

# MONTHLY TECHNICAL UPDATES

ON ACCOUNTING, TAXATION & LAWS

 **ICMA** INTERNATIONAL  
lead strategically

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"Keep your face always toward the  
sunshine, and shadows will fall  
behind you." - Walt Whitman

## Feature News

President Dr Arif Alvi has signed the Tax Laws (Second Amendment) Ordinance, 2022. The President gave the approval to the Ordinance on the advice of the prime minister under the Article 89(1) of the Constitution." Under the Ordinance, the amendments have been made in Sales Tax Act 1990, Income Tax Ordinance 2001, Federal Excise Act 2005 and Finance Act 2022.

The main objective for preparation of the Tax brief on the said Ordinance was to provide a detailed information regarding changes made through this Ordinance.

## BRIEF ON TAX LAWS (SECOND AMENDMENT) ORDINANCE, 2022

TECHNICAL SUPPORT & PRACTICE DEVELOPMENT COMMITTEE  
ICMA INTERNATIONAL

## Message from the President



I am glad to present the Monthly Technical Updates for the month of August. This month's edition comprises of news from economy, Corporate Sector, Taxation, monetary sector; updates from the stock market and foreign exchange. I believe that members will find it informative and helpful in discharging their professional assignments/ responsibilities.

Moreover, worthy members are requested to share their valuable suggestions at [tspd@icmap.com.pk](mailto:tspd@icmap.com.pk) for further improvement in the document and identify topics of technical interest, which the Committee may consider for arranging seminars and training programs beneficial for the practicing members in terms of their capacity building and value addition.

**Shehzad Ahmed Malik, FCMA**  
President ICMA International & Chairman TSPDC

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# Committee Activities

## Seminar on Direct Taxes-Amendment in Finance Act 2022

Technical Support and Practice Development (TSPD) Committee, in collaboration with the CPD Committee of ICMA Pakistan organized a Seminar on Direct Taxes-Amendment in Finance Act 2022 on Friday, August 26, 2022 at ICMA Islamabad Campus for the awareness of members, students, professionals and other stakeholders. A large number of participants attended the event and benefitted from the thought-provoking speeches of eminent speakers.

Mr. Shehzad Ahmed Malik, FCMA, President ICMA Pakistan & Chairman TSPD Committee graced the event with his presence. Mr. Tariq Iqbal, Secretary FBR brought honour to the occasion as Chief Guest. Mr. Shan Muhammad, FCMA, Chairman Islamabad Coordination Committee welcomed the guests. Eminent speaker Mr. Azeem Hussain Siddiqui, FCMA gave a detailed presentation on the subject.

The participants were greatly benefitted from their presentations on the topic and also had an interactive Question and Answer session. Mr. Shehzad Ahmed Malik, FCMA, President ICMA International & Chairman TSPD Committee presented gave a befitting valedictory note.



Mr. Shehzad Ahmed Malik, FCMA, President ICMA on the stage with Mr. Tariq Iqbal, Secretary FBR and Mr. Azeem Hussain Siddiqui, FCMA



Mr. Shehzad Ahmed Malik, FCMA, President ICMA distributing flower Boquete amongst the organizers





## Webinar on Indirect Taxes - Amendments in Finance Act 2022

Technical Support and Practice Development (TSPD) Committee, in collaboration with the National CPD Committee of ICMA Pakistan organized a Webinar on Indirect Taxes - Amendments in Finance Act 2022 on Friday, August 12, 2022 for the awareness of members, students, professionals and other stakeholders through ZOOM.

Mr. Ather Saleem Ch., FCMA, Vice President ICMA Pakistan graced the event with his presence as Guest of Honour. Mr. Shan Muhammad, FCMA, Chairman Islamabad Coordination Committee welcomed the participants to the event. Eminent speaker Mr. Naeem-ud Din, FCMA presented a detailed and thorough presentation on the subject which was greatly admired by the participants.

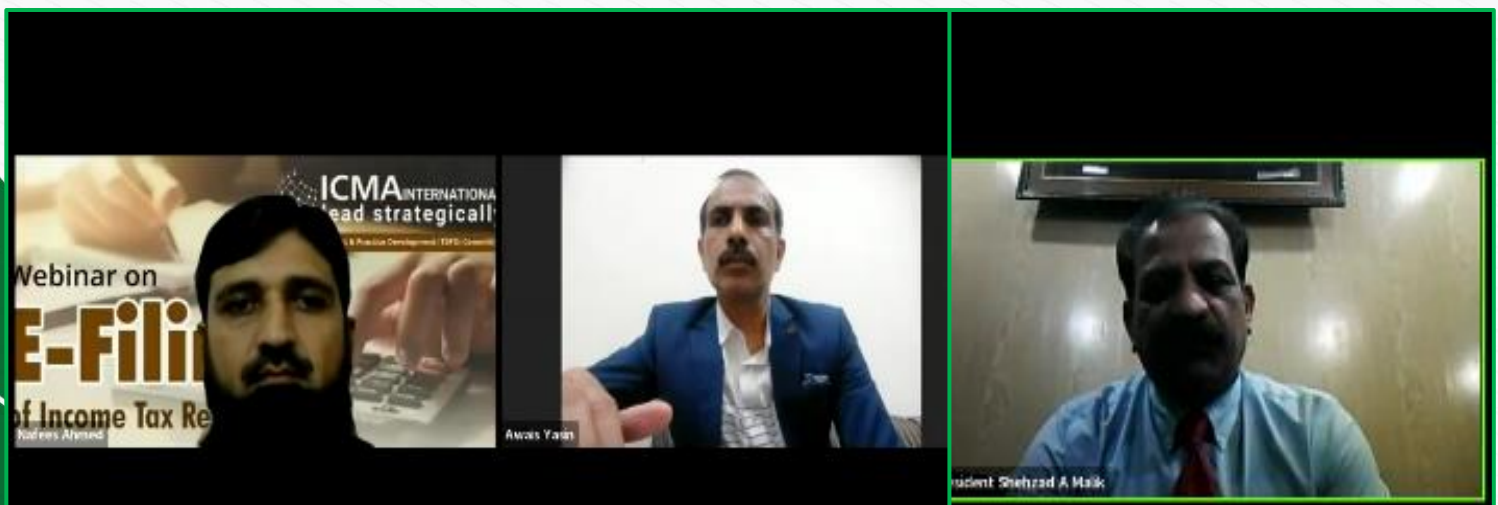
The participants also had an interactive Question and Answer session. Mr. Ather Saleem Ch., FCMA, Vice President ICMA Pakistan thanked the speaker and participants for their time in his valedictory note.



## Webinar on E-Filing of Income Tax Returns

Technical Support and Practice Development (TSPD) Committee, in collaboration with the National CPD Committee of ICMA Pakistan organized a Webinar on E-Filing of Income Tax Returns on Friday, August 02, 2022 for the awareness of members, students, professionals and other stakeholders through ZOOM.

Mr. Shehzad Ahmed Malik, FCMA, President ICMA Pakistan & Chairman TSPD Committee graced the event with his presence as Guest of Honour. Mr. Awais Yasin, FCMA, Chairman National CPD Committee welcomed the participants to the event. A large number of participants attended the event and benefitted from the in-depth presentation of eminent speaker Mr. Nafees Ahmed, ACMA.





## Independence Day Flag-Hosting Ceremony at Islamabad Campus

Mr. Shehzad Ahmed Malik, President ICMA, Chairman TSPD Committee chaired the Flag-hosting ceremony at Islamabad Campus. Mr. Ather Saleem, Vice President ICMA was the Guest of honor at the occasion. Mr. Masood Muzaffar, former Member National Council, Mr. Adil Ameen, Mr. Shan Muhammad, Mr. Muhammad Imran Aijaz and other senior members of ICMA were also present on the occasion. As part of ICMA Go Green Initiative, the President ICMA also planted a sapling within the premises of ICMA Islamabad Campus.





## President & Chairman TSPD Committee, ICMA along with Vice President ICMA paid a courtesy call on the Minister for Finance

Mr. Shehzad Ahmed Malik, President and Mr. Ather Saleem, Vice President and Chairman, Research and Publications Committee paid a courtesy call on Mr. Miftah Ismail, Federal Minister for Finance and Revenue on August 03, 2022 at Islamabad. This meeting was in connection with the publication of an exclusive Interview of the Finance Minister in the May-Aug 2022 issue of Chartered Management Accountant Journal. The President briefed the Finance Minister about the role of ICMA in policy making and advocacy and the contribution of the CMAs in the economic and corporate development of the country.





## 'Have a Cup of Tea with Mian Aamer Mumtaz' An Interactive Session for ICMA Members by Islamabad Campus

ICMA Islamabad Campus organized an interactive session for members titled 'Have a Cup of Coffee with Mian Aamer Mumtaz' on August 05 2022. The objective was the capacity building of the practicing members and discuss ideas for diversification in consultancy, strategic consulting and expanding the clientele base. At the conclusion of session, Mr. Shehzad Ahmed Malik, President ICMA presented a shield to the Mian Aamer Mumtaz.



# AML Supervisory Board

## Guidelines on Implementation of TFS for PF for Reporting Firms

ICMA prepared Guidelines on Implementation of TFS for PF for Reporting Firms. Proliferation Financing (PF) is an act of providing funds or financial services which are used to develop nuclear, chemical or biological weapons and any related materials to weapons of mass destructions (WMD).

Targeted Financial Sanctions (TFS) for PF are applicable to persons and/or entities designated by the UN Security Council or the relevant committees set up by the Security Council. These Guidelines provide guidance to the Reporting Firms to fulfill their obligations under PF such as maintaining sanctions lists, conduct customer screening, freezing funds, blocking/rejecting transactions and reporting relevant authorities.

The Guidelines also provide red flag indicators explaining situations indicating possible PF activities.

The Guidelines are available on the website of the Institute at the following link:-

[https://www.icmainternational.com/downloads/AML/ICMA\\_PFGuidelines.pdf](https://www.icmainternational.com/downloads/AML/ICMA_PFGuidelines.pdf)

## STR Reporting and goAML Awareness Session

ICMA in collaboration with the Financial Monitoring Unit (FMU) organized an Awareness Session on STR Reporting and goAML, on Tuesday, August 16, 2022, for the accountants regulated by the Institute of Cost and Management Accountants of Pakistan (ICMA International) and Institute of Chartered Accountants of Pakistan (ICAP).

The agenda of session focused upon reporting of STRs, introduction to FMU and its Functions, Red Flags for Accountants, and live demonstration of Reporting on STR-F and STR-A. The event also comprised of detailed Q&A Session.

## Meetings for the On-site visit of FATF

Mr. Aamir Ijaz Khan, Secretary AML Supervisory Board, attended meetings in the on-site visit of technical team of Financial Action Task Force (FATF). Meetings held from August 29 to September 02 in Islamabad. The FATF technical team comprised of counterterrorism and money-laundering experts from member countries with exception of India, which had been lobbying to push Pakistan into the watchdog's blacklist by leveraging its political and economic standing among the member countries.



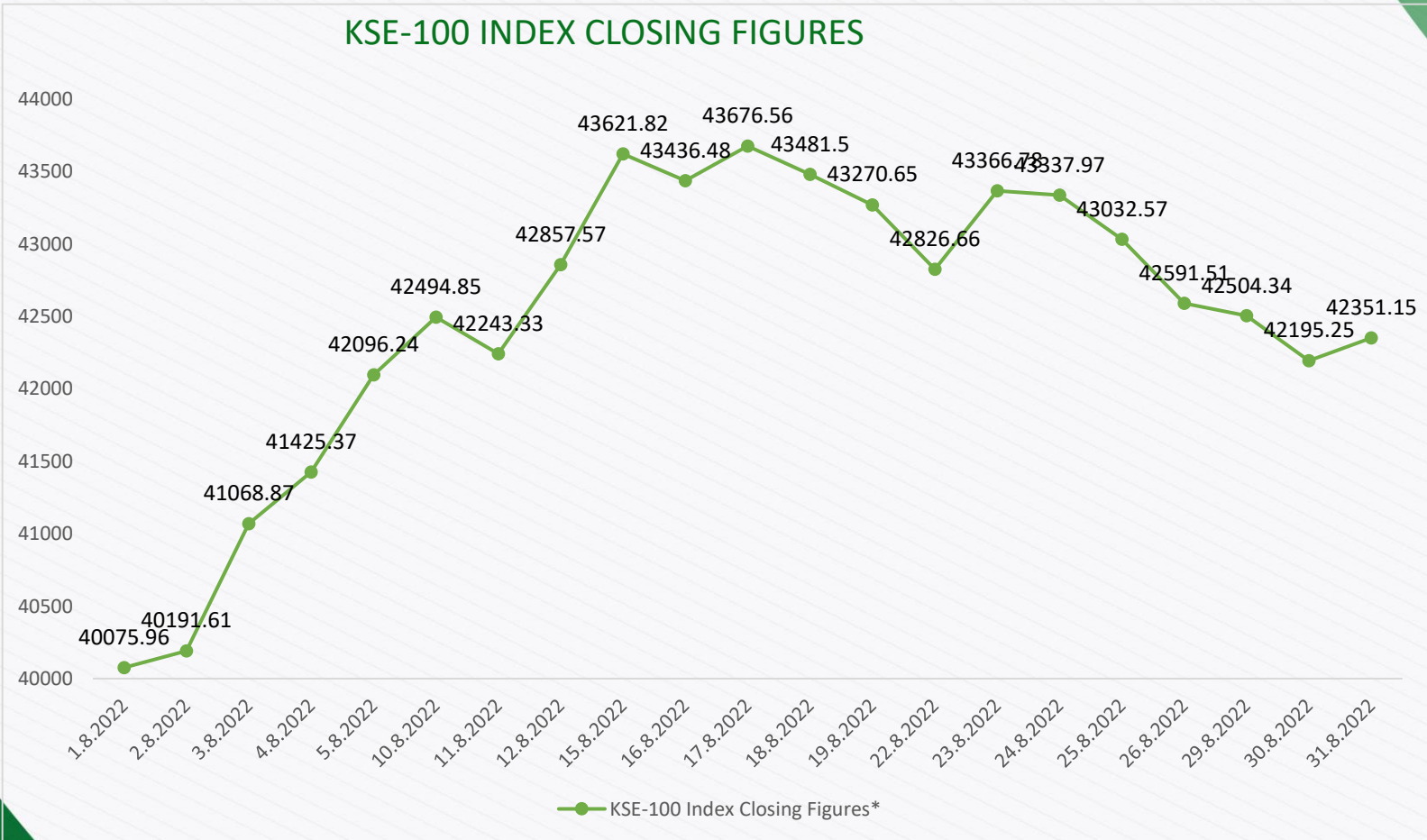
# Pakistan Stock Market

## Pakistan Stock Market – KSE-100 Index Fluctuations during August, 2022

Date	KSE-100 Index Closing Figures*	Date	KSE-100 Index Closing Figures*	Date	KSE-100 Index Closing Figures*
1.8.2022	40075.96	12.8.2022	42857.57	23.8.2022	43366.78
2.8.2022	40191.61	15.8.2022	43621.82	24.8.2022	43337.97
3.8.2022	41068.87	16.8.2022	43436.48	25.8.2022	43032.57
4.8.2022	41425.37	17.8.2022	43676.56	26.8.2022	42591.51
5.8.2022	42096.24	18.8.2022	43481.50	29.8.2022	42504.34
10.8.2022	42494.85	19.8.2022	43270.65	30.8.2022	42195.25
11.8.2022	42243.33	22.8.2022	42826.66	31.8.2022	42351.15

\*As published in Daily Dawn

### KSE-100 INDEX CLOSING FIGURES





# Rupee-Dollar Parity

Date	Interbank Rate*	Market Rate*	Date	Interbank Rate*	Market Rate*	Date	Interbank Rate*	Market Rate*
1.8.2022	239	246	12.8.2022	215	214	23.8.2022	216	222
2.8.2022	238	241	15.8.2022	213	212	24.8.2022	218	226
3.8.2022	227	229	16.8.2022	213	211	25.8.2022	219	227
4.8.2022	225	220	17.8.2022	214	215	26.8.2022	219	230
5.8.2022	224	226	18.8.2022	215	218	29.8.2022	221	232
10.8.2022	222	222	19.8.2022	215	218	30.8.2022	220	224
11.8.2022	219	220	22.8.2022	214	219	31.8.2022	220	224

\*forex.pk

## RUPEE-DOLLAR PARITY DURING AUGUST, 2022





# Corporate Updates

## 1. AMENDMENTS TO THE SEVENTH SCHEDULE TO THE COMPANIES ACT, 2017

Securities and Exchange Commission of Pakistan (SECP) vide their S.R.O. 1373(I)/2022 made following alterations in the Seventh Schedule to the Companies Act, 2017 (XIX of 2017):

“In the aforesaid Seventh Schedule, in Item No VI, for entries (1) to (5), the following shall be substituted, namely:

(1) For a certified copy of the certificate of incorporation or a certificate of commencement of business or a certificate of registration of mortgage or charge or any other certificate or license issued under the Act, a fee of....	100	600
(2) For a certified copy of the Memorandum and Articles of Association of private limited company, a fee of	250	1500
(3) For a certified copy of the Memorandum and Articles of Association of other than a private limited company, a fee ....	500	3000
(4) For a certified copy of any return excepting financial statements, of private limited company, a fee of...	100	600
5) For a certified copy of any return excepting financial statements, of other than a private limited company, a fee of ....	200	900

For further details, please visit the following link:-

<https://www.secp.gov.pk/document/sro-1373i-2022-dated-2-8-2022-amendments-to-7th-schedule-pdf/?wpdmdl=45285&refresh=6316e1710cd1e1662443889>

## 2. AMENDMENT TO THE Companies (Registration Offices) Regulations, 2018

SECP vide their S.R.O. 1374(I)/2022 made the following amendments to the Companies (Registration Offices) Regulations, 2018:

In the aforesaid Regulations, in Annexure D, in the Table,-

(a) in S. No. 25, before the word “issuance of” the word “digital” shall be inserted; and

(b) after S. No. 25, amended as aforesaid, the following new serial number shall be inserted:

25A.	Application for issuance of certified copy of documents filed, registered or recorded [Section 462(5)] applied/issued in physical form	3 days
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For further details, please visit the following link:-

<https://www.secp.gov.pk/document/sro-1374i-2022-dated-2-8-2022-amendments-to-company-registration-offices-regulations-2018-pdf/?wpdmdl=45284&refresh=6316e1710b7ea1662443889>



# Taxation Updates

## 3. FBR ALLOWS EXEMPTIONS ON IMPORT AND SUPPLY OF GOODS FOR FLOOD VICTIMS FROM SALES TAX, WITHHOLDING TAX AND FEDERAL EXCISE DUTY

Federal Board of Revenue (FBR) vide their SROs 1634 (I)/2022, 1635 (I)/2022, 1636 (I)/2022 & 1637(I)/2022 dated August 30, 2022 granted exemption of sales tax, withholding tax and Federal Excise Duty on the import and local supply of all goods received for flood victims in the current disaster as gifts and relief consignments, donations from foreign governments or organizations by the Federal or Provincial Governments or any public sector organization.

As per S.R.O. 1634(I)/2022, the provisions of section 148 shall for a period of ninety days not apply to goods required and imported for relief operation for flood affectees, duly certified by the National Disaster Management Authority or the Provincial Disaster Management Authority. Moreover, a new entry is inserted in the Thirteenth Schedule to allow exemptions on Flood donations under the Prime Minister's Flood Relief Fund, 2022 with effect on and from the 5th August, 2022.

According to S.R.O. 1635(I)/2022, exemption is granted from the whole of sales tax, with effect from August 24, 2022, on the import of all goods received, in the event of a natural disaster or other catastrophe, as gifts and relief consignments or any goods received as gifts or donations from a foreign government or organization by the Federal or Provincial Governments or any public sector organization subject to the same conditions as are envisaged for the purposes of applying zero-rate of customs duty under the Customs Act, 1969 (IV of 1969).

As per SROs 1636(I)/2022 & 1637(I)/2022, the Federal Government exempted whole of Sales tax and federal excise duty for a period of ninety days on the import and supply of the goods as certified by the National Disaster Management Authority or a Provincial Disaster Management Authority for relief operation for flood affectees.

For further details, please visit the following links:-

<https://download1.fbr.gov.pk/SROs/2022830218446623SRO1634OF2022DATED30.08.2022--EXEMPTIONOFINCOMETAXONGOODSFORRELIEFOPERATIONFORFLOODAFFECTEES.pdf>

<https://download1.fbr.gov.pk/SROs/20228302184824347SRO1635OF2022DATED30.08.2022--EXEMPTIONFROMSALESTAXONIMPORTOFGOODSRECEIVEDINTHEEVENTOFNATURALDISASTER,GIFTORDONATION.pdf>

<https://download1.fbr.gov.pk/SROs/20228302185254682SRO1636OF2022DATED30.08.2022--EXEMPTIONFROMSALESTAXONIMPORTANDSUPPLYOFGOODSASCERTIFIEDBYNDMAANDPDMAFORFLOODAFFECTEES.pdf>

<https://download1.fbr.gov.pk/SROs/20228302185617813SRO1637OF2022DATED30.08.2022--EXEMPTIONFROMFEDONGOODSASCERTIFIEDBYNDMAANDPDMAFORFLOODAFFECTEES.pdf>



# International Updates

## 4. COMPANIES, INVESTORS AND PROFESSIONAL ACCOUNTANTS ADD THEIR VOICES TO THE CALL FOR GLOBAL ALIGNMENT BETWEEN SUSTAINABILITY REPORTING STANDARD SETTERS AND FRAMEWORKS

Sixty-five companies, investors and professional accounting firms from across the world add their voices to the call for major standard-setting efforts to more closely align with and support a global baseline for reporting sustainability-related information.

The endorsed statement was developed jointly by the World Business Council for Sustainable Development (WBCSD), the Principles for Responsible Investment (PRI), and the International Federation of Accountants (IFAC). In addition to formal consultation responses, this public statement makes clear the momentum and encouragement behind stronger alignment between sustainability standard-setting efforts.

Significant efforts by the International Sustainability Standards Board (ISSB), the US Securities and Exchange Commission (SEC), and the European Commission together with the European Financial Reporting Advisory Group (EFRAG), all aim to address the need to enhance and evolve corporate reporting to include and consider sustainability information. However, current draft standards and initiatives are not technically compatible in terms of concepts, terminologies, and metrics.

As these proposed sustainability-related disclosure requirements are refined and finalized, leading financial market participants are asking financial market regulators to avoid regulatory and standard setting fragmentation by aligning on key concepts, terminologies, and metrics on which disclosure requirements are built.

A comprehensive global baseline of sustainability disclosures is required for reporting entities to avoid undue burden and for investors to make investment decisions that truly contribute to sustainable outcomes.

For further details, please visit the following link:-

[https://www.ifac.org/knowledge-gateway/contributing-global-economy/discussion/leading-financial-market-participants-call-stronger-alignment-regulatory-standard-setting-efforts?utm\\_source=Main+List+New&utm\\_campaign=54edb8c737-EMAIL\\_CAMPAIGN\\_2022\\_08\\_29\\_06\\_59&utm\\_medium=email&utm\\_term=0\\_c325307f2b-54edb8c737-80693564](https://www.ifac.org/knowledge-gateway/contributing-global-economy/discussion/leading-financial-market-participants-call-stronger-alignment-regulatory-standard-setting-efforts?utm_source=Main+List+New&utm_campaign=54edb8c737-EMAIL_CAMPAIGN_2022_08_29_06_59&utm_medium=email&utm_term=0_c325307f2b-54edb8c737-80693564)

## 5. IFAC SEEKS FEEDBACK ON DIGITAL PLATFORM, E-INTERNATIONAL STANDARDS (eIS)

The International Federation of Accountants (IFAC) sought user feedback via a brief survey that will help shape phase two of its digital platform, e-International Standards (eIS). The anonymous survey allowed users to rank which features they would like to see in future updates to the platform, and even includes a space to suggest ideas.

According to IFAC, eIS has provided over 30,000 stakeholders digital access to standards and resources developed by the International Auditing and Assurance Standards Board (IAASB), the International Ethics Standards Board for Accountants (IESBA), and the International Public Sector Accounting Standards Board (IPSASB).

IFAC intends to consistently evolve the platform to meet user needs and will take into consideration all survey responses when moving forward with the product. The survey closes on August 31, 2022.

Worthy Members can access the survey through the following link:-

<http://ifac.eis.alchemer.com/s3/>

The e-International Standards platform can be accessed through the following link:-

<https://eis.international-standards.org/>

For further details, please visit the following link:-

<https://www.ifac.org/news-events/2022-07/ifac-seeks-feedback-digital-platform-e-international-standards-eis>

# Guidelines on Implementation of TFS for PF for ICMAP Reporting Firms

## 1. Proliferation Financing (PF)

PF is an act of providing funds or financial services which are used to develop nuclear, chemical or biological weapons and any related materials to weapons of mass destructions (WMD).

## 2. Targeted Financial Sanctions (TFS) for PF

- TFS for PF are applicable to persons and/or entities designated by the UN Security Council or the relevant committees set up by the Security Council.
- Designation/listing criteria are:
  - persons or entities engaging in or providing support for, including through illicit means, proliferation-sensitive activities and programmes;
  - acting on behalf of or at the direction of designated persons or entities;
  - owned or controlled by designated persons or entities; and
  - persons or entities assisting designated persons or entities in evading sanctions, or violating resolution provisions
- TFS for PF requires to;
  - freeze immediately the funds, other financial assets and economic resources of the designated persons and/or entities or that are owned or controlled, directly or indirectly by the designated persons/entities
  - ensure that no funds or other assets and economic resources are made available to such persons and entities, except in specific situations, and under conditions specified in the UNSC resolutions

## 3. Relevant UN Security Council Resolutions (UNSCRs) for PF TFS

Country Name	UNSC Country Code	UNSCRs
Democratic People's Republic of Korea (DPRK)	KP	1718 & successors
Islamic Republic of Iran	IR	2231 & successors

## 4. International Legislative Framework for PF TFS

- a) UNSCR 1718 (and its successors)
- b) UNSCR 2231 (and its successors)
- c) FATF Standards (Recommendations):

The FATF has issued specific Recommendations that require countries to impose obligations on REs, including Real Estate Agents, Dealers in Precious Metals and Stones, Including Jewelers and Accountants, to implement preventive measures, including specific measures for compliance with TFS for PF. This is due to the fact that international trends reveal the abuse of DNFBPs by financiers of PF to enable the financing or the movement of goods to facilitate proliferation. In particular, FATF Recommendation 7 requires countries to implement targeted financial sanctions to comply with the UN Security Council Resolutions relating to the prevention, suppression and disruption of proliferation of weapons of mass destruction and their financing. The UN Security Council has also called upon countries to apply Recommendation 7 and related guidance papers for effective implementation of targeted financial sanctions related to proliferation. Recommendation 7 is currently applicable to two country-specific regimes, namely the DPRK and Iran. The TFS obligations require countries to freeze without delay the funds or other assets of, and to ensure that no funds and other assets are made available to, directly or indirectly for the benefit of (a) any person or entity designated by the UN, (b) persons and entities acting on their behalf or at their direction, (c) those owned or controlled by them.



## 5. National Legislative Framework for PF TFS available at

a) UNSC Act, 1948

<https://mofa.gov.pk/wp-content/uploads/2020/10/THE-UNITED-NATIONS-SECURITY-COUNCIL-ACT-1948.pdf>

b) AMLA, 2010

<https://www.fmu.gov.pk/docs/Anti-Money-Laundering-Act-2010-amended-upto-Sep.%202020.pdf>

c) ATA, 1997

[https://www.fmu.gov.pk/docs/ATA\\_passed\\_by\\_Parliament.pdf](https://www.fmu.gov.pk/docs/ATA_passed_by_Parliament.pdf)

d) SECA, 2004

<http://www.secdiv.gov.pk/uploads/Doc-1%20Export%20Control%20Act-2004-0c0c.pdf>

e) CRMC Guidelines on TFS for PF for DNFBPs

<http://secdiv.gov.pk/uploads/CRMC-Guidelines-For-DNFBP-on-TFS-For-PF-668c.pdf>

f) ICAP / ICMAP AML/ CFT Guidelines for ICAP / ICMAP Reporting Firms

<https://icap.org.pk/files/per/aml/AMCFTGuidelinesforAccountants.pdf>

<https://www.icmainternational.com/downloads/AML/AMLCFTGuidelinesforAccountants2020.pdf>

## 6. Obligations for Reporting Firms under PF Guidelines

a) Maintain Sanctions List:

Regularly update current database of names and particulars of the designated persons.

b) Conduct Customer Screening:

Conduct screening on existing, new and potential customers to check for any positive name matched with any designated person.

- Screen its entire customer database without delay when any amendments are made in a UNSCR.
- Screening also includes checking for funds derived from property owned or controlled by designated person or its related party.
- In case of a name match, appropriate measures must be taken to verify and confirm the identity of customer against the designated person.

c) Freeze, Block and Reject

Existing customers: once the identity is matched with designated person, Reporting Firm must freeze funds, properties or accounts in case the identity is matched with a designated person.

Potential or new customer – once the identity is matched with designated person, Reporting Firm must reject the customer if the transaction has not commenced.

- Where “false positive” scenario exists, the affected person may make an application to MoFA to unfreeze such assets.
- The freezing shall remain in effect until the person is delisted or it is confirmed that it is a “false positive”.

d) Report Relevant Authorities

- Reporting to ICAP / ICMAP and CRMC: Reporting Firms must immediately report on any freezing, blocking or rejection actions taken.
- Reporting to Financial Monitoring Unit (FMU): Reporting Firms must submit Suspicious Transaction Report (STR) in any of the following situations:
  - Positive name matches from screening of customer database.
  - Attempted transaction by any of the designated person or its related party.

## 7. Situations indicating possible PF activities (Red Flags)

- Transaction involves person or entity in foreign country of proliferation concern.
- Transaction involves person or entity in foreign country of diversion concern.
- The customer or counter-party or any person having similar address to one of the parties found on publicly available lists of “designated persons” or has a history of export control contraventions.
- Customer activity does not match business profile, or end-user information doesn’t match end-user business profile.
- Order is placed by firms or persons from foreign countries other than the country of the stated end-user.
- Transaction involves possible shell companies (e.g., companies do not have a high level of capitalization or displays other shell company indicators).
- Circuitous route of financial transaction.
- Trade finance transaction involves route (if available) through country with weak export control laws or weak enforcement of export control laws.
- Transaction involves persons or companies (particularly trading companies) located in countries with weak export control laws or weak enforcement of export control laws.
- Transaction involves shipment of goods inconsistent with normal geographic trade patterns (e.g. does the country involved normally export/import good involved?).
- Transaction involves financial institutions with known deficiencies in anti-money laundering / countering terrorism financing (AML/CFT) controls and/or domiciled in countries with weak export control laws or weak enforcement of export control laws.
- Based on the documentation obtained in the transaction, the declared value of the shipment was obviously under-valued vis-à-vis the shipping cost.
- Inconsistencies in information contained in trade documents and financial flows, such as names, companies, addresses, final destination etc.
- Pattern of wire transfer activity that shows unusual patterns or has no apparent purpose.
- Customer vague/incomplete on information it provides, resistant to providing additional information when queried.
- New customer requests letter of credit transaction awaiting approval of new account.
- Wire instructions or payment from or due to parties not identified on the original letter of credit or other documentation.
- Involvement of a person connected with a country of proliferation concern (e.g. a dual- national).
- Use of cash or precious metals (e.g. gold) in transactions for industrial items.
- Involvement of a small trading, brokering or intermediary company, often carrying out business inconsistent with their normal business.
- Involvement of a customer or counter-party, declared to be a commercial business, whose transactions suggest they are acting as a money-remittance business.
- Transactions between companies on the basis of “ledger” arrangements that obviate the need for international financial transactions.
- Customers or counterparties to transactions are linked (e.g. they share a common physical address, IP address or telephone number, or their activities may be coordinated).
- Involvement of a university in a country of proliferation concern.
- Evidence that documents or other representations (e.g. relating to shipping, customs, or payment) are fake or fraudulent & use of personal account to purchase industrial items.

FATF Guidance on Countering Proliferation Financing, available at:

<http://www.fatf-gafi.org/media/fatf/documents/reports/Guidance-Countering-Proliferation-Financing.pdf>



## TECHNICAL SUPPORT & PRACTICE DEVELOPMENT COMMITTEE

**Mr. Shehzad Ahmed Malik, FCMA**  
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**Mr. Azeem Hussain, ACMA**  
Member

**Sayyid Mansoob Hasan, FCMA**  
Member

**Mr. Zahid Farooq, FCMA**  
Member

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Member

**Mr. Muhammad Yousuf, FCMA**  
Member

**Mr. Naveed-ur-Rehman, FCMA**  
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