

Government of Pakistan
Revenue Division
Federal Board of Revenue

Islamabad, the 8th November, 2019

**NOTIFICATION
(Income Tax)**

S.R.O. 1320(I)2019.- The following draft of certain further amendments in the Income Tax Rules, 2002, which the Federal Board of Revenue proposes to make in exercise of the powers conferred under sub-section(1) of section 237 of the Income Tax Ordinance, 2001 (XLIX of 2001), is hereby published for information of all persons likely to be affected thereby and as required by sub-section (3) of the said section 237, notice is hereby given that objections or suggestions thereon if any may for consideration by the Federal Board of Revenue be sent within seven days of its publication in the official Gazette.

Any objections or suggestions, which may be received from any person, in respect of the said draft, before the expiry of the aforesaid period, shall be taken into consideration by the Federal Board of Revenue, namely;-

DRAFT AMENDMENT

In the aforesaid Rules,-
in Chapter VII, after Part III, the following Part and rules thereunder shall be inserted, namely:-

“PART IV

**SPECIAL INSTRUCTIONS REGARDING BOOKS OF ACCOUNTS, DOCUMENTS AND
RECORDS TO BE MAINTAINED BY DESIGNATED PERSONS (DPs) AND REPORTING
OF SUSPICIOUS TRANSACTIONS**

33A. Application.- This part shall apply to designated persons (DP).

33B. Definitions.- For the purpose of this part,-

- (a) “beneficial owner” means, the natural person who ultimately owns or controls a customer or the natural person on whose behalf a transaction is being conducted and includes the person who exercises ultimate effective control over a person or a legal arrangement:

“Explanation.- For the purposes of this definition, the expression “ultimately owns or controls” or “ultimate effective control” refers to a situation in which the ownership or control is exercised through a chain of ownership or by means of control other than direct control and includes beneficial owners of a beneficiary under a life or other investment linked insurance policy or scheme or any other instrument availed by the customer in financial services market;

- (b) "customer or client" means a natural person who transacts or attempts to transact with a designated person;

- (c) "designated person" or "DP" means
 - (i) jewellers; and
 - (ii) real estate agents;

- (d) "jeweller" means a person engaged in sale of jewellery, precious stones and metals including all articles made wholly or mainly of gold, platinum, diamonds of all kinds, precious or semi-precious stones, pearls whether or not mounted, set or strung and articles set or mounted with diamonds, precious or semi-precious stones or pearls;

- (e) "real estate agent" means-
 - (i). any person, who negotiates or acts on behalf of a person in a transaction of transfer of his plot, apartment or building, as the case may be, in a real estate project, by way of sale, with another person or transfer of plot, apartment or building, as the case may be, of any other person to him and receives remuneration or fees or any other charges for his services whether as commission or otherwise and includes a person who introduces, through any medium, prospective buyers and sellers to each other for negotiation for sale or purchase of plot, apartment or building, as the case may be, and includes property dealers, brokers and middlemen by whatever name called;
 - (ii). any person responsible for registering, recording or attesting transfer of any immovable property including a person responsible for registering, recording or attesting transfer for local authority, housing

authority, housing society, co-operative society and registrar of properties; and

(iii). ICT and provincial land revenue authorities including boards of revenue;

(f) "suspicious transaction report or STR" shall have the same meaning as assigned to it in clause (y) of section 2 of Anti-Money Laundering Act, 2010 (VII of 2010); and

(g) "risk" means risk of money laundering or terrorist financing.

33C. Documents and records to be maintained by designated person.-

(1) Where the value of transaction, inclusive of all applicable taxes, duties, rates and cess exceeds,-

(a) Rs.2,000,000 in case of immovable property; and

(b) Rs.1,000,000 in other cases,

the DP shall obtain and maintain the following documents relating to its buyers and sellers, namely:-

(a) In the case of an individual any of the following documents:-

(i) copy of computerized National Identity Card (CNIC) issued by National Database and Registration Authority (NADRA);

(ii) copy of National Identity Card for Overseas Pakistanis (NICOP) issued by NADRA;

(iii) copy of Pakistan Origin Card (POC) issued by NADRA;

(iv) copy of Alien Registration Card (ARC) issued by NADRA; and

(v) copy of passport, having valid visa on it or any other proof of legal stay along with the passport (foreign nationals only);

(b) if the DP has reason to believe that the customer is not the beneficial owner:-

(i) in case of an individual, copy of any of the documents mentioned in clause (a); and

