

### **Offshore tax evaders to face jail time, fines**

ISLAMABAD: The Federal Board of Revenue (FBR) on Tuesday said that tax evasion via offshore accounts will be deemed as a punishable crime and those found guilty will either have to pay hefty fines or face jail time of up to three years.

As per amendments introduced through Finance Act 2019, a circular issued said these amendments will tighten the noose around offshore tax evaders.

The modifications are in line with the Financial Action Task Force recommendations.

The amendments introduce various changes to the legal framework governing tax evaders, absconders, abettors, officials and individuals involved in malpractices and real estate transactions.

The government has set a penalty of Rs100,000 or an amount equal to 200 per cent of the tax evaded involving an undeclared offshore asset.

FBR restricts purchase of immovable property valued above Rs5m or asset more than Rs1m through crossed cheque, demand draft, or pay order or any other instrument

Additionally, any person who fails to declare an offshore asset to the income tax commissioner or furnishes inaccurate particulars of an offshore asset and the revenue impact of such concealment or furnishing of an accurate particular is Rs10m or more will commit an offence punishable on conviction with imprisonment up to three years or with a fine up to Rs500,000 or both.

The FBR also defined the term offshore evader as an individual who owns, possesses, controls, or is the beneficial owner of an offshore asset and does not declare or under declare or provides inaccurate particulars of such asset to the income tax commissioners.

The commissioners are empowered to freeze domestic assets of individuals on the basis of information received from an offshore jurisdiction who are deemed a flight risk or are likely to dispose their assets to avoid penalties.

Regarding those aiding and abetting in guiding or advising the offender to design, arrange or manage transactions or declarations in a manner that results in offshore tax evasion can also face jail time of up to seven years or a fine of Rs5m or both.

A new section has also been inserted to restrict purchases of immovable property having fair market value more than Rs5m or any other asset having fair market value more than Rs1m through crossed cheque drawn on a bank or through crossed demand draft or crossed pay order or any other crossed banking instrument showing transfer of amount from one bank account to another..

Any person who purchases immovable property having fair market value greater than Rs5m through cash or bearer cheque will have to pay a penalty of 5pc of the value of property determined by the FBR.

A person will not be included in the Active Taxpayers List (ATL) who fails to file a return of income within due date or by extended period. However, now such people can be included in the ATL after filing of return after due date on payment of surcharge, which is Rs20, 000 in case of a company, Rs10,000 in case of an AoP and Rs1,000 in case of an individual.

Through the Finance Act 2019, the concept of non-filers has been done away with a new concept regarding persons not appearing in the ATL has been introduced. Those people whose names are not appearing in the ATL will be subject to 100pc increased tax rate.

However, a withholding agent is of the opinion that 100pc increased tax is not required to be collected on the basis that the person was not required to file return, the withholding agent will furnish a notice to the commissioner.

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