

Global treaties with 104 countries: FBR to have access to foreign financial details of nationals

Pakistan will be able to get access to foreign financial details of its nationals from 104 countries under global treaties on Automatic Exchange of Information (AEOI) by September 2018; it was learnt. Sources said the AEOI was an initiative of Organization of Economic Co-operation and Development (OECD) members and Pakistan has committed to starting exchange of information of financial accounts on automatic basis from September 2018.

They said that a list, which earlier comprised 88 countries to start exchange of information of financial accounts on automatic basis, has now been extended to 104 countries including Switzerland, Faroe Islands, British Virgin Islands, India Russian Federation, Saint Kitts And Nevis, Saint Lucia, Saint Vincent and Islands of the Grenadines, Samoa, San Marino, Seychelles, Saint Maarten, Slovak Republic, Slovenia, South Africa, Spain, Sweden, Turkey, Turks & Caicos Islands, United Kingdom, Uruguay and others.

They said the Federal Board of Revenue (FBR) under the said global treaties' obligations has established and notified six AEOI zones across the country at RTOs Peshawar, Multan, Quetta and LTUs Islamabad, Karachi and Lahore. For the purpose, an isolated Centre, dedicated for receipt of information and data processing, has been established in the FBR Headquarters. The centre has been secured both physically and virtually and all the AEOI data shall be accessed; processed and transferred only from the AEOI Centre by dedicated human resource.

They further said that all activities and transactions in the AEOI Centre would be monitored and recorded and only the designated officers would have access to the information in the AEOI Centre of FBR Headquarters. According to the Standing Operating Procedure (SOP) for AEOI, the information to be received from various jurisdictions on automatic basis under a bilateral or multilateral agreement/ instrument shall be cross-matched with the existing database in the AEOI Centre.

In case the reported person is an existing taxpayer, the information shall be passed on to the concerned AEOI Zone as per the afore-mentioned jurisdiction. In case the reported person is not registered with FBR, the secretary (Exchange of Information) shall assign jurisdiction of the case to the relevant AEOI Zone based on the current address.

The entire sorting and cross-matching exercise along with assigning of the jurisdiction and any other function related thereto will be carried out only in the AEOI Centre of FBR (HQ) by the designated officials. Based on the above jurisdiction, the information shall be transferred electronically from the AEOI Centre to the desktop of the commissioner of relevant AEOI Zone through a secured channel. The Commissioner (AEOI) will not have any access whatsoever

to the information pertaining to other AEOI Zones.

On receipt of information, in case of existing taxpayer, the Commissioner AEOI Zone shall seek physical record from the concerned Large Taxpayers Unit or Regional Tax Office where the case exists. The Commissioner AEOI Zone shall open and maintain separate confidential covers pertaining to the information received and keep the confidential covers in safe custody, inaccessible to irrelevant and unauthorized staff or persons.

The Commissioner AEOI Zone shall also record entry in the manual stock register for AEOI cases and keep such registers in safe custody. All transfer of information, which will be encrypted and digitally signed, from AEOI Centre to the Commissioners AEOI Zones will take place through Virtual Private Network (VPN) Tunnel.

In case of un-registered person, the concerned Commissioner (AEOI) shall register the person as prescribed in Chapter VIII of Income Tax Rules, 2002 and the Commissioner (AEOI) will issue notice u/s 176 of Income Tax Ordinance, 2001 to the reported person seeking any information or documents as deemed appropriate.

The information and documents sought in the notice may, inter alia, include CNIC/NICOP/POC/NTN, details about the financial account, sources of investment, etc. The Commissioner (AEOI) may also seek information u/s 176 of Income Tax Ordinance 2001 from any other person or authority, as deemed appropriate, while taking into account confidentiality of AEOI information received.

The Commissioner (AEOI) may also summon the reported person for investigation u/s 176 (1) (b) of the Income Tax Ordinance, 2001. In case of unsatisfactory reply to the notice u/s 176 of the Income Tax Ordinance, 2001, or no reply at all, the Commissioner (AEOI) shall issue notices u/s 114(4) and 116(1) of the Income Tax Ordinance, 2001, in cases where income tax return and wealth statement has not been filed;

Once response to the aforementioned notices is received, or no reply is received at all, as well as cases where income tax return and wealth statement has already been filed, the Commissioner (AEOI) shall proceed in the case in accordance with the provisions of Income Tax Ordinance, 2001 and the final outcome of the case shall be reported to the board.

All matters related to Confidentiality and Data Safeguards in AEOI Centre, AEOI Zones and any other AEOI related persons, or jurisdiction, will strictly be governed under Income Tax Ordinance, 2001, Sales Tax Act, 1990, Federal Excise Act 2005, Prevention of Electronic Crimes Act, 2016, Efficiency and Discipline Rules 1973, Government Servants Conduct Rules 1964 and any other relevant law for the time being in force.

Any breach of Confidentiality and Data Safeguards will be taken very seriously

and proceedings initiated against the concerned persons under the
aforementioned laws. Periodic inspections will be conducted to ascertain that
necessary measures are being taken to ensure confidentiality and protection of
AEOI data.

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