

Section 122 of Income Tax Ordinance 2001: notices, account attachment for tax recovery termed incomprehensible

Dr Muhammad Iqbal Member, IR Policy, Federal Board of Revenue (FBR) has termed the issuance of notices under Section 122 of Income Tax Ordinance, 2001 and account attachment for tax recovery as incomprehensible, saying that policies in this regard need to be revisited with the support of tax consultants.

Speaking at a seminar on Anti Money Laundering and Benami Law organised by the Karachi Tax Bar Association (KTBA) at RTO auditorium here, he said that board had a policy not to compromise the dignity of the taxpayers and urged the Bar members to extend their support for skill development of young tax officials.

"I saw some notices under Section 122 of Income Tax Ordinance, 2001 and I didn't understand the logic behind asking all tax related details from the taxpayers." Similarly, the issue related to the tax recovery through bank attachments sans serving notices to the taxpayers also needs to be addressed with the support of Bar." Moreover, he said that efforts should only be done for the recovery of due taxes.

Meanwhile, Abdul Aziz Tayabani, KTBA President stressed the need of suspending all notices till the release of clarification by FBR, saying that taxpayers were being dishonored through notices and this practice should be stopped to maintain the taxpayers' dignity.

Earlier, Abid H. Shaban senior tax expert during his presentation on Anti Money Laundering Act (AMLA), 2010 said that there was a need to make amendments in AMLA as taxpayers were being harassed over suspicious transactions and bank accounts were being attached without notices.

Shaban said that ultimate aim of money-laundering was to remove the cash from the location of acquisition to avoid detection from the authorities and added that many methods were used and money launders were getting more and more innovative.

He said that there were no accurate figures for the global money laundering problem but the estimates suggested that the size of the money laundering problem could be between US\$900 billion to US\$2.2 trillion annually worldwide, of which the Asia Pacific alone accounts for 30 per cent.

Moreover, he said that the common factors in laundering operations are to conceal the origin and true ownership of the proceeds and to maintain control of the proceeds by changing the form of the proceeds in order to shrink the huge volumes of cash generated by the initial criminal activity.

He said that cash was often introduced to the economy via commercial concerns

which may knowingly or not knowingly be part of the laundering scheme and added that the money launderer used transfers, sales and purchase of assets, and changed the shape and size of the lump of money to obfuscate the trail between money and crime or money and criminal. He said that the person convicted under AMLA 2010 could be arrested for at least one year but the imprisonment could be extended to 10 years.

Syed Shabbar Zaidi during his presentation on Benami Law said that unknown transactions were only done in India and Pakistan in order to conceal the assets and added that tax evaded income were being transacted through Benami accounts. He said that there was no law existed in any country where tax evaded income was treated under money laundering and added that concealment of assets was the issue of Pakistan not Benami transactions. A large number of Bar members were present on the occasion.

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