Scenario 284

DUBAI PROPERTY LEAKS

BELL THE ROGUE PAKISTANI CATS:

THE leaked Dubai property data reported on by media organisations around the world during **the 3rd week of May 2024** caused quite a stir. Even though some individuals — including the then defense minister Kh Asif — insisted that there was 'nothing' in the published information, others, like Interior Minister Mohsin Naqvi, took strong exception to being named publicly as owners of offshore properties.

On 16th May 2024; in a televised press conference, Mr Naqvi regretted that an impression had been created by the media that the individuals mentioned in the Dubai leaks had bought their properties through illegal means or had hidden them from the tax authorities. Acknowledging that his wife owns properties in Dubai and London, Mr Naqvi insisted that the said assets were duly declared and acquired with his own resources. His resentment, to some degree, was understandable: *'it is nobody's business to tell anyone what they should do with their money'.*

A positive sign; that Mr Naqvi supported behind calls for an inquiry into the leaked data, which could determine whether any of the identified properties were acquired unlawfully. The PMLN government could have announced for an investigation without further argument, considering how helpful it could be to establish a zero-tolerance policy for tax evasion and money laundering while negotiating bailouts from international lenders. The country's authorities had long sought such data from the Dubai administration but remained unsuccessful due to various diplomatic constraints. As then, that the data was available, they had an opportunity to analyze it and compare it with their own records.

However, such investigations previously had harassed law-abiding citizens who simply made investment decisions to purchase property abroad. Instead of catching tax avoiders and violators, new ways of massive corruptions got entry into high profile state organisations. Unfortunately, the country continued to be seen negatively by lenders until the govt puts its own house in order; demonstrating significant seriousness in the matter.

Referring to the Daily **DAWN** dated 19th May 2024: The Lahore High Court (LHC) was approached to order the National Accountability Bureau (NAB) and other investigating agencies to conduct a comprehensive inquiry into the *Dubai Leaks* concerning properties owned by Pakistani citizens, including politicians and armed officers. Citizen Mashkoor Hussain, in his petition filed through Advocate Nadeem Sarwar, stated that he asked the court's verdict for the public good.

The leaked data provided a detailed overview of properties in Dubai owned by around 17,000 Pakistani citizens, with information about their ownership or usage largely from 2020 and 2022. The PMLN government didn't move for a detailed probe to ascertain whether the properties mentioned in the Dubai leaks were fully declared by their owners before the competent authorities; whether these properties had been purchased through tax evasion or illegal means.

The petitioner also asked the court to monitor all investigation proceedings and ordered the federal government to provide all progress reports until the final adjudication of this petition. The respondents listed in the petition included the Federal Investigation Agency, Federal Board of Revenue, and the Election Commission of Pakistan.

The fact remains that Pakistani officials had tried in the past years to unearth details of Pakistani citizens who owned assets in Dubai with an aim to bring undeclared assets and income into the tax net – but failed miserably. Dubai authorities were reluctant to share information about the number of Pakistani citizens having Dubai residence visas, commonly known as *iqamas* or Emirates IDs.

There was also a political element to that resistance: Pakistan didn't have the geopolitical power or influence to demand that information. Those details — a shocking volume of leaked property data that included over 23,000 properties listed as belonging to Pakistani nationals up to the spring of 2022 — were at the fingertips of journalists from scores of media outlets around the world. The leaked data provided a detailed overview of hundreds of thousands of properties in Dubai and information about their ownership or usage, largely from 2020 and 2022.

A mere mention in the data was not evidence in itself of financial crime or tax fraud. Nor does the data contain information such as residence status, sources of income, tax declarations of rental income or capital gains. In fact, several of those approached by media said they were declared to the tax authorities. But it did painted an astonishing picture of contrasts. Pakistan, a developing country teetering on the edge of economic collapse, begging international lenders and friendly countries for lifelines in single digit billions, featured prominently in the data.

While 17,000 Pakistani citizens are listed owners in the 2022 leak, academics using the data and additional sources put the actual number of Pakistani owners of residential property in Dubai at 22,000. They further estimatedthat the apartments and villas were worth more than $10 billion at the start of 2022, but with the more than 25 per cent increase in property prices since then, the real worth of Pakistanis' residential properties in Dubai could be well above $12.5bn in 2024. Malik Amjed Zubair Tiwana, Chairman of the Federal Board of Revenue (FBR) told the media while commenting on the said 'leaks':

> *"If we have the data you are talking about, as well as the information on residence status, we will make sure those who are eligible to pay tax in Pakistan on rental income or capital value are doing so. It may be a sensitive matter, and perhaps the law will have to change, but with political will we will go all out against tax evaders. The government is prepared for this.*
>
> *… (Also) that citizenship has no importance in tax law as taxation is linked to residence status. We have been trying to get information from the immigration department of Dubai to determine tax status, but it has not been materialised."*

Both the incumbent FBR chairman and former FBR chairman Shabbar Zaidi told media that the Dubai authorities were not forthcoming about sharing information on iqamas, for instance, despite the existence of a tax treaty between the UAE and Pakistan to avoid double taxation. In 2019, the FBR in a strongly worded handout expressed its frustration at the silence of Dubai authorities on this issue, and threatened to terminate the treaty. And yet, the Dubai authorities remained tight-lipped. Mr Zaidi also shared a revealing incident from the time he was FBR chairman:

> *"[In December 2019] I asked my Director of Taxes to get iqama details from Dubai authorities to identify which Pakistanis have Dubai iqamas, because those who own property in Dubai typically have iqamas. BUT soon after he was contacted by a senior UAE diplomat who suggested he should not pursue the matter.*

> *I told him, 'I am asking for my own people's information, what is the problem?'* [Mr Zaidi continued]
>
> *He left unhappy and then went to **Shah Mahmood Qureshi** [the then foreign minister]. He complained to Qureshi, and Qureshi rang me. I told him '<u>Leave this, it's my issue not yours</u>'. Then that UAE diplomat went to **Imran Khan** [then prime minister]. IK called me and asked what I was doing. He said **'Haath haula rakho, they just gave us $1bn'**. Mr Khan was referring to the $3bn bailout package pledged by the UAE to Pakistan in January 2019."*

Mr Zaidi (also) added:

> *"Because of Pakistan's bankruptcy and financial dependency on countries like the UAE, it cannot ask for this information. Dubai thrives on non-transparency, and doesn't want to share this information."*

<u>SAGA OF VANISHING FILES IN FBR</u>:

Ali Rahim, tax lawyer and former Karachi Tax Bar Association president, explained how tax laws apply to Pakistanis with overseas assets:

> *<u>"The entire world income of resident Pakistanis is liable to be taxed in Pakistan, but they can get credit against their total tax payment for any taxes paid abroad.</u>*
>
> *<u>Pakistani residents (those in the country for more than 183 days per year) with assets abroad have to value them at the current exchange rate and pay one per cent tax on that if the value of the asset is more than Rs100 million.</u>*
>
> *<u>Non-resident or overseas Pakistanis are only liable to pay tax on income generated in Pakistan. They are not required to file a wealth statement or declare overseas assets."</u>*
>
> *"Legally speaking, the **same laws apply to politicians and PEPs** (politically exposed persons) as well but we all know the factual position. I know of <u>instances where PEPs' files have been put on the backburner and their cases have vanished into thin air</u>."*

According to the ***Atlas of the Offshore World***, compiled by the EU Tax Observatory and Norway's ***Skatteforsk Cente for Tax Research***, offshore financial wealth (equities, bonds, mutual fund shares, and associated bank deposits) owned by Pakistan had declined from nearly 17 per cent in 2001 to 2pc in 2022. This was largely on account of the increasing transparency in the global banking system. Consider that in 2001, Pakistan's offshore financial wealth stashed away in Switzerland was $11bn. In 2022, that figure was down to $1bn. On the flip side, the growing transparency in the banking system incentivized a shift towards real estate; Dubai was the favoured destination.

Data gathered for the Atlas of the Offshore World showed that London, with $740 million, comes in a distant second behind Dubai ($10bn plus) for Pakistanis looking to invest in offshore real estate; Singapore was third, with $120m.

<u>STARK FACTS ABOUT DUBAI:</u>

Dubai is a global financial hub often described as a playground for the world's rich. It prides itself on being an open economy for companies and individuals who want to make investments. But the glamorous emirate has a darker reputation as a tax haven, and ***top destination for murky sources of cash and money laundering*** — often through real estate transactions. In 2019, *Transparency International dubbed the emirate a 'money laundering paradise', highlighting that individuals with questionable sources of income were able to invest in Dubai without restrictions*. A number of individuals whom the OCCRP interviewed, including a former governor of a central bank in the region, spoke about parallel systems being in place.

> *"In the UAE, there are two economic, financial and security systems running in parallel at the same time.*
>
> *One is formal where all rules and guidelines apply and which conforms to international requirements. The other operates outside the formal system; it survives on cuts from criminals, sanctioned persons and entities — shady investors and millionaires who don't like to be asked where they got their money. Private jets full of money are landing frequently in Dubai. No one can ask who the money is for. It's taken out and deposited in special accounts…"*

In property buying in Dubai, when talking about the options for payment, the property offices would tell you they can [even] accept crypto currency as well as, or full cash payment, 'even one brings bags of cash we can accept that there is no limit on cash actually; ***'zero questions'*** about the cash.

- For some people the laws are implemented too. Dubai's one tax-officer told that: '*The UAE has issued fines of more than AED 115 million in relation to money laundering and seized assets of more than AED 925 million in relation to breaches of AML practices and procedures*'.
- *Dubai was added to the FATF's grey list in 2022 but was taken off in February 2024. Some experts, however, expressed concerns that the move was premature and driven by geopolitical concerns.*

That was what made the Dubai property leaks so fascinating, because they gave us a glimpse into how well-heeled Pakistanis played the real estate market in their favourite offshore investment destination. *The level of detail contained in the leaks was astonishing*. There were names, dates of birth, iqama numbers, expiry dates, passport information, telephone numbers and emails of Pakistani passport holders who were listed as having invested in single or multiple Dubai properties. There were also details of purchase and rental transactions.

- *The properties owned by Pakistanis ranged from studio apartments and commercial properties to entire buildings and six-bedroom villas. Pakistanis were listed as owners in some of the most expensive districts of Dubai, including Dubai Marina, Emirates Hills, Business Bay, Palm Jumeirah and Al Barsha.*

For the purpose of this investigation, some media reporters, specifically **daily DAWN** examined data linked to public office holders, elected politicians, military personnel and PEPs and undertook a rigorous verification process. The process involved running checks on listed owners by putting their information through the *Dubai Land Department* (DLD) system. Many of the checks yielded a positive match for ownerships. The data shared with media reporters was a snapshot of Pakistanis' investment in Dubai property during a specific period – still many owners went undetected. Former Chairman FBR Shabbar Zaidi told the media:

> *"Every elite family [in Pakistan] — armed forces, politicians, business people — everyone rich has property in Dubai. This business of taxing them is a small matter; the larger issue is the lack of transparency and the close ties between the elite in Pakistan and the UAE."*

Most of the data came from *Dubai Land Department*, as well as publicly owned utility companies. The data included the listed owner of each property, as well as other identifying information such as his or her date of birth, passport number, and nationality. In some cases, the data captured renters instead of owners. Journalists used that data as a starting point. They spent months verifying the identities of the people who appeared in the leaked data, as well as confirming their ownership status, using official records, open source research, and other leaked datasets.

> *They had identified many Dubai property owners whose presence in the emirate was in the public interest to report on, including people who have been accused or convicted of crimes, facing international sanctions, or were politically exposed persons (PEPs);* daily **DAWN** dated 15th May 2024 is referred.

PROJECT: 'DUBAI UNLOCKED':

The fact remained that several prominent Pakistanis were named in the latest leaks containing details of individuals who owned properties in the upscale areas of Dubai. The list included political figures, former military officials, bankers and bureaucrats, according to data revealed by the ***Organised Crime and Corruption Reporting Project*** [OCCRP]'s Dubai Unlocked project. The combined value of properties possessed by Pakistanis were estimated at around $11 billion.

- *The project — **'Dubai Unlocked'** — is based on data that provides a detailed overview of hundreds of thousands of properties in Dubai and information about their ownership or usage, largely from 2020 and 2022. Properties purchased in the name of companies and those that are in commercial areas are not part of this analysis*.
- *The data was obtained by the **Centre for Advanced Defence Studies** (C4ADS), a non-profit organisation based in Washington, DC. It was then shared with **Norwegian financial outlet E24 and the OCCRP**, which coordinated a six-month investigative project with reporters **from 74 media outlets in 58 countries**, uncovering scores of convicted criminals, fugitives, and political figures who have recently owned at least one piece of real estate in Dubai. The News and Dawn were partners from Pakistan.*

Among the Pakistanis listed in the Property Leaks were President Asif Ali Zardari's three children, Hussain Nawaz Sharif, Interior Minister Mohsin Naqvi's wife, Sharjeel Memon and his family members, Senator Faisal Vawda, Farah Gogi, Sher Afzal Marwat, four MNAs and half a dozen MPAs from the Sindh and Balochistan assemblies. The list also featured the late Gen Pervez Musharraf, former prime minister Shaukat Aziz and more than a dozen retired military Generals as well as a police chief, an ambassador and a scientist – all of whom owned properties either directly or through their spouses and children.

- *In 2014, President Asif Ali Zardari had received foreign property as a gift. By the time he declared it in 2018, he had gifted it to someone. In 2014, a business tycoon co-accused with Zardari in the fake accounts case, Abdul Ghani Majid, declared in his wealth statement that he had granted a gift of Rs329m but neither mentioned its type nor the recipient. The JIT however recovered a memo about the purchase of a penthouse in Dubai during March 2014. The Property Leaks data unveiled that Ghani had then gifted this property to Zardari who gifted it to his daughter.*
- *Omni Group's Chief Financial Officer, Aslam Masood (now deceased), along with his wife was also shown as a listed owner of several properties in the data. The News checked the value of one of them and found out that it was purchased at AED1,060,626 (Rs:80m) in March 2013.*
- *Sohrab Dinshaw was also a property owner in Dubai. A villa he purchased in 2015 carried a purchase price of AED 1271888 (Rs:96m).*

- *The Altaf Khanani network which was sanctioned by the US for involvement in money laundering had also surfaced on the list. His son, daughter, brother, and nephew were listed owners of several properties in Dubai. Three of them were facing sanctions.*
- *Another notable character was Hamid Mukhtar Shah, a Rawalpindi-based physician who was* ***sanctioned by the US for his involvement in the kidnapping, detention of, and removal of kidneys from Pakistani labourers****. He was listed as the owner of scores of properties.*
- *Also that Interior Minister Mohsin Naqvi's wife owned a property in Dubai which he didn't declare in the nomination papers he submitted in March 2024 for the Senate election. As per the Property Leaks data, Naqvi's wife held a five-bedroom villa in the Arabian Ranches. She received a rental income of AED600,000 (Rs:45m) from this villa, which was purchased in August 2017 for AED4,347,888 (Rs:329m). The villa remained in her ownership till April 2023 when it was sold for AED4,550,000 (Rs:344m) as per the record.*

Disclaimer: *Geo News* would like to add the disclaimer to the above news.

The fact remained that the said OCCRP 'Property Leaks' had not focused on Pakistan; out of $389 billion, Pakistanis owned about 2.5% of the value. BUT, one could calculate that for Pakistan's poor economy it was a big drain-out. Because the political top leadership was involved for that '***big fly of Capital***' so no one dared to ask them that why and how those rogue people had managed to titrate that much money from the poor populace of Pakistan.

Owning property outside Pakistan is not an illegal activity per se; many people own properties abroad — because they have worked abroad or have used their taxed income to buy those assets. It is for tax authorities in their respective countries to decide the legality of the matter.

Dubai, was then (till 2024 at least) standing as a beacon of progress and innovation in the Muslim world, exemplifying a unique blend of cultural heritage and futuristic vision. Dubai's pro-business environment was bolstered by state-of-the-art infrastructure, strategic global connectivity, and forward-thinking economic policies that encouraged investment and fostered economic diversification while committing to sustainability and smart city initiatives. Dubai not only celebrated its rich cultural heritage but also embraced diversity, making it a dynamic cosmopolitan metropolis.

However, like any major global city, Dubai was not without its challenges. It was important to acknowledge that in every community, there are individuals who may seek to exploit systems to their advantage, sometimes misusing laws for personal gain. Dubai continued to strive for transparency and legal fairness to minimize such abuses – but later it all proved sham policies to attract illegal global wealth and dark money, legal or illegal, from the world including Pakistan.
