

To be introduced in the Youth Parliament of Pakistan

A

BILL

To further amend the Income Tax ordinance 2001

WHEREAS it is expedient to levy tax on wealth

It is hereby enacted as follows:-

1. Short title, extent and commencement: (1) This Act may be called the Finance Act, 2012.

(2) It extends to the whole of Pakistan.

(3) It shall, unless otherwise provided, come into force on the first day of July, 2012.

1) Amendment of income Tax Ordinance 2001: In the Income Tax Ordinance, 2001 the following further amendments shall be made, namely:-

In section 116 the following clause shall be inserted

In section 116 after sub section (4) a new sub section i.e. (5) shall be inserted as follows:

“Every resident tax payer filing wealth tax statement along with return of income shall also pay wealth tax as per eighth schedule (RATES OF WEALTH TAX)”.

In section 116 the following clause (6) shall also be inserted:

“Any undeclared assets by the person filing wealth tax statement shall be ceased by the government and shall be made public property, when become known by the tax authorities through other means”.

2) Addition of new schedule in Income Tax ordinance 2001: in the income tax ordinance 2001 a new schedule as ‘eight schedule’ after seventh schedule shall be inserted namely:

The Eighth Schedule

RATES OF WEALTH TAX

In the case of every individual, Hindu undivided family, firm, association of persons or body of individuals, whether incorporated or not and a company, the Wealth Tax shall be charged on the net wealth at the following rates:-

(i)	Rs 5,000,001 to 10,000,000	2.5%
(ii)	Rs 10,000,000 to 25,000,000	3%
(iii)	25,000,001 to 50,000,000	5%
(iv)	50,000,001 to 100,000,000	7%
(v)	Over Rs. 100,000,001	8%

Provided that:

(a) No tax shall be payable by an assessee on that portion of his net wealth which does not exceed Rs. 5,000, 000;

(c) The tax payable by an assessee shall be set off against unadjusted capital value tax paid by him, if any, during the year ending on the valuation date relevant to the assessment year to which the tax payable relates and in the two years immediately succeeding that year.

Statement of objectives

Pakistan is under tremendous pressure due to the increasing expenditures and declining tax collection and there is a consensus between the fund and Pakistani authorities to tax each and every income falling in taxable limits without further delay. The government had repealed the wealth tax law a few years back to encourage the people to invest in Pakistan and discourage them taking their wealth out of the country. The FBR, under the Income Tax Ordinance 2001, has the right to access the un-declared wealth, accumulated during the last five years, of existing taxpayers. Similarly, the law also empowers the FBR to assess the un-declared wealth of non-taxpayers who accumulated wealth during the last five years or before.

Sd/-

Najeeb Abid Baloch (YP05 Balochistan 03)

Other Members of finance committee