



ASSETS DECLARATION ORDINANCE 2019

FREQUENTLY ASKED QUESTIONS
(ADDENDUM)

DATED: MAY 22, 2019



<https://goo.gl/LFiWyx>



<https://goo.gl/QDM4ZM>



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PROLOGUE:

The Federal Government had promulgated Assets Declaration Ordinance, 2019 ("Ordinance") on 15th May 2019, to provide for voluntary declaration of undisclosed assets, sales and expenditure. The Ordinance has been promulgated to allow the non-documented economy's inclusion in the taxation system and to serve the purpose of economic revival and growth by encouraging a tax compliant economy. We have issued comments on Ordinance on same date, which can accessed with link <http://tolaassociates.com/wp-content/uploads/2017/05/Comments-on-Asset-Declaration-Ordinance-2019.pdf>

We have also assimilated certain Frequently Asked Questions ("FAQs") on the basis of queries reached to us from clients, colleagues, ICAP members and general public living both in and outside Pakistan. The FAQs may be found from link <http://tolaassociates.com/wp-content/uploads/2017/05/Asset-Declaration-Ordinance-2019-FAQs.pdf>. These FAQs were well received by the readers and hundreds of queries were received by us. Subsequently, out of these further queries, most of them had already been answered by us in our earlier documents and some were redundant. **This document contains remaining further FAQs based on draft procedures issued by SBP.**

If you have any further query which has not yet covered, or you may contact **Mr. Ashfaq Tola** at ashfaq.tola@tolaassociates.com or WhatsApp (+923008239644) or **Mr. Muhammad Furqan** at furqan@tolaassociates.com or WhatsApp (+923152908706).

Answers to the FAQs are based on our interpretation of the Acts and other relevant laws. Our comments should not be construed as definite and should, therefore, be used only as a guidance

1. How a foreign asset held outside Pakistan and Foreign currency held in Pakistan be converted in Pak Rupees?

The asset held outside Pakistan and foreign currency held in Pakistan shall be converted into PKR at such exchange rates as may be notified on daily basis by the SBP to Federal Board of Revenue (FBR) in respect of ten currencies i.e. AED, AUD, CAD, CHF, CNY, EUR, GBP, JPY, SAR, and USD.

2. What will be the date of exchange rate?

On the date of declaration, the rates from FBR website of preceding working day would be available and applicable for conversion.

3. How will the assets denominated in any currency - other than ten specified currencies be converted?

If the foreign currency denominated assets are in currencies other than ten currencies specified in FAQ 1, the taxpayer shall convert the said currency into PKR by using the following formula:

Amount of assets in PKR = $A \times B \times D / C$ where,

A = Amount of asset in currency other than 10 currencies in FAQ 1, held outside Pakistan;

B = Number of USD per SDR to be taken from IMF website (https://www.imf.org/external/np/fin/data/param_rms_mth.aspx);

C = Number of currency units in a currency other than 10 currencies in FAQ 1, per SDR (https://www.imf.org/external/np/fin/data/param_rms_mth.aspx); and

D = Exchange Rate of USD with PKR as notified by the SBP under clause 3(i) for the applicable.

Illustration: The taxpayer has assets in Singapore Dollar amounting to 1,000 and files the declaration on May 16, 2019. The rates from

the IMF Website of preceding working day would be available and applicable for conversion. Hence, the parities of USD, Singapore Dollar with SDR as of May 15, 2019 are 1.382330 and 1.891160 respectively.

Amount of asset in PKR = $(1,000 \times 1.382330 \times 141.3445) / 1.891160 = \text{PKR. } 102,881.94$

4. What is the procedure of declaration of assets held outside Pakistan and foreign currency held in Pakistan?

The taxpayer shall file his/her declaration on FBR IRIS electronically by disclosing their assets held outside Pakistan, and foreign currency held in Pakistan, in PKR as converted above in FAQ 1 & 2.

5. In which currencies tax payment will be made with respect to foreign assets?

The taxpayer has the option of discharging his/her liability either in USD or AED. After selection of tax payment currency, the system will compute the tax liability in PKR and USD/AED.

6. What is the procedure of generating challan?

After following procedure in FAQ 5 on IRIS, the taxpayer will now visit the website: <https://paysys.fbr.gov.pk> to generate the PSID in PKR and USD/ AED. The sequential number of PSID will be recorded by the taxpayer in his/her own record, besides taking the print thereof.

7. What is the procedure of payment of tax in USD?

After declaration of assets and generation of PSID as described in FAQ 6, the tax liability as reflected in the PSID shall be remitted by wire transfer to the following account:

Receiver's Correspondent Bank:
NATIONAL BANK OF PAKISTAN

Receiving Bank Address: **NEW YORK, U.S.A**

Receiving Bank SWIFT Code: **NBPAUS33**

Beneficiary Customer Name:

NATIONAL BANK OF PAKISTAN

Beneficiary Customer Address:

I.I. CHUNDRIGAR ROAD, KARACHI, PAKISTAN

Beneficiary Customer's SWIFT Code:
NBPAPKKAXXX

Beneficiary Customer's Account No: **XXXXXXXXX**
(to be provided by NBP)

Payment Instructions: **TRANSFER TO SBP**
COLLECTION A/C WITH NBP-KO

7.1. What other information required to be included in SWIFT message?

Taxpayer shall in the SWIFT message, bearing the necessary instructions above shall also include PSID No, CNIC, Date of Birth (DOB), and Place of Birth (POB) of the taxpayer.

7.2. What is the back-end procedure after the payment has been made?

NBP-Karachi shall, after verifying receipt of the money in its account and necessary screening, access the FBR Portal and enter the PSID from SWIFT message in the system to access his/her details. The system will match the amount received with the amount of PSID; eCPR will be generated if the amount received matches with the PSID amount

7.3. What procedure in case of short payment?

In case of short payment, the system will generate SMS/ email for the taxpayers regarding the short payment. The short payment of up to USD. 100 can be deposited in cash with the designated NBP branches in major cities.

8. What is the procedure of payment of tax in AED?

After declaration of assets and generation of PSID as described in FAQ 6, the taxpayer shall

arrange to remit the AED funds against the tax liability as reflected in the PSID and Form 'A' to SBP through official normal banking channels in the following SBP account:

Receiver's Correspondent Bank:
UNITED BANK LIMITED

Receiving Bank Address: **ABU DHABI, UAE**

Receiving Bank SWIFT Code: **UNILAEAD**

Beneficiary Customer Name:

NATIONAL BANK OF PAKISTAN

Beneficiary Customer Address:

I.I. CHUNDRIGAR ROAD, KARACHI, PAKISTAN

Beneficiary Customer's SWIFT Code:
NBPAPKKAXXX

Beneficiary Customer's Account No: **XXXXXXXXX**
(to be provided by NBP)

Payment Instructions: **TRANSFER TO SBP**
COLLECTION A/C WITH NBP-KO

8.1. What other information required to be included in SWIFT message?

Taxpayer shall in the SWIFT message, bearing the necessary instructions above shall also include PSID No, CNIC, Date of Birth (DOB), and Place of Birth (POB) of the taxpayer.

8.2. What is the back-end procedure after the payment has been made?

NBP-Karachi shall, after verifying receipt of the money in its account and necessary screening, access the FBR Portal and enter the PSID from SWIFT message in the system to access his/her details. The system will match the amount received with the amount of PSID; eCPR will be generated if the amount received matches with the PSID amount

8.3. What will be the procedure in case of short payment?

In case of short payment, the system will generate SMS/ email for the taxpayers regarding the short payment. The short payment of up to USD. 100 can be deposited in cash with the designated NBP branches in major cities.

9. Which assets are covered under “Foreign Currency held in Pakistan”?

- Cash held by the declarant which is deposited into a bank account in the manner prescribed by the section 8(a) of the assets declaration ordinance 2019;
- Foreign Currency held in declarants own foreign currency bank account and retained in the said account in accordance with the provisions of Section 8(b) of the assets declaration ordinance 2019; and
- Face Value of the amount invested in Pakistan Banao Certificates (PBCs).

10. What is the procedure of payment of tax on Foreign Currency held in Pakistan?

These shall be converted into Pak Rupee in accordance with the procedure given in FAQ1 & 2. The PKR value so computed shall be declared in Form-A along with Bank Name, Branch name and account number.

The taxpayer will then generate a PSID in PKR and USD through <https://paysys.fbr.gov.pk>; the sequential number of which will be recorded by the taxpayer in his/her own record, besides taking the print thereof. The payment of such tax shall be made locally through local USD Clearing accounts of the bank maintained with the State Bank of Pakistan for which purpose the taxpayer may request their banker to issue a debit authority in favor of Chief Manager SBPBSC-KO, authorizing to debit the account to the tune of the tax liability. Debit authority must specify the PSID of the taxpayer, so as to enable the generation of eCPR.

11. What is the procedure of Repatriation of Assets in Pakistan?

- i. Taxpayers intending to repatriate their assets held outside Pakistan shall remit the same to Pakistan through banking channels in declarants’ own in PKR of FCY account in any bank in Pakistan.

- ii. The Pakistani bank receiving the repatriated funds shall issue Asset Repatriation Certificate [ARC] which shall include the details such as Name of Remitter, Amount in FCY, and IBAN of taxpayer. Each ARC shall have a unique reference number, which the taxpayer shall use to report the same to FBR.
- iii. The bank shall issue ARC under these rules only in respect of remittances on or after the date of issuance of this procedure.
- iv. The declaration filed by the taxpayer shall be accepted by the IRIS only after incorporating the following information on the FBR IRIS in respect of repatriated assets:
 - a) Number and Date of Issuance of ARC;
 - b) Issuing Bank;
 - c) Address of the Branch maintaining the account of the taxpayer; and
 - d) IBAN of the account in which the repatriated assets are credited.

As per the verbal clarification obtained from SBP, all the tax payments with respect to foreign assets should be made from outside Pakistan, therefore, payment from local foreign currency account will not be acceptable.

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