

Controversy over new clause in mini-budget

ISLAMABAD: A controversy has erupted over the new clause in the ‘mini-budget’ allowing tax authorities to issue notices for undeclared overseas properties — a question about which angered Finance Minister Asad Umar in his press conference on Thursday.

Serious objections have been raised by opposition leaders regarding the amendment made in the Income Tax Ordinance, 2001. Social media was resounding on Thursday with the term ‘Aleema tax’ referring to the sister of Prime Minister Imran Khan over the amendment.

Read more: [SC slams FBR over slow progress in foreign assets case](#)

The query in this regard brought a sharp reply from the usually mild-mannered finance minister as he said that it was unfortunate that a citizen who had no connection with the income tax ordinance was being blamed.

“She has nothing to do with all this. These are all mere accusations,” said Mr Umar, adding that Aleema Khanum was asked about the money trail and she gave it to the court. She was directed to pay the penalty and she deposited it with the Federal Board of Revenue (FBR), he added.

Opposition says law has been amended to benefit Aleema Khanum

“But the important point is that nobody came up with this theory that the army was conspiring against her or that it was a tool to derail democracy in the country, nobody even tried to hide the facts from the courts by distracting the issue,” said Mr Umar.

He added: “Now when she has paid the penalty — is there any threat to democracy in the country — no.”

Senator Sherry Rehman of the PPP tweeted that the name of the beneficiary of this clause was obvious — without naming anybody.

“The budget with a quiet amnesty clause for undeclared offshore wealth. No prizes for guessing who this will serve... the Senate is still working,” she tweeted

However a blunt statement was made by PML-N spokesperson Maryam Aur-ang-zeb soon after the amended budget was presented on Wednesday. She said the whole exercise was aimed to protect Aleema Khanum from her tax mis-declarations.

“Aleema baji is a tax thief, and that is why this mini-budget was initiated, the scheme would regularise the undeclared overseas wealth of Imran Khan,” Ms Aurangzeb said in her statement, adding: “FBR has been empowered to regularise any overseas properties under this mini-budget.”

The initial response from the official side was by Minister of State for Revenue Hammad Azhar as he tweeted that the amendment was not an amnesty scheme.

He tweeted: “In fact it’s the opposite. It enhances powers of the FBR for provisional assessment of tax evasion in offshore assets cases.”

Mr Azhar added that no changes had been made in the existing laws related to money laundering, money smuggling, etc.

Currently, Section 123 (1) of the Income Tax Ordinance allows the income tax commissioner to issue a provisional assessment order for the last completed tax year regarding concealed assets.

The amendment has been made in Section 123 with the addition of clause 1A saying where an offshore asset of any person, not declared earlier, is discovered by the commissioner or any department or agency of the federal government or a provincial government, the commissioner may at any time before issuing any assessment order issue a provisional assessment order for the last completed tax year of the person taking into account the offshore asset discovered.

FBR Member Dr Hamid Atiq said that the addition in the income tax law was inclusion of foreign assets under the domain of the FBR. “Now after the amendment is approved the FBR will be able to issue a tax notice to such people whose overseas assets were not declared.”

He said that obtaining details of overseas bank accounts and properties has become legally possible due to the Organisation for Economic Cooperation and Development (OECD) and the Financial Action Task Force. “Now we can request the home country to block the bank account, transfer or sale of property of the person against whom the tax theft notice has been issued,” Dr Atiq said.

“The person will either pay tax or move the court and it will eventually discourage flight of ill-gotten money to other countries...,” he added.

Kalbe Ali