

## **Taxpayers Encounter New Challenges in Return Filing: Karachi Tax Bar**

Karachi, September 6, 2023 – Taxpayers in Pakistan are grappling with a range of fresh challenges as they attempt to file their annual income tax returns for the tax year 2023.

The Karachi Tax Bar Association (KTBA) has taken the initiative to communicate these issues to the Chairman of the Federal Board of Revenue (FBR) in a second letter, building on their initial letter sent on September 1, 2023.

In this latest communication, KTBA has brought to the FBR’s attention critical glitches that have been recently discovered in the new IRIS 2.0 system. These issues are compounding the difficulties faced by taxpayers and are outlined below:

**Attachment Tab for Withholding Data:** The first issue concerns the Attachment Tab for withholding data in the Statement under Section 165 of the Income Tax Ordinance, 2001, in Excel format within the new IRIS 2.0 system. Despite the figures being entirely valid, the system consistently displays a “loading” status for an extended duration. This impediment makes it impossible for taxpayers to accurately and timely submit their declarations. Such persistent problems erode confidence in the software’s operational efficiency, which taxpayers expect to be reliable and seamless.

**Printing Error on IRIS 2.0:** A printing error surfaced recently, whereby when users attempt to print the draft return prepared on the IRIS 2.0 system by clicking the “Print” button, an error occurs. This unexpected error adds to the challenges taxpayers are already facing. Although this may seem like a minor issue, it is noteworthy that even state-run software is not immune to such small problems, which are unexpected even from low-priced commercial software.

These issues, combined with numerous other challenges, have been a source of distress and frustration among taxpayers. Moreover, there are separate concerns related to Section 7E (1% on Local Property), including issues related to filing and declaring 7E forms, market values, and property costs, as well as an alleged illegal amendment in IRIS 2.0, which requires the compulsory filing of wealth data in the absence of the 7E form.

The KTBA has suggested that a joint meeting involving not only the Member Policy, Operations, and IT is needed but, more crucially, the core Technical Team of PRAL should also be invited. This approach aims to bring together the FBR’s legal and technical sides simultaneously to address the various issues and challenges raised by taxpayers and tax professionals.

These developments highlight the importance of streamlining tax return filing processes and enhancing the reliability of tax-related software to ensure a smoother and more efficient tax compliance experience for individuals and businesses in Pakistan. Stakeholders will be closely monitoring how the FBR responds to these concerns and takes action to rectify the identified issues.