

PRESENTATION
OECD
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VAT/GST FRAUD INVESTIGATIONS
MURTAZA SIDDIQ KHAN

BACKGROUND OF THE CASE

The main facts are that the taxpayer has a managed a large inventory of real estate plots and were engaged in transactions through a business venture but was not declaring the taxable activity with the view that he has traded his inherited property against the plots obtained from the housing society. His view was not in accordance with law.

KEY RED FLAGS

- Taxpayer was trying to change jurisdiction of his case between two cities.
- The wealth statement showed a huge increase in exempt income of Rs. 1700 million in 4 consecutive tax periods.
- No explanation offered by the taxpayer with respect to increase.
- Additional Commissioner notice was responded by invoking various legal channels to stop the proceedings instead of filing replies.

Executive Actions

- The taxpayer was found to be involved in massive tax fraud. He declared Rs. 1700 billion in exempt income as exempt capital gains in his tax returns for 2013-2017 . The evidence was gathered that the amount was actually taxable and the main channel to unearth were mode of credits in his bank account through tracing the banking transactions.

Evidence Gathered

- Bank Account Information
- Rental Agreement with the Real Estate Developer
- Taxpayer office photographs as real estate dealer
- Further land investments evidence
- Copies of his office letter heads

Final Outcome

- The case was built by me under powers available to Additional Commissioner u/s 122(5A) of the Income Tax Ordinance 2001. Consequently, taxpayer bank accounts were attached, and an amount of Rs. 100 million has been recovered. An equivalent amount is yet to be recovered from the taxpayer.

THANKS