

Draft Benami rules: PM authorizes submission of summary for approval

Prime Minister Shahid Khaqan Abbasi has authorized submission of a summary to the Cabinet for approval of the draft of Benami Transaction (Prohibition) Rules, 2018. A meeting of the Senate Standing Committee on Finance has been informed by the Federal Board of Revenue (FBR) Member (Inland Revenue Policy) Dr Muhammad Iqbal that the Prime Minister being minister in-charge of Ministry of Finance, Revenue and Economic Affairs has seen and authorized the submission of the summary for approval of the draft rules.

The summary has been now sent to the Cabinet Committee for Disposal of Legislative Cases (CCLC) with some amendments to rules. While submitting progress report to the committee, the FBR stated that a summary was moved with the approval of finance minister to the federal cabinet seeking approval for implementation of various provisions of Benami Transactions (Prohibition) Act, 2017. The summary contained proposals regarding approval of the Benami Transactions (Prohibition) Rules, 2017 and delegation of powers by the cabinet to the minister-in-charge of the Finance Ministry and the secretary Revenue Division.

Subsequently, the summary was referred to the CCLC and was discussed in its meeting on November 2, 2017. The CCLC pointed out that the powers of the federal government which are to be exercised by the cabinet including the Prime Minister cannot be delegated to any minister. Therefore, all functions and powers to be performed by the federal government which are mentioned in the Act require approval of the federal cabinet.

The CCLC also pointed that the Act authorizes the federal government to exercise various powers and perform functions under the Act including appointment of various authorities but the draft rules confer these functions and powers upon the Revenue Division or minister-in-charge. There is a conflict between the provisions of the Act and the draft rules and, therefore, the draft rules require amendment.

In the light of objections raised by the CCLC, the Benami Transactions (Prohibition) Rules, 2018 were redrafted. The draft rules are now required to be approved by the federal government/federal cabinet. The Prime Minister in his capacity as finance minister has approved the submission of summary to the cabinet. However, the draft rules are first to be submitted to CCLC as per notification dated January 12, 2018.

The Prime Minister being minister in-charge of Ministry of Finance, Revenue and Economic Affairs has seen and authorized the submission of the summary for approval of the aforesaid draft rules and the summary for approval of CCLC has been moved.