestic assets and thus become compliant.
3. To broaden the tax base and to collect revenue pertaining to non-reporting and under-reporting of assets and income without incurring high administrative costs for detecting and prosecuting tax evaders.
4. The Ordinance is being issued to collect revenues without any loss of time and provides for voluntary declaration of domestic assets.

**(Rana Muhammad Afzal Khan)**  
**Minister of State for Finance**