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1. GENERAL:

1.1 Two Ordinances viz. Foreign Assets (Declaration & Repatriation) Ordinance, 2018 and Voluntary Declaration of Domestic Assets Ordinance, 2018 were issued by the President of Pakistan on April 8, 2018. These Ordinances were adopted by the Parliament as a part of Finance Act, 2018 in the form of Foreign Assets (Declaration & Repatriation) Act, 2018 and Voluntary Declaration of Domestic Assets Act, 2018.

1.2 Two new Ordinances [viz. Foreign Assets Declaration and Repatriation (Amendment) Ordinance, 2018 and Voluntary Disclosure of Domestic Assets (Amendment) Ordinance, 2018] have been issued on June 30, 2018 to amend the Acts passed by the Parliament as referred above.

1.3 The comments on certain important features of these two Ordinances, issued on **June 30, 2018** are laid down in the following paragraphs:

2. EXTENSION OF THE DATE

Declarations under both the aforesaid Acts were required to be made by **June 30, 2018**. Now such declarations can be made by **July 31, 2018**. All rights, concessions, protections, immunities as laid down in those Acts will remain valid for declaration filed, in the manner laid down in the law by **July 31, 2018**.

3. OTHER MATTERS

3.1 Foreign Assets Declaration & Repatriation Act:

Explanations inserted

1. *Mode of Payment:* Foreign Assets declaration requires payment in USD. It has been explained in the Act that if the declarant files draft declaration and has created a Payment Slip ID (PSID) and provides evidence to State Bank of Pakistan that payment has been made was remitted on or before July 31, 2018 then said declaration will be treated as valid notwithstanding actual collection in State Bank of Pakistan's foreign currency account in New York subsequent to July 31, 2018.
2. *Currency Conversion:* It has been clarified that the value of foreign assets in rupee shall be computed by applying the State Bank of Pakistan's rate between the foreign currency of the jurisdiction in which the asset is located and the rupee prevailing as on the date of filing the declaration;
3. *Incorporation in Books of Accounts:* It has been clarified that a declarant will be entitled to incorporate the foreign assets declared under the law in the accounts for the tax year 2018. There is no possibility to declare such asset in any year after tax year 2018.
4. In the Table providing the rate of tax, the term 'and other movable assets' has been inserted after the term 'Liquid Assets' as rate applicable for other movable assets is the same as for liquid assets. Thus, the rate applicable for all liquid and movable assets is 5 percent if not repatriated.

3.2 Voluntary Disclosure of Domestic Assets Act, 2018

Explanations inserted

1. *Undisclosed Income*: It has been clarified that undisclosed income for the purpose of the Act does not include income which was not required to be disclosed on the date of commencement of scheme being April 9, 2018. This represent income for the period yet to be disclosed in the returns to be filed.
2. *Proceeding for Undisclosed Income or Assets Finalized*: It has also been clarified that where any proceedings against undisclosed income have attained finality then no right will occur to the declarant on filing the declaration of such income or asset under this Act.
3. *Incorporation in the Books of Accounts*: Declarants are entitled to incorporate the income and asset declared in the accounts for the tax year 2018 only.
4. *Definition of Apartment*: The term apartment shall also include 'shops and units in multi-storey buildings in plazas' also.

4. RIGHT OF REVISION

4.1 Under both the Acts, a new section has been inserted to provide the declarant to revise the declaration already made before June 30, 2018 or afterwards *if the declarant discovers any omission, mistake, computational error or wrong statement*. This revision is subject to the condition that the value of any asset and tax thereon is not less than the value as per original declaration.

4.2 However an exception to this effect has been made in the Voluntary Disclosure of Domestic Assets Act, 2018 that if undisclosed income was declared which was not required to be disclosed then a downward revision can also be made.

AFF Partners

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July 2, 2018