

FAQs

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The Procedure for Repatriation of liquid assets and Deposit of Tax under Foreign Assets (Declaration and Repatriation) Act, 2018

Q.1: Some of the prospective declarants of foreign assets don't have foreign currency accounts, can they pay the tax through Exchange Companies or through the accounts of their friends and relatives?

A.1: **No**, the tax payment **cannot** be made through Exchange Companies, Money Business Services etc. The tax payment can only be made through banking channels either from the declarants' own accounts or from the accounts of the declarants' immediate family members i.e. his/her parents, children, spouse and siblings (brothers and sisters). In case of payment through the immediate family members' accounts, the tax payer while sending the copies of PSID, Form 'A' etc. to SBP for generation of CPR, will also send satisfactory documentary evidence to establish the relationship.

Q.2: Can domestic foreign Currency Accounts be used for making the tax payment against declaration of foreign assets?

A.2: The balance in FCY deposits as of 31st March 2018 or 20th June 2018, whichever is less can be used for the purpose of tax payment. For instance if the balance in an FCY account is USD 10,000 and USD 5000 respectively on 31st March 2018 and 20th June 2018, the tax payment to the extent of USD 5000 can be made from this account.

Q.3: Can the payment be made through deposit of cheque in Pakistan in favor of SBP?

A.3: While it is highly desirable to remit funds through wire transfer from the banks where the declarants or their immediate family members are maintaining the bank accounts, the declarants having bank accounts outside Pakistan but presently residing in Pakistan can also pay the tax in USD by depositing the USD cheques with the authorized branches of National Bank of Pakistan in Pakistan for collecting the proceeds for the SBP account in NBP New York. This may however take 7 to 10 days in collection of the proceeds. The declarants using this payment option should be aware of possible delays in collection of the proceeds. The declarants using this payment option shall after deposit of the cheque with NBP shall electronically transmit the copy of the cheque, deposit slip, PSID, Form A etc to SBP for issuance of CPR. The SBP shall issue the CPR on realization of the cheque proceeds in the SBP account.

Q.4: Is it possible that the funds received in the SBP account are less than the funds remitted by the declarant's bank?

A.4: Yes it is possible due to deduction of bank charges by the remitting bank. The declarants thus should make sure that the funds being remitted to SBP are at least equivalent to the amount appearing in PSID. The CPR would only be issued if the funds appearing in the PSID have been received in the SBP account.

Q.5: As per the Foreign Assets Declaration Act 2018, the declarants are required to report the balances in their accounts abroad. If the declarant repatriates the whole balance in the account to Pakistan and also pay the applicable tax from that balance, would the whole amount declared and

repatriated to Pakistan including the taxes paid would be considered under the amnesty scheme or the amount remitted net of taxes?

A.5: The whole amount repatriated to Pakistan and the tax paid on the amount being declared and repatriated, shall be covered under the amnesty scheme.

Q.6: if a declarant is repatriating liquid foreign assets to Pakistan under the Foreign Assets (Declaration and Repatriation) Act, 2018, is he/she required to send two separate SWIFT messages for payment of tax in USD and repatriation of liquid assets or can remit the total funds through one SWIFT message.

A.6: The declarant can make two separate wire transfers or one at his/her choice. In case of one SWIFT message (wire transfer), he/she will give the signed statement of application of funds including the amount to be paid as taxes and the amount to be converted into PKR etc.

Q.7 Is the PSID required to be generated the same day when the payment is to be remitted to SBP?

A.7: The funds can be remitted within three days of generation of the PSID. The remittance date means the date on which the declarant's bank sends the funds in SBP account in New York through wire transfer and gives a copy of the SWIFT message to the declarant.

Q.8: Can the date of remittance of funds by the declarant's bank and the date of realization of funds in SBP account in New York be different?

A.8: Yes it can be different due to difference in time zones and/or processing of remittance in New York.

Q.9: What if the exchange rate on the date of PSID creation and the date SBP realizes funds in its account changes. Would this variation in exchange rate have any impact on the tax liability of the declarant?

A.9: As the tax liability is in USD, the exchange rate variation will have no impact on the tax liability of the declarant. The CPR is issued for the same PKR and USD amounts as mentioned in the PSID. Thus the exchange rate for the purpose of tax payment is locked for the tax payer at time of generation of PSID. The liquid funds to be repatriated for conversion into PKR will however be converted and deposited in the declarant's PKR account at the rate prevailing on the date of realization of USD funds in the SBP account.

Q.10: How long it can take to receive Computerized Payment Receipt (CPR), once the amount is remitted to SBP?

A.10: The CPR is issued within 24 hours of the receipt of funds in SBP accounts and the relevant documents i.e. copies of PSID, Form A, CNIC, statement of application of funds etc as detailed in SBP notification of 16th April 2018.

Q.11: Who will be my contact person in SBP, if I do not receive any CPR?

A.11: The tax payer should send the reminder on the same email address (tax.foreignassets@sbp.org.pk) at which he/she has sent the documents for creation of PSID. A team of 12 officials has been deputed to respond to the queries.

