

GOVERNMENT OF PAKISTAN
REVENUE DIVISION
CENTRAL BOARD OF REVENUE
No.F.4(34)ITP/2002

Islamabad, the August 26, 2003

Circular No. 8 of 2003
(Income Tax)

Subject: **TAXATION OF UNEXPLAINED INVESTMENT IN THE YEAR IN WHICH DISCOVERED BY THE COMMISSIONER.**

The provisions of sub-section (2) of section 111 to the Income Tax Ordinance, 2001 empowers the Commissioner to tax unexplained amount referred to in sub-section (1) of the said section in the year in which it is discovered by the Commissioner.

2. Various Trade Bodies and Tax Bar Associations have been demanding (both in pre and post budget meetings) that taxation of aforesaid amount in the year of discovery by the Commissioner is in fact allowing of unfettered powers to the Commissioner on this account. It should be limited by prescribing a time limit in respect of investment made in acquisition of property or construction thereof for the purposes of aforesaid section.

3. The issue was examined in the Board. It has been decided that provisions of sub-section (2) of section 111 to the Income Tax Ordinance, 2001 shall not be resorted to in respect of amount referred to in sub-section (1) of the said section beyond the period of five preceding years from the tax year which is being looked into.

(ABDUL HAMID)
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