



TRANSPARENCY INTERNATIONAL-PAKISTAN

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26th February 2013

Honorable Justice Iftikhar Muhammad Chaudhry,
Chief Justice of Pakistan,
Supreme Court of Pakistan,
Constitutional Avenue, Islamabad.

Attn: Human Rights Cell

HRC No. 38448-S/2013

Sub: SUO MOTO action on Forthcoming Financial NRO in Form of Two Blanket Tax
Amnesty Schemes, Voluntarily Tax Registration and Voluntary Declaration of Assets.

May it please your Lordship,

My Lord, the Transparency International Pakistan, the reply of FBR dated 1st January 2013, vide letter No. 4(7) STJ/2010/1071 in the HRC No. 38448-S/2013, on TIP letter dated 14th November 2012, by the senior member Mr. Asrar Raouf submitted to Human Right Cell, Supreme Court of Pakistan is incomplete, and as only one point 'volunteer tax registration Enforcement Initiative' only has been clarified, which clarification is also not correct.

The FBR in fact is allowing 3.8 million tax evaders, passage of whitening their black money, by paying nominal amount, as a person can get a national tax number by depositing Rs 40,000, and he shall be entitled to incorporate income/assets/expenses with a declared value up to Rs 5 million in his books of accounts.

The laxity being allowed are;

1. He shall not be liable to any further tax, charge, levy, penalty or prosecution under the Income Tax Ordinance, 2001 in respect of his income for any of the tax years prior to the tax year in which he has paid the registration tax.
2. The declaration shall remain confidential - no action even could be taken by Federal Investigation Agency (FIA) or,
3. National Accountability Bureau (NAB) or,
4. Securities and Exchange Commission of Pakistan (SECP).

It has been reported that in the scheme, 3.1 million people will be targeted who have been identified by using database of National Database and Registration Authority (NADRA).

The second Tax Amnesty Scheme which allow existing tax payer to declare and whiten any quantum of their un taxed wealth, by paying only 1% income tax on their wealth has not been clarified to Supreme Court by FBR.

When FBR by implementing FBR Laws can recover at least Rs 3 trillion from these 'super rich' alone why is FBR projecting figure of just Rs 100-120 billion from amnesty schemes? Why should national exchequer suffer by getting peanuts from these super rich tax cheats due to failures of FBR? What is the rationale of absolving them from criminal proceedings under special laws related to corrupt practices and money laundering?



Also FBR has failed to justify their claim to collect Rs. 100 Billion of this proposed tax amnesty scheme, as TIP had mentioned "The 2008 Tax Amnesty Scheme was misused, and Federal Tax Ombudsman had also warned FBR vide letter dated 20 March 2010 to ensure proper monitoring of tax payers who filed declaration, and also monitor for mandatory 3 years tax filling requirement, failing which amnesty claimed is to be rejected. It is reported that FBR did not identify a single case of violation out of more than 10,000 claimants. Sincerity of FBR is doubtful.

Vide Transparency International letter dated 7 January 2013, TIP has also indicated that FBR planned to spend 5% of the estimated value of Rs. 110 billion, that is Rs. 5.5 billion, on publicity and launching of campaign.

Such waste of expenditure is exhibition of fail Tax Amnesty Scheme announced by the Government in 2008 is a criminal negligence if it occurs.

This is to highlight that in 2008 the Tax Amnesty Scheme the total revenue received by the Government even by extending the Scheme to 6 month period, was only 1.54 billion.

FBR has also not replied on the unconstitutional act proposed in the Tax Amnesty Scheme about the proposed penalty of cancellation of CNIC for tax defaulters. Possession of CNIC is a fundamental right of every citizen, and secondly how this penalty can be implemented on foreign nationals residing in Pakistan.

FBR has also not taken any action on HRC No. 36434-S/2012, since December 2012 top recover about Rs 300-400 Billion annual shortfall in GST/WHT from the Cellular Phone pre paid cards providers. .

Transparency International Pakistan is striving for across the board application of Rule of Law, which is the only way to stop corruption.

An indulgence of the Honorable Court in the matter is prayed for as these Schemes amounts to give incentives to honest tax payers to become tax defaulters in future.

Yours Obediently,


Syed Adil Gilani,
Adviser