

## **Tax Return Filing in Pakistan Plagued by Technical and Legal Glitches**

The process of tax return filing for the year 2023 in Pakistan has encountered a multitude of technical and legal glitches, according to the Karachi Tax Bar Association (KTBA).

In a letter addressed to the Chairman of the Federal Board of Revenue (FBR), the KTBA outlined the issues faced during the return filing process. The FBR had recently introduced IRIS 2.0, an online system for return filing, with the aim of enhancing system capacity and performance.

However, the KTBA has reported that IRIS 2.0 has been fraught with difficulties, making it challenging for taxpayers to navigate. Additionally, there are concerns about the security of taxpayer's confidential data within the system.

KTBA President Syed Zafar Ahmed, in his letter to the FBR Chairman sent on Saturday, expressed disappointment in the launch of IRIS 2.0, which was intended to be a significant upgrade but has instead resulted in confusion and frustration.

Some of the highlighted issues in the return filing process include:

1. **Changes to Return Form:** The return form was modified without the issuance of the draft or final SRO (Statutory Regulatory Order), which is considered a grave violation of the law.
2. **Failure to Allow Return Revisions:** Taxpayers are legally permitted to revise their returns within 60 days of filing without requiring the approval of the Commissioner Inland Revenue. However, the IRIS system is not currently facilitating this process, violating the law.
3. **Missing Wealth Statement Data:** Data from the previous year's wealth statement is inexplicably absent in the current year's statement, causing inconvenience for taxpayers.
4. **Impractical Procedure for Immovable Property Additions:** Taxpayers are mandated to route any additions to immovable property exclusively through Annexure 7E, which is considered counterintuitive. The process should be more streamlined.

5. Data Crossover in Client Returns: Instances have occurred where data from e-intermediaries appears in clients' returns, causing challenges for tax consultants.
6. Incomplete "MIS Data": Deductions at source, carried out under various provisions of the Income Tax Ordinance, 2001, are missing under the MIS Tab.
7. Depreciation Tab Calculation Error: The calculation error in the depreciation tab remains unaddressed.
8. Absence of Special Tax Year Returns: Income Tax Returns for taxpayers with Special Tax Years are currently unavailable.
9. User-Friendliness: The new interface of IRIS 2.0 has introduced significant changes that have resulted in difficulties for taxpayers and intermediaries to navigate tasks seamlessly.
10. Login Issues: Numerous taxpayers and tax consultants have reported issues logging into the new IRIS 2.0 system.
11. Performance of Actionable Tasks: The speed of actionable tasks, such as return calculations, has been slower in the current version compared to the previous one.

The KTBA has urged the FBR to promptly address these concerns to create a more user-friendly and efficient tax system for all stakeholders. They have also requested a meeting with the FBR to discuss these issues in detail and find effective solutions.