

Date extension to become useless on flawed return form

Karachi Tax Bar Association (KTBA) on Wednesday pointed out that serious technical issues in online return form are not resolved and the date extension granted by the Federal Board of Revenue (FBR) will become useless.

The FBR through Circular No. 08 extended the last date for filing income tax return for tax year 2021 up to October 15, 2021 from September 30, 2021. The FBR extended the date after admitting serious technical problems on the IRIS – the online return filing portal.

The KTBA wrote a letter to FBR Chairman Dr. Muhammad Ashfaq Ahmed apprising him about computational errors and technical issues in filing of income tax return for the tax year 2021.

In his letter KTBA President Muhammad Zeeshan Merchant said that technical issues were not rectified yet and taxpayers were facing difficulties in filing their returns.

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

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 pre-fixed attributes/formulas taxpayer are forced to pay additional tax or file mix-up return.

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

Furthermore, the return of income at the IRIS still suffers technical issues and anomalies that were already highlighted through the KTBA letter dated September 21, 2021. The issues are included: 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 pointed out that simplified return of income for SMEs was unceremoniously uploaded on IRIS portal without prescribing a draft return.