

TANZEEM E ISLAMI



Striving for the Law of Allah, on the Land of Allah

PERSPECTIVE

The official online newsletter of Tanzeem e Islami
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'PERSPECTIVE' is a trend-setting newsletter issued by Tanzeem e Islami that focuses on a candid commentary on the current national and international issues, in the light of the Qur'an and the Sunnah.

A blend that gives Muslims an insight into the events of the past, those happenings at present and the Signs of things to come...

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From the Qur'an:

“And the disbelievers planned (their evil plans), but Allah planned (His divine & destined Master Plan). And Allah is the best of planners.

(*Surah Aal e Imran; Verse 54*)

“And those before them (too) had plotted (evil), but to Allah belongs the (divine & destined, Master) Plan entirely. He knows what every soul earns, and the disbelievers will know for whom is the final (heavenly) home.”

(*Surah Ar Ra'd; Verse 42*)

Selected Hadith:

The Messenger of Allah (SAAW) is reported to have said:

“Hasten to do good deeds against impending trials that are like parts of seriously darkened night, when a man will be a believer (*Mu'min*) in the morning and become a disbeliever (*Kaafir*) in the evening and will a believer (*Mu'min*) in the evening and become a disbeliever (*Kaafir*) in the morning, bartering his religion for an insignificant worldly material.” (*Musnad Ahmad*)

EDITORIAL

All praise is due to Allah (SWT), and peace & blessing on his noble Messengers (AS), in particular, on the last of them all the blessed Prophet Muhammad (SAAW).

An important question that has emerged in recent years for several countries including Pakistan is how to lure those of its nationals who hold assets abroad – liquid and fixed – to declare their assets held abroad and eventually pay tax on their income. Our Prime Minister, Shahid Khaqan Abbasi, along with his team of economic and financial geniuses have come up with a simple solution (as it appears from the rhetoric that they are parroting) – another Tax Amnesty Scheme – the fourth such scheme since the PML-N formed the government in 2013.

Terming it an unwise decision of the government to introduce the tax amnesty at a time when the ruling party is going to complete its term in less than two months, experts claim that the amnesty will be an exercise in futility as the same is technically not viable. The tax amnesty will be violating many existing laws and acts regarding accountability, anti-money laundering and corruption. The government first needs to change such laws through making amendments to the constitution, which seems very difficult for the ruling party that is lacking a majority in the Senate.

“The Lahore High court has recently given its verdict against an amnesty scheme introduced in 2013. The upcoming scheme too will easily be challenged in the courts,” said Federal Board of Revenue (FBR) former chairman Dr Muhammad Irshad adding that courts may not allow a tax NRO in the country.

“The amnesty scheme was in process when I was FBR chairman in 2016. The government had initiated work on it and the tax reform commission was assigned the task to make draft for the amnesty scheme. The same was presented to me as it was to be introduced by FBR. However, the government could not launch it because of various reasons,” he said adding that the government after seeing the experience of Indonesia, had decided to introduce the amnesty scheme in Pakistan. “We held various secret meetings and talks on the issue but to no avail. The actual issue was related to the rate of penalty, which we had suggested to be not less than 10 per cent. But surprisingly the government has now set it at only 2 per cent. Indonesia, which set 10 per cent penalty has made over \$21 billion in revenue through such scheme,” Dr Irshad said.

“It was high time to introduce such scheme in 2016 when there was much hype regarding the Panamagate scandal. Pakistan could have forced its people to get money back to the country through such a scheme but at the same time giving good share to the government,” he added.

Alarmingly, an official at the FBR recently stated that the Abbasi government completely sidelined the state institution in the entire process. According to the FBR official, the organization has strong reservations over the amnesty scheme. This, he said, is why neither Special Assistant to Prime Minister on Revenue Haroon Akhtar nor FBR Chairman Tariq Pasha attended the

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press briefing of the prime minister about the new scheme. “Unfortunately FBR, under the present situation, is toothless and a dummy organization only completing paper worth of taxation,” the official added.

According to financial experts, instead of embarking towards yet another tax amnesty scheme, the government should make the utmost efforts to operationalize the already signed cooperation agreements with countries where ill-gotten wealth exists. For example, under Article 25(1) of the Avoidance of Double Taxation Treaty with Switzerland, Pakistan can seek information regarding nationals maintaining financial wealth in Swiss banks. A repatriation of this wealth is also possible under the same law.

It is also believed that if Pakistan embarks towards amnesty scheme and weakening of accountability laws in the country by providing immunity to certain individuals, this could in turn weaken Pakistan’s case with the Financial Action Task Force (FATF). Incidentally, the FATF was the first to set the alarm bells ringing about adverse effects of the tax amnesty scheme on the global fight against terror financing and money laundering. The FATF is “the global standard setting body for anti-money laundering and combating the financing of terrorism”.

The FATF has already written a letter to Pakistan and raised concerns about the tax amnesty scheme, said sources in the Finance Ministry. They said there was some lapse on part of Pakistan, as it did not seek prior approval of the FATF of the amnesty package.

It may be recalled that in February 2018, the FATF plenary decided to place the country on the “greylist” from June (of this year). The adviser to PM on Finance Dr Miftah Ismail has confirmed that the FATF has raised some issues with regard to the amnesty. “There is nothing to worry about, as the legal team has assured me that the proposed package is in compliance with the global standards on anti-money laundering,” said Dr Ismail.

Regardless, be it naivety or arrogance on Dr Ismail’s part, once the FATF approves this action plan in June 2018, there will be a formal announcement from the FATF about placing Pakistan on the “greylist”. If Pakistan fails to submit a “viable” action plan, the FATF has the option of placing the country on its “blacklist”, which carries even more adverse implications.

The salient features of the Amnesty Scheme announced by PM Abbasi are:

- 1- Pakistanis having offshore assets can bring them back by paying only 2% tax. However, in case of declaration of the foreign fixed asset only, tax applicability will be 3% while foreign liquid assets including cash, securities and bonds can be declared on 5% tax payment.
- 2- Offer to legalize the hidden local assets at 5%. A major change has also been introduced in the realty sector tax rates. Against up to 4% withholding taxes and 3% differential rate on the FBR and the DC rated, the PM has asked to declare the property at 1% advance tax.
- 3- The government has attained a right to purchase the property at twice the declared price.

Experts believe that the main reason for the scheme to be doomed is related to the rate of penalty. Indonesia successfully launched a similar amnesty scheme, setting a 10 per cent penalty and has since made over \$21 billion in revenue through it. But surprisingly our government has set the rate of penalty at a mere 2 per cent! It may benefit certain individuals with cases pending in NAB and other courts, but experts agree that the revenue made from the scheme is expected to be negligible. The amnesty scheme would also serve as a “parting gift of constant headache” for the next elected government.

In our opinion, to be successful an amnesty scheme must be a one off, to ensure that those it seeks to target are convinced that the amnesty would not be on offer again and that once the scheme has lapsed the government would proactively seek to identify assets held abroad by nationals and prosecute them that may, among other actions, also include forfeiture.

Unfortunately, the Tax Amnesty Scheme 2018 opens yet another loophole in the already rotten system, adding to the stink coming from the ones that already exist for remittances and equity stock investment. The amnesty scheme will certainly result in increased money laundering and will serve as a perfect pretext for the Financial Action Task Force (FATF) to castigate Pakistan as “a rouge country responsible for facilitating terror financing and money laundering,” making it easier to put Pakistan in the “greylist” and paving the way for our country’s inclusion in the “blacklist”. May Allah (SWT) bestow us with righteous wisdom and moral insight. **Aameen!**

Signing off...

Dr. Absar Ahmad (Chief Editor)

**Press Releases issued by Tanzeem e Islami****Date: 20 April 2018****Lahore (PR): “The enforcement of Western cultural and social values in Saudi Arabia under the pretext of “enlightenment” and “liberalism” is a matter of grave concern.”**

This was stated by the Ameer of Tanzeem e Islami, **Hafiz Aakif Saeed**, during the Khitab e Jumu’ah in Qur’an Academy, Lahore.

When the country that is rightly considered by Muslims around the world as the pivot of Islam and in which the Holy cities of Makkah and Madinah, also referred to as “al-Haramayn al-Sharifayn” (The two Holy Cities) are located, starts opening cinemas where movies made in Hollywood would be aired, then the matter brings great regret among the Muslims at large, the Ameer lamented.

He remarked that, in fact, this display of vulgarity and indecency would be of great pain and heartache for ordinary Muslims. The Ameer said that the Crown Prince of Saudi Arabia, Mohammad bin Salman, has recently said in interviews that men and women should be equal in all aspects of life and has also stated on record that the “black Abayas” worn by women is not a prerequisite of the Islamic Shariah Law.

The Crown Prince has also stated on record, while bashing his own ancestors, that their decisions and attitudes were those of “extremists” and “fundamentalists” and that they did not want to see men and women working in the same office.

The Ameer remarked that the statement made by the Saudi Crown Prince in which he had said that there was no foundation of these prohibitions that exist in Saudi Arabia as they were not imposed during the time of Prophet Muhammad (SAAW) and the Righteous Caliphs (RA), plus his argument that the “right way” forward was that of “enlightenment” and “liberalism” were totally baseless and historically incorrect.

The Ameer remarked that the Muslim rulers of today wanted to please those who were in power in USA and the West, so that the latter would help them by providing “protection” and keeping their “thrones” intact.

The Ameer concluded by advising that reliance on the U.S. would be a dangerous mistake, as proven time and again in the past.

Date: 27 April 2018**Lahore (PR): “It is impossible for a system of governance (code of life) made by humans to be “Just” and “Balanced” for all.”**

This was stated by the Ameer of Tanzeem e Islami, **Hafiz Aakif Saeed**, during the Khitab e Jumu’ah in Qur’an Academy, Lahore.

The Ameer remarked that the labor movement that started on 1 May 1886 was against the injustice and oppression caused by the Capitalist System, yet the Bolshevik Revolution of 1917 practically shaped it into a such a despotic system imposed on humanity (Communism) that turned out to be even worse in its capacity to oppress and do injustice.

The Ameer said that the fact of the matter is that the only system (code of life) based on universal justice that provides complete equity of rights and duties among entrepreneurs and workers, men and women, is the one ordained for us by Allah (SWT) and bestowed upon us through the teachings and actions of His final Messenger (SAAW).

The Ameer added that it was now our responsibility to implement that system on Allah’s (SWT) land, so that other systems based on oppression, injustice and tyranny could be totally eradicated and every human could get an equal opportunity in life.

The Ameer concluded by stating that in truth the Islamic System of Social Justice is the only system that afforded Absolute Justice to all, therefore, the world could become a place filled with peace and security only by establishing that system.