

TAX REFORMS PACKAGE

Prime Minister of Pakistan in a press conference in Islamabad announced that an 'Ordinance' will be issued in due course relating to taxation matters. The salient features¹ of the announcement are:

- 1. Reduction in Tax Rates:** Rate of tax on individuals substantially reduced. Income upto Rs 100,000 per month to be exempt from tax. Maximum rate of tax on individuals' annual income exceeding Rs 4.8 million to be 15 percent.
- 2. One Time Compliance Scheme:**
 - **Foreign Assets and Income:**
 - 2 percent on foreign exchange repatriated from outside Pakistan, either encashed in Rupees or through purchase of bonds.
 - 2 percent on undeclared money lying in dollar account maintained in Pakistan.
 - 3 percent on foreign assets declared but not repatriated to Pakistan (Foreign assets to be valued at market price but not less than cost of acquisition).
 - 5 percent on 'foreign liquid assets' declared and held outside Pakistan.
 - **Local Assets and Income:** Any undeclared local asset or income including cash, if deposited in banking channel, to be taxed at the rate of 5 percent.
 - The scheme will not be available to Politically Exposed Persons (PEP). The term PEP to be defined in this Ordinance.
 - Exemption from other laws (such as NAB Ordinance etc.) will be available.
 - This scheme will be applicable upto June 30, 2018.
- 3. Immovable Properties:** Adjustable tax on immovable property at the rate of 1 percent. Government will have the pre-emptive right to acquire such property at certain value to curb under declaration.
- 4. Filing of Return:** Computerized National Identity Card [CNIC] to replace National Tax Number. All persons holding CNIC required to file return of income.

Karachi
Dated: April 5, 2018

¹ Further details will be available on promulgation of the Ordinance.