

VOLUNTARY DECLARATION SCHEME



SALIENT FEATURES

➤ DOMESTIC

- ❖ The Scheme shall be applicable, in case of Company, Association of Person and Citizen of Pakistan wherever they may be, except holders of Public Office, their Spouses and dependent children.
- ❖ Protection from other law for the time being in the force.
- ❖ Effective from 10.04.2018 to 30.06.2018.
- ❖ Every immovable and movable domestic assets are covered.

Domestic Assets declared shall be chargeable to tax in the following manners;

S.No.	Assets	Value	Rate (as a %age of the value of the asset)
1.	Foreign currency held in a foreign currency account in Pakistan as on the 31 st March, 2018 and encashed in equivalent Rupees.	As declared	2%
	Foreign currency held in a foreign currency account in Pakistan as on the 31 st 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.	As declared	
2.	Other assets.	Actual Cost of acquisition.	5%
3.	Undisclosed income	As declared	5%
4.	Open Plots and Land	Cost of acquisition or FBR Rates, whichever is higher	5%
5.	Super structure.	Rs. 400 per square feet.	5%
6	Apartments and flats.	Cost of acquisition or Provincial stamp duty rates, whichever is higher.	5%

7	Imported motor vehicles.	<p>A-B</p> <p>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.</p> <p>B = a sum equal to 10% of the said value for each successive year upto a maximum of five years.</p>	5%
8	Motor vehicles purchased from a manufacturer or assembler or dealer in Pakistan.	<p>A-B</p> <p>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.</p> <p>B= a sum equal to 10% of the said value for each successive year upto a maximum of five years.</p>	5%
9	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.	5%
10	Securities and shares traded on stock exchange	Day-end price of the share or security quoted on registered stock exchange as on the 9 th April, 2018 and where no day-end price of such share or security is quoted on stock exchange on the 9 th April, 2018 day-end price of the share or security quoted on a date nearest to the 9 th April, 2018.	5%

11	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.	5%
12	National saving schemes, postal certificates, bonds, securities and other similar investments in capital instruments not traded or quoted on stock exchange	Face value	5%
13	Gold.	Rupees 4000 per gram.	5%
14	Other precious stones and metals.	Market rate as on the 9 th April, 2018 or cost of acquisition, whichever is higher	5%
15	Stock-in-trade.	Market rate as on the 9 th April, 2018.	5%
16	Plant and machinery.	Actual cost of acquisition with no depreciation.	5%
17	Accounts receivable.	Actual cost of acquisition.	5%
18	Other assets.		
19	Prize bonds, cash and bank accounts including foreign currency accounts.	Face value.	5%

➤ **FOREIGN ASSETS**

- ❖ The Ordinance, shall apply to all citizens of Pakistan wherever they may be except holders of Public Office, their Spouses and dependent children;
- ❖ Protection from other law for the time being in the force.
- ❖ Effective from 10.04.2018 to 30.06.2018.
- ❖ The value of foreign assets shall be determined and declared by a declarant himself but in no case is less than the cost of acquisition
- ❖ The tax shall be paid in USD

Foreign Assets declared shall be chargeable to tax in the following manners;

S.No.	Foreign assets	Value	Rate (as a percentage of the value of foreign assets)
1.	Liquid assets not repatriated	At cost	5%
2.	Immovable assets outside Pakistan	At cost	3%
3.	Liquid assets repatriated and 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	At cost	2%
4.	Liquid assets repatriated	At cost	

❖ **Mode and manner.**– The State Bank of Pakistan (SBP) shall notify the mode and manner of–

- (a) repatriation of liquid assets in Pakistan;
- (b) deposit of tax in US dollars in SBP; and
- (c) deposit of tax in Rupees in the income tax account of the Federal Consolidated Fund.

➤ **Amendment in the Protection of Economic Reforms Act, 1992(XII of 1992)**

- ❖ Through the amendment now only filer of Income Tax Return can operate the foreign currency Accounts.

➤ Amendment in Income Tax Ordinance, 2001

➤ Amendments in section 111 of the Ordinance

- ❖ If concealed income is Pakistan sourced, any investment, money, valuable articles or expenditure situated or incurred in Pakistan shall be taxable in Pakistan in a tax year to which such amount relates.
- ❖ In case the concealed income is foreign sourced, the amount shall be taxed in tax year immediately preceding the tax year in which the investment, money, valuable or expenditure is discovered meaning thereby there is no time limitation to tax the amount.
- ❖ Foreign remittance through banking channel has been restricted to Rs. 10 million for a tax year without any question being asked.

➤ In sub-section 5 of section 114 of the Ordinance, proviso has been inserted empowering the Commissioner to issue notice requiring any person to file return of income for any tax year if the Commissioner is satisfied that the person has foreign income or owns any foreign assets.

➤ New section has been inserted namely “116A. Foreign income and assets statement.–“ under which any resident person having foreign income in equal to or in excess of ten thousand USD or having foreign assets with a value of one hundred thousand USD or more shall furnish a statement along with return of income declaring particulars of foreign income, assets and expenditures.

➤ Penalty at the rate of 2 percent of value of foreign assets has been prescribed in case the person fails to furnish statement required to be filed under section 116A of the Ordinance.

➤ New rate of tax for individuals (including salaried persons) has been provided under the presidential ordinance as under which will take effect from July 01, 2018:

S. No.	Taxable Income	Rate of tax
(1)	(2)	(3)
1.	Where the taxable income does not exceed Rs. 1,200,000	0%
2.	Where the taxable income exceeds Rs. 1,200,000 but does not exceed Rs. 2,400,000	5% of the amount exceeding Rs. 1,200,000
3.	Where the taxable income exceeds Rs. 2,400,000 but does not exceed Rs. 4,800,000	Rs. 60,000 + 10% of the amount exceeding Rs. 2,400,000
4.	Where the taxable income exceeds Rs. 4,800,000	Rs. 180,000 + 15% of the amount exceeding Rs. 4,800,000