TOLA ASSOCIATES
TAX & CORPORATE ADVISORS

TAX PAK

NEWSLETTER BY TOLA ASSOCIATES

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FEBRUARY 2022

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EDITORIAL NOTE

Assalam-o-alaikum everyone! Hope this monthy issue of TAXPAK finds you in good spirits and immaculate health! We welocme you to another edition of TAXPAK, our monthy publication the purpose of which is to provide the monthy update on the ongoing legal and administrative development that take place within the world of tax in Pakistan. Alhumdulillah, so far, we have been successful in our mission to educate about and keep the public-at-large updated of, these developments on a monthly basis.

Moving on to tbe content of this letter, I would like to apprise the reader of what information you can expect in this document. This newsletter contains an elaboration of important notifications and circulars issued by the Federal Board of Revenue and its provincial counterparts. Moreover, notifications from the corporate regulatory body i.e. SECP are also discussed. Furthermore, keeping in mind the aforementioned stated purpose of this document, a recent judgment passed by the Sindh High Court concerning sectoral audit of the taxpayer under section 177 of the Income Tax Ordinance has also been discussed. The said judgment pertained to directions issued by the FBR to conduct sectoral audits of taxpayer(s). This judgment on sectoral audit will be helpful for taxpayers that might be confronted with a similar situation in the future.

Lastly, this newsletter is concluded with our Topic of the month which for this month happens to be "Taxation of Minors". This topic is intresting due to, inter-alia, the relatively recent introduction of the concept of filers and non-filers and the increasing rates of withholding rates for non-filers.

I wish you all a splendid month ahead!

All our readers are requested to visit our website www.tolaassociates.com, or download our mobile application from the links mentioned below, in order to access previously published editions of this monthly issue along with other publications, and to stay updated of future notifications.

1. https://goo.gl/QDM4ZM **(iOS)**
2. https://goo.gl/LFiWyx **(Android)**

Lastly, we request our readers to circulate this e-copy within their circle, as our primary aim is to benefit the masses. Feedback is always welcomed.

Ashfaq Tola - FCA
Editor in Chief

1. NOTIFICATIONS/ CIRCULARS

1. REVIEW OF VALUATION OF IMMOVABLE PROPERTIES

The FBR has issued letter No. F.No.2(26)Rev Bud/2020/15230-R dated February 1st, 2022 whereby in continuation of Office Memorandum bearing No. (26) Rev Bud/2020/8558-R dated January 18th, 2022 on the subject noted above, it has been provided that SROs 1534(I)/2021 to 1572(I)/2021 dated December 1st, 2021 shall remain in abeyance till February 28th, 2022 and will be re-notified on March 1st 2022, having effect that the valuation prior to these SROs will remain active till 1st March 2022.

2. CHANGE IN PETROLEUM RATES

The FBR has issued SRO 183(I)/2022, dated 10th February 2022, whereby it has made the following amendments in sales tax on petroleum products w.e.f **16th January 2022:**

S.No.	Description	PCT Heading	Current Rate	Previous Rate
1	MS (Petrol)	2701.1210	0.79% ad val.	2.50% ad val.
2	High Speed Diesel Oil	2710.1931	3.17% ad val.	5.44% ad val.
3	Kerosene	2710.1911	5.30% ad val.	8.30% ad val.
4	Light Diesel Oil	2710.1921	0.00% ad val.	2.70% ad val.

3. PROCEDURES FOR SEALING AND DE-SEALING OF BUSINESS PREMISES OF TIER-1 RETAILERS

The FBR has issued SRO 252(I)/2022, dated 16th February 2022, through which it has inserted Chapter XIV-AD titled "Procedures for Sealing and De-Sealing of Business Premises of Tier-1 Retailers" with respect to the following persons:

1. Any person integrated for monitoring, tracking, reporting or recording of sales, production, and similar business transactions with the Board or its computerized system, who conducts such transactions in a manner so as to avoid monitoring, tracking, reporting or recording of such transactions, or issues an invoice which does not carry the prescribed invoice number or barcode or QR code or bears duplicate invoice number or counterfeit barcode or QR Code; and
1. Any person who is required to integrate his business as required under Section 3(9A) read with Section 2(43A), but fails to get himself registered under the Act, and if registered, fails to integrate in the manner as required under the law and rules made thereunder.

3.1 PROCEDURE FOR SEALING OF BUSINESS PREMISES OF INTEGRATED TIER-1 RETAILERS:

1. The Commissioner Inland Revenue, in whose territorial jurisdiction the business premises of Tier-1 retailer is located, may initiate proceedings for sealing of the business premises on the basis of information that such person was found involved in the issuance of tax invoices that does not carry the invoice number or QR Code as prescribed, bears duplicate invoice number or counterfeit QR Code, the invoice is defaced, or there is any other evidence of tempering.
2. The information about the above non-compliance may be acquired in the following manner:
   (i) Reported as unverified on "Tax Asaan" application or POS Dashboard;
   (ii) Physically available or acquired through mystery shopping as referred to in Section 56C(2) of the Act';
   (iii) Through other reliable sources.
3. The Commissioner Inland Revenue concerned shall verify any invoice through invoice number or QR Code before declaring it unverified;
4. Where the Commissioner Inland Revenue has evidence that the person has either issued 3

unverified invoices in a day or 5 unverified invoices in 7 days against a single STRN, the Commissioner Inland Revenue shall seek the approval of the Chief Commissioner Inland Revenue in writing for sealing of the retailer's business premises besides mentioning the team of officers and officials that shall carry out the process of sealing of the said business premises; however, incase the unverified invoices belong to a business premises of tier-1 retailer having jurisdiction in some other field formation, the CIR concerned shall seek approval from the Chief CIR in whose jurisdiction the integrated tier-1 retailer falls besides mentioning the team of officers and officials that shall carry out the process of sealing of the said premises.

5. The Chief CIR, in whose jurisdiction the integrated tier-1 retailer falls, shall on receipt of request for approval, issue an order in writing for allowing or disallowing the sealing of such business premises after recording the reasons therein, and, in case of allowing sealing of business premises, shall also notify the team for carrying out the process of sealing immediately; however, where the jurisdiction of tier-1 retailer falls in some other field formation, the concerned Chief CIR shall request the Board for notification of the team;

6. The Chief CIR in whose jurisdiction the integrated tier-1 retailer falls, shall decide whether one or more branches are to be sealed depending on the unverified invoices issued by the respective branches;

7. The sealing order shall be communicated by the concerned Chief CIR to the Member (IR-Operations) for information and a copy thereof shall be sent to Chief (POS) for record.

3.2 PROCEDURE FOR SEALING OF BUSINESS PREMISES OF NON-INTEGRATED TIER-1 RETAILERS:

1. The Officer Inland Revenue (OIR), not below the rank of an Assistant Commissioner, having territorial jurisdiction, shall report in writing the non-integration of tier-1 retailer, in violation of Section 3(9A) of the Act, to the CIR concerned, recommending initiation of sealing of business premises under S.No. 25A of Section 33 of the Act.

2. The CIR concerned after conducting inquiry shall forward the report to the Chief CIR, citing cogent reasons for recommending sealing of business premises besides mentioning the team of officers and officials that shall carry out the process of sealing of the said business premises; however, where non-integrated tier-1 retailer falls in the jurisdiction of some other field formation, the CIR concerned shall seek approval from the Chief CIR in whose jurisdiction the non-integrated tier-1 retailer falls besides mentioning the team of officers and officials that carry out the process of sealing of the said business premises.

3. The Chief CIR concerned shall issue an order in writing for allowing or disallowing the sealing of such business premises after recording the reasons therein, and, in case of allowing sealing of business premises, shall also notify the team for carrying out the process of sealing immediately; however, where the jurisdiction of tier-1 retailer falls in some other field formation, the concerned Chief CIR shall request the Board for notification of the team; and

4. The sealing order shall be communicated by the concerned Chief CIR to the Member (IR-Operations) for information and a copy thereof shall be sent to Chief (POS) for record.

3.3 PROCEDURE FOR DE-SEALING OF BUSINESS PREMISES OF INTEGRATED TIER-1 RETAILERS:

1. The CIR having jurisdiction over the case shall impose a penalty as provided under serial no. 24 of Section 33 of the Act and ensure its payment. De-sealing order of the business premises shall be issued by the concerned CIR within 1 day of the payment of penalty;

2. The CIR shall ensure software audit of all POS machines installed in all the branches of such retailer within 3 working days after de-sealing of the business premises;

3. The CIR shall ascertain the exact quantum of under-declared sales as a result of software audit and create a demand of tax sought to be evaded; and

4. Once the penalty imposed has been recovered, any demand created as a result of software audit shall not impede de-sealing of the business premises provided that the software bug has been removed and all requirements of Chapter XIV-AA of Sales Tax Rules, 2006 have been fulfilled by the integrated teir-1 retailer.

3.4 PROCEDURE FOR DE-SEALING OF BUSINESS PREMISES OF NON- INTEGRATED TIER-1 RETAILERS:

1. The CIR having jurisdiction over the case shall impose a penalty as provided under serial no. 25A of Section 33 of the Act and ensure its payment.

2. The business premises of non-integrated tier-1 retailer shall remain sealed till the payment of penalty and integration of all POS machines installed in all its branches or outlets;

3. The integration process shall be carried out in presence of FBR team constituted for this purpose by the respective CIR having jurisdiction. In order to ensure error-free integration of tier-1 retailer, the team so constituted shall include a technical person; however, where the jurisdiction of tier-1 retailer falls in some other field formation, the concerned Chief CIR shall request the FBR for notification of the team; and

4. The concerned CIR shall furnish to the Chief CIR a certificate, within 3 days, in writing that all POS machines installed in the business premises have been integrated with FBR Computerized system and are free from any technical and functional errors.

4. RESCINDING OF SROS RELATING TO ISLAMABAD CAPITAL TERRITORY

The FBR has issued SRO 251(I)/2022, dated 16th February 2022, whereby it has rescinded the following reduced rates SROs as being redundant, as the provisions of these SROs have now been made part of the Schedule of the Islamabad Capital Territory (Tax on Services) Ordinance 2001 through the Finance (Supplementary) Act, 2022.

(i) Notification No. SRO 495(I)/2016, dated 4th July 2016

(ii) Notification No. SRO 589(I)/2017, dated 1st July 2017

(iii) Notification No. SRO 590(I)/2017, dated 1st July 2017

(iv) Notification No. SRO 781(I)/2018, dated 21st June 2018

(v) Notification No. SRO 326(I)/2020, dated 27th April 2020

(vi) Notification No. SRO 77(I)/2021, dated 21st January 2021

5. SINDH REVENUE BOARD- RECOVERY OF THE TAX DUE THROUGH BANK ATTACHMENT

The Sindh Revenue Board ("SRB") has issued a Standing Order No. 01/2022, dated 10th February 2022, whereby in order to regulate the recovery of tax due in terms of proviso of Section 66(1) of the Sindh Sales Tax on Services Act 2011 ("SSTSA"), read with Order of the Honourable High Court of Sindh dated January 31, 2020 in C.P No. D-1882 of 2017 & others, various instructions were issued vide Standing Order No. 01/2020 vide No. SRB/TP/13/2020 dated July 30th, 2020.

In order to further regulate the recovery through bank attachment of any registered person under Section 66(1) of the SSTSA, it is hereby directed by SRB that the attachment of any bank account of the registered person in future be made with prior approval of the respective Senior Member/Member(Operations), who will grant approval after examining on the relevant facts (verified and recommended after due diligence) by the

commissioner and submitted through dedicated recovery note sheet, for justification thereof. Any departure from non-compliance with the directions in this standing order shall be viewed seriously.

6. PUNJAB REVENUE AUTHORITY EXTENSION IN RETURN FILING

The Punjab Revenue Authority ("PRA") through Notification No. PRA/Orders.06/2021/161 dated 14th Feb 2022 extended the due date of payment of Punjab Sales Tax and filling of sales tax returns/withholding statements for the tax period January 2022 upto 23rd February 2022 for all the registered persons including withholding agents.

7. SRB EXTENSION IN RETURN FILING

The SRB issued a Circular No. 02/2022, dated 16th February 2022, whereby it had extended dates for the month of January 2022 as follows:

- Date for e-depositing of the amounts of Sindh Sales Tax for the period January 2022 was extended till 21st February 2022;
- Date for e-filing of the return (in form SST-03 or Form SSTW-03, the case may be) for the tax period January 2022 was extended till 24th February 2022.

8. KHYBER PAKHTUNKHWA REVENUE AUTHORITY EXTENSION IN FILING OF RETURN

The Khyber Pakhtunkwa Revenue Authority had issued Letter No. F.No.7(2)/KPRA/ADC(HQ)/CIRCULAR/2022/853, dated 18th February 2022 whereby it had extended dates for month of January 2022 as under:

- Payment of Sales Tax till 23rd February 2022
- Filling of Sales Tax return till 25th February 2022

9. FBR SALES TAX EXTENSION IN FILING OF RETURN

The FBR had issued Letter No. C.No.9(11)ST-LPE/Misc/2016/44768-R, dated 18th February 2022 whereby it had extended dates for month of January 2022 as under:

- Payment of Sales Tax till 23.02.2022
- Filling of Sales Tax return till 25.02.2022

10. ONLINE INTEGRATION OF RESTAURANTS IN SRB

The SRB has issued SRO SRB-3-4/ 03/2022, dated 21st February, 2022 through which the following categories are required to integrate their Point of Sales Terminals with the SRB:

- Services provided or rendered by restaurants located in Hotels
- Services provided or rendered by International restaurant who are franchisers or franchisees
- Services provided or rendered by all restaurants having more than one branch in Sindh
- Services provided or rendered by all restaurant outlets located in air.-conditioned shopping malls
- Services provided by restaurants through an online marketplace platform

The integrated persons are required to issue a tax invoice through integrated PoS for every transaction containing prescribed particulars containing basic information of service provider, information of online market place, PoS invoice details, transaction details etc.

The integrated person shall install the prescribed EFD and software, as approved by SRB as per details available on the Board's website with complete technical instruction of installation, configuration and integration.

In addition, the Rules also contain provisions relating to requirements and obligations for the PoS vendors, records, access and examination by SRB officer, reporting of failure to transfer sale or bill data to the SRB, procedure for prize scheme and procedure for mystery shopping, etc.

2. CORPORATE NOTIFICATIONS / CIRCULARS

1. DRAFT AMENDMENTS TO THE SECURITIES BROKERS (LICENSING AND OPERATIONS) REGULATIONS, 2016

The SECP has issued draft amendments to the the Securities Brokers (Licensing and Operations) Regulations, 2016 vide SRO 271(I)/2022, dated 16th February 2022,

which can be accessed at https://www.secp.gov.pk/laws/notifications/ for further details.

3. THE SINDH HIGH COURT HELD THAT FBR CANNOT SELECT AND CONDUCT SECTORAL AUDIT U/S 177

1. FACTS OF CASE

The FBR has the power to select a taxpayer for an audit under Section 177 of the Income Tax Ordinance ("ITO") based on a random or parametric ballot, whereas, the Commissioner has the power to select a person for an audit under Section 177 of the ITO after applying his mind and providing reasons for such selection. The powers under the two provisions are independent.

The history of Section 177 shows perpetual violation of accepted norms of certainty and treatment of the citizen according to law, as it is converted into an open license to unsettle and reopen any Order treated to have been made under Section 120 of the ITO. It has destroyed the very foundation of the ITO 2001 i.e. acceptance of declared versions subject to some positive evidence of tax fraud. Now the tax officers intend to indulge in fishing inquiry in any case without any basis.

A similar issue was raised in petitions filled in Sindh High Court ("SHC") in **C.P No. D-5107 of 2021**, in response to notices issued by Commissioner u/s 177 of the ITO on directions of the FBR to conduct audit of various sectors. The effective question arising out of these petitions was whether the Commissioner can select taxpayer for an audit under Section 177 of the ITO on the directions of FBR based on a sectoral audit?

2. ARGUMENTS MADE BY THE DEPARTMENT

2.1 THAT PETITION IS NOT MAINTAINABLE

The department raised the argument that the Article 199 of the Constitution of Pakistan 1973 ("the Constitution") could only be enforced against a specific right, which is being violated and since "audit denial" is not a right of taxpayer, neither it (audit) takes away any of the taxpayer's right, therefore no writ is maintainable. The audit is just a procedural scrutiny and the remedies under the statute could be exhausted at the relevant time.

2.2 THAT REASONS TO BE PROVIDED BY COMMISSIONER ARE NOT NEED TO BE JUSTICIABLE TO TAXPAYER

The department further argued that the reasons provided by the Commissioner need not necessarily to be found justiciable for taxpayer as such discretion rests upon Commissioner and taxpayer's intervention for justiciable reason is uncalled at this stage of calling documents to conduct audit

2.3 THAT GUIDELINES PROVIDED BY FBR ARE BINDING ON SUBORDINATE OFFICIALS

The department raised another argument that as per Section 213 and 177 of the ITO 2001 read with Section 4 of FBR Act 2007, it is the Federal Board which may give guidelines and policies which are binding on the subordinate officials of the Board and the impugned directions of sectoral audit cannot be read as usurping the independent rights and independence of the Commissioner as available to him under section 177 of Ordinance 2001

3. SHC FINDINGS

3.1 SECTION 177 IS INDEPENDENT POWER AND SCHEME

Honorable SHC held that the purpose of Section 177 of the ITO is to ensure general compliance with the law by the taxpayers whereas Section 177 of the ITO examines the veracity of a specific taxpayer's return based on the Commissioner's own understanding and determination that the return requires such scrutiny and examinations. It is by now settled law that the powers of the Commissioner to select a person for an audit under section 177 are independent of the powers of FBR to select a person for an audit under Section 177 of the ITO.

The separation of powers of the Commissioner and the FBR has been clarified through explanation provided to the Section 177 of the ITO. Two independent proceedings under the Ordinance i.e. u/s 177 and 177, cannot be merged on the on basis of Section 213 and 177 of the ITO.

The orders/directions by officers in terms of Section 213 and 177 of the ITO do not mean that FBR would trespass or transgress the statutory limits of the authorities as defined under the ITO 2001.

3.2 FBR CANNOT DIRECT COMMISSIONER TO SELECT AUDIT

The Honorable SHC further held that under Section 177 of the ITO, the Commissioner is required to apply his mind and provide reasons for selection, whereas, under Section 177 of the ITO, the FBR may select a person through a random parametric ballot. If a taxpayer is not selected in balloting, then the FBR cannot direct the commissioner to select a taxpayer for an audit as this would defeat entire legislative scheme of separating the powers of the Commissioner and FBR in relation to audit selection by directing the commissioner to select certain taxpayer for audit. The FBR in a situation of ballot failure would be seeking to do indirectly what it cannot do in the faced situation, by directly and effectively taking over the powers of the Commissioner under Section 177 of the ITO as perhaps this predatory attitude is a bold attempt to usurp the powers available under Section 177 of the ITO which are in fact entrusted to the Commissioner by statute, to be exercised without any influence or coercion.

The Letters issued by the FBR contains detailed directions to its officers and set out strict timeline for selection and completion of audit of the sectors which include refineries, oil marketing companies, manufacturer/importer of electronic goods, automobiles, oil & Ghee, beverage and cement etc.

3.3 THE COMMISSIONER SHOULD GIVE REASONS TO SELECT AUDIT

Moreover, the Honorable SHC also held that Section 177 of the ITO requires the commissioner to apply his mind to each taxpayer's individual case. If he decides to select a taxpayer for audit he must give mindful and legitimate reasons that arise out from the record. If there is no independent application of mind in giving reasons to select a taxpayer for an audit under Section 177 of the ITO, then the purpose of Section 177 of the ITO is not achieved and it could not be said to be an exercise undertaken by the Commissioner under section 177. Transparency must be ensured by the Commissioner. Furthermore, a Commissioner is always expected to give mindful reason and if illogical reasons are considered as sufficient then there is no point to provide any reason at all .

The judicial review of such actions being unreasoned, illogical and unjustifiable is an inevitable requirement of law. To judicially review such actions, the Courts must be able to scrutinize the reasons based on which the authority has acted. If such actions are covered as being arbitrary, mala fide and discriminatory, it is open to scrutiny.

3.4 SECTORIAL BENCHMARK RATIOS CANNOT BE USED FOR AUDIT SELECTION

The Honorable SHC also held that as regard to Section 4 of the Federal Board of Revenue Act 2007 ("FBR Act"), Section 177(2AA) of the ITO is not concerned with sectorial audit. Sectoral benchmark ratios are figures for various business metrics that must be used by the Commissioner to determine taxable income for a taxpayer where a taxpayer has been lawfully selected for audit but is unable to provide the relevant information and sufficient explanation for the record. Moreover, the Sectoral benchmark ratio does not concern with sectoral audit selection. It only empowers the Commissioner on an event when a taxpayer has failed to furnish record or documents including books of accounts or has furnished incomplete record or books of accounts or is unable to provide sufficient explanation regarding defect in relation to the documents or books of accounts on the basis of an independent procedure of Section 177 of the ITO. It is at this stage when the guidelines of sectoral benchmark ratios, as prescribed by the FBR, could be adhered to.

CONCLUSION

The SHC concluded that the selection for the audit is arbitrary, mala fide, discriminatory and predatory in nature as FBR trespassed beyond the statutory limits of Section 177 by directing the commissioner to conduct sector-wise audit, which is not permitted under the law.

4. TOPIC OF THE MONTH

TAXATION OF MINOR

➢ PREAMBLE

At the end, we conclude this edition of our newsletter with our very own topic of the month, in which we will discuss

provisions relating to taxation of Minors. The purpose of selection of this topic is that after the introduction of concept of filer/non filer and introduction of higher rates of withholding rates for non-filers, there is a trend among citizens of Pakistan for even minors to get registered with FBR and to file return to avoid penalty rates of withholding of taxes. Further, through the Finance Act 2019, a scheme was also introduced as Section 100BA in the ITO titled "Special provisions relating to persons not appearing in active taxpayers' list". This was due to the absence of an explicit provision specifying a standard procedure for action against such persons with not only penalty for those persons not appearing in the ATL but an effective mechanism for enforcing returns of income from such persons. This has augmented the need of filling of returns also by minors to get themselves in ATL List.

Further, there is a practice in family-owned companies that minors are made shareholders or a beneficiary in trust, so it is important to understand implications on them under tax laws.

1. DEFINITION AND RULES RELATING TO THE TAXATION OF MINORS

Minor has been defined in Section 2(33) of ITO, as " "minor child" means an individual who is under the age of eighteen years at the end of a tax year"

The Taxation Rules for taxing minors are given in Section 91 of ITO, as follows:

- Any income of a minor child for a tax year chargeable under the head "Income from Business" shall be chargeable to tax as the income of the parent of the child with the highest taxable income for that year. I.e income from business of a minor shall be clubbed with income of father if father's taxable income is higher than mother's taxable income.
- However, any income of minor other than 'income from business' will be taxed in normal manner as minor being the taxpayer.
- Moreover, in case of any business transferred to the minor through inheritance, the income from such business shall also be taxed in normal manner as minor being the taxpayer.

2. CONCEPT OF AVOIDANCE OF TAX

From the above rules, the purpose of legislature is to avoid a common method of avoiding higher rate of tax by distributing income amongst different persons in order to avail income threshold exemption and to fall in a lower tax rate bracket. These rules cater to discourage such potential practices.

3. DETERMINATION OF HIGHER INCOME

If both the parents of the minor child are assessees, it will be for the Income Tax Officer to determine which of two would have benefited most from the business done in the name of the minor and such income will be clubbed with the income of that assessee. (Circular no. 14/1992 dated 1.7.1992)

4. TRANSFER OF ASSETS

Section 90 of ITO also deals with the similar issues and prevents person from splitting his income by distribution of income bearing assets yet retaining complete control over them. Transfer includes any disposition, settlement, trust, covenant, agreement or arrangement. Where an asset has been transferred, to minor child or any another person for the benefit of minor, income from such asset will be chargeable in the hands of transferor.

5. SECTION 138 & 139 NOT APPLICABLE ON MINOR

As per Section 139, where any tax is payable by a private company, and cannot be recovered from the company, then every person, who was a Director of the company for the relevant tax period or a shareholder of the company, having 10% or more shares of the company, for the relevant tax year, can be made liable for the payment of tax due by the company.

Honourable Lahore High Court (2012 PTD 1883) has held that a minor cannot be held liable for recovery of a Company's tax under Section 139, as Section 138 of the ITO provides for recovery of tax from a taxpayer only and a minor is not a taxpayer as his income is clubbed with his parent.

6. RETURN & WEALTH FILLING

As mentioned above in the case of income from business, the minor's income will be clubbed with income of parents hence he is not required to file return of income. However,

for other incomes and income from business inherited will be normally chargeable to tax and would require filling of return of income u/s 114 of the ITO.

In case of wealth statement, the provisions of Section 116 of the ITO provide that the Commissioner may, by notice in writing, require any natural person to furnish, on the date specified in the notice, a wealth statement in the prescribed form and verified in the prescribed manner giving particulars of –

- the total assets and liabilities of the person's spouse, **minor children**, and other dependents as on the date or dates specified in such notice;
- the total expenditures incurred by the person, and the person's spouse, **minor children,** and other dependents during the period or periods specified in the notice and the details of such expenditures;

Since the parent is responsible for declaring particulars as required to be declared in wealth statement, therefore, the minor child is not required to disclose personal assets and expenditure.

However, in case the minor is required to file return due to inherited business income or other income, then business capital (inherited) and other assets would need to be disclosed in wealth statement.

DISCLAIMER

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