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Extension in returns filing date not to yield results: KTBA

KARACHI: The Karachi Tax Bar Association (KTBA) on Wednesday asked the tax authorities that extension in the returns filing date will not yield results until the return forms are free from technical errors.

In a letter sent to Dr Muhammad Ashfaq Ahmed, chairman of the Federal Board of Revenue (FBR), the KTBA highlighted computational errors and technical issues in filing the income tax returns for the tax year 2021.

KTBA president Muhammad Zeeshan Merchant said that although the date to file the tax returns for the tax year 2021 had been extended to October 15, 2021 from September 30, 2021 but the technical errors on the returns filing portal were not rectified. The revenue board had extended the date for returns filing by admitting serious issues on the returns filing portal.

“The 90-day time prescribed under section 118 of the Income Tax Ordinance, 2001, will only begin once the due diligence prescribed in the law and rules is following in pitch and substance and a complete and flawless returns of income is notified in terms of Section 237 of the Income Tax Ordinance, 2001,” Merchant said in the letter.

The tax bar said the issues were previously highlighted related to erroneous tax computation on the IRIS portal with respect to income expressed as ‘minimum tax’, where owing to the pre-fixed attributes/formulas the taxpayers are forced to pay additional tax or file mix-up returns.

“This issue, despite being pitted to judicial wrangling before the Lahore High Court in writ jurisdiction dated September 24, 2021, has not been resolved, as yet,” Merchant added.

Further, the returns at the IRIS still suffer technical issues and anomalies that were already highlighted through the KTBA letter dated September 21, 2021.

The issues included the loss on disposal of securities; incorrect working of tax on foreign incomes; discrepancies in tax computation of commercial importers; tax on fee for technical services/royalty of a non-resident person, etc.

The KTBA said simplified returns of income for the SMEs was unceremoniously uploaded on IRIS portal without prescribing a draft return.