

GOVERNMENT OF PAKISTAN
(REVENUE DIVISION)
FEDERAL BOARD OF REVENUE

C.NO.1(24)Ex/2008

Islamabad, the 1st July, 2008.

CIRCULAR NO. 03 OF 2008

SUBJECT: INVESTMENT TAX SCHEME, 2008.

In exercise of the powers conferred under section 120A of the Income Tax Ordinance, 2001 the Federal Board of Revenue is pleased to introduce the scheme for the declaration of moveable and immovable assets and payment of "investment tax" thereon as under:-

1. TITLE AND SCOPE OF THE SCHEME

- (i) This Scheme shall be called "Investment Tax Scheme (ITS) 2008".
- (ii) The Scheme shall apply to all existing as well as new taxpayers.
- (iii) The scheme shall not apply to the cases where proceedings are pending before the Department, Appellate Authority or any court.

2. DEFINITIONS

For the purposes of this Scheme,-

- a) "Investment Tax" means tax as defined under clause (63) of section 2 of the Income Tax Ordinance, 2001.
- b) "Unexplained income/assets" means any asset for which the taxpayer has no explanation regarding nature and source and was chargeable to tax but could not be so charged under Income Tax Ordinance, 2001, for any tax year or years ended on or before 30th day of June, 2007.
- c) "Declaration" means declaration made on the prescribed form annexed to the Scheme (Annex-I).
- d) "Declarant" means a person, as defined under section 80 of Income Tax Ordinance, 2001, who files declaration under the Scheme.

3. CHARGE OF TAX.

Investment tax shall be payable @ 2% of fair market value of the asset at the time of declaration of all moveable/immovable, undisclosed/unexplained investments/assets, as declared by the taxpayer under this scheme, on the prescribed form any time from 1st July, 2008 to 31st December, 2008.

4. COMPULSORY FILING OF RETURN FOR NEW DECLARANTS.

New tax payers availing this scheme shall be obliged to file return of income for the tax year 2008 and subsequent three consecutive tax years. The department shall not question the source of acquisition of assets declared under the scheme for the past years and obligation of filing income tax return, if any, for the last five years.

5. INCORPORATION OF UNEXPLAINED INCOME/ASSETS IN BOOKS OF ACCOUNTS.

Where the declarant has paid tax on his unexplained income/assets in accordance with the Scheme, he shall be entitled to incorporate such income in his books of accounts.

6. FINALITY OF PROCEEDINGS UNDER THE SCHEME.

- (i) Where a declaration in respect of undisclosed/unexplained income/assets has been made and the tax due thereon has been fully paid, such declaration shall be accepted by the department and the declarant shall be informed within one month of the date of receipt of the declaration.
- (ii) Where any deficiency in calculation of tax or filling in the columns of the declaration form is noticed, the taxpayer shall be conveyed through a letter to make good the deficiency. The aforesaid letter shall be issued with the approval of Director General requiring the declarant to meet the deficiency within 10 days of the service of such letter.

7. DEPRECIATION ALLOWANCE

No depreciation allowance in respect of building, plant and machinery or other depreciable assets declared under the Scheme shall be admissible for any tax year prior to the tax year commencing on or before the 1st day of July, 2008.

8. VALUATION OF ASSETS

The Scheme of "Investment Tax – 2008" is a voluntary scheme through which government has reposed trust in the taxpayers and an opportunity has been provided to legitimize the unexplained/undisclosed assets at a nominal rate of 2% of the fair market value of the assets as declared.

(SARFRAZ AHMAD)
SECRETARY (I.T.EXEMPTIONS)

INVESTMENT TAX SCHEME - 2008

**DECLARATION FORM FOR UNEXPLAINED
INCOME/ASSETS/INVESTMENTS**

1. NTN _____
(New declarant shall attach NTN application form duly filled in)
2. Name and Address of the declarant _____

3. CNIC No. _____
4. Name and address of business _____

5. Status

Individual	AOP	Company	Member of AOP/ Principal Officer/Chief Executive Officer of the Company
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6. Phone: Office/Business _____ Fax No. _____
7. Phone: Residential _____
8. Total value of assets declared (As per annex) _____
9. Investment Tax Payable _____
10. Amount of Investment Tax paid _____

Signature _____

Name _____

VERIFICATION

The undersigned, solemnly declare that the above information to the best of my knowledge is complete and correct. The valuation of assets declared is as per fair market value as on 30-06-2008.

Signature _____

Name _____

Dated _____

PART-I

PARTICULARS OF MOVEABLE ASSETS.

(A) *Cash/Bank deposits/Bonds/Shares/Securities etc.

Description	Amount	Fair Market Value on 30-06-2008	Tax payable
	Total:		

* It is further clarified that the term "Cash" mentioned in Para A of Part-I of the Annexure to the said Investment Tax Scheme, includes cash in foreign currency also. For the calculation of 2% tax payable thereon, the amount is to be converted into Pakth rupees at the exchange rate as on 30.06.2008.(CIRCULAR NO. 08 OF 2008 dated, 8 August, 2008)

(B) Jewellery (gold/bullion) and jewellery other than gold

Description	Weight	Fair Market Value on 30-06-2008	Tax payable
	Total:		

(C) Plant and Machinery/Stock-in-Trade

Description	Fair Market Value on 30-06-2008	Tax payable
	Total:	

(D) Vehicles and other assets not shown in A, B & C above

Description	Make and types	Registration No. Wherever applicable	Tax year in which acquired	Fair Market Value on 30-06-2008	Tax payable
			Total:		

PART-II

Particulars of Immovable Assets

Description of property (plot, house, apartment etc.	Location and Identification No. of property	Commercial/residential /industrial	Size of plot/Value	Covered area/and Value	Total Fair Market Value of the asset on 30-06-2008 (4+5)	Tax payable
1	2	3	4	5	6	7

PART-III ACKNOWLEDGMENT

RECEIPT

NTN _____ CNIC No. _____

Name of declarant _____

The receipt of declaration of undisclosed assets along with computerized payment receipt/pay order/bank draft No. _____ dated _____ of Rs. _____ is hereby, acknowledged.

Signature of DCIT _____

Name of DCIT _____

Officer's Code No. _____

Official Seal