

The Newspaper's Staff Reporter

UAE help in tracing people with 'illegal' wealth sought

ISLAMABAD: Pakistan has formally requested the United Arab Emirates (UAE) to provide information about all Pakistani nationals who have obtained iqama (work permit) in a bid to hide their illegal wealth.

The UAE law allows foreign nationals to obtain iqama on the basis of investment beyond a certain threshold. The issue gained importance in Pakistan in the wake of information received from the UAE in which 3,620 accounts have been reported to Islamabad. However, the number of accounts with substantial balance is negligible.

“This is not only contrary to our expectations but also insignificant in comparison to Pakistan’s other exchange partners,” said a letter written by Director General International Taxes Dr Mohammad Ashfaq Ahmad to Under-Secretary of the UAE Ministry of Finance Younis Haji Alkhoori.

Dr Ahmad pointed out that the Federal Board of Revenue had no problem with Pakistani nationals investing and doing business in the UAE legally with lawfully remitted funds. “We are gravely concerned with the persons who have siphoned off funds illegally from Pakistan, parked them in the UAE and are now hiding behind iqama-based residential status to circumvent reporting under the CRS,” the letter said, adding that this was not a desired situation for both countries, particularly for Pakistan.

“The UAE Ministry of Finance is requested to guide and assist us in the matter. Legally speaking, articles 26 and 27 of Pakistan-UAE Double Taxation Treaty support formal and structural deliberations on a matter of mutual or a unilateral concern,” the letter said.

Pakistan and the UAE signed the agreement for avoidance of double taxation and prevention of fiscal evasion with respect to taxes on Feb 13, 1993. Both countries have historically continued to maintain a vibrant exchange of information between them. The signing of the OECD-Multilateral Convention on Mutual Administrative Assistance in Tax Matters (OECD-MC) has reinforced its importance.

Moreover, Pakistan and the UAE have in place an active automatic exchange of information relationship on bank and financial account information under the common reporting standard — Multilateral Competent Authority agreement signed under the OECD-MC.

The first exchange of bank and financial account information under the agreement will take place on Sept 30.

An official said a delegation comprising tax officials was planning to visit the UEA and meet their counterparts in the first half of September. The visit will be subject to approval by the prime minister in order to expedite the exchange of information requests.