

IT Rules 2002: KTBA urges FBR not to insert sub-rule (2A) in Rule 74

KARACHI: Karachi Tax Bar Association (KTBA) has strongly suggested to the Federal Board of Revenue (FBR) not to insert sub-rule (2A) in Rule 74 of the Income Tax Rules 2002 as it would not only create confusion but would be counterproductive.

In a letter sent to the chairman FBR, KTBA said that the proposed amendment by way of insertion of sub-rule (2A) in Rule 74 of Income Tax Rules 2002 issued vide Draft SRO No.1250(I)/2020 should exclusively be for the purpose of provision of Section 134A (12) of the Income Tax Ordinance, 2001 i.e. communications in respect Alternative Dispute Resolution (ADR) only.

Moreover, it said that this was altogether a distinct procedure for service of notices/orders for the purpose ADR cases with exclusivity was rather an unusual manner carved out from rest of the given process and procedures under the Ordinance for communication and service of document and is prone to create chaos among the ADR applicants, which should be avoided.

The KTBA said that provisions of section 218 of the Ordinance comprehensively dealt with the mechanism of service of notices and other documents and it provided the modus operandi for the service of notices and other documents with uniformity.

Further, clause (a) of sub-section (1) of section 218 of the Ordinance essentially mandated service of a notice/order to a taxpayer in person (via registered post/courier). The suggested recourse to electronic service of notices and other documents under Income Tax Ordinance 2001 or corresponding Rules be taken as substituted mode where service of notice/order where in ordinary way it is not possible to serve the notice and other documents or where taxpayer is avoiding service of the same for any reason.

In view of above, KTBA strongly suggested that insertion of sub-rule (2A) in Rule 74 of the Income Tax Rules, 2002, would create confusion and would be counterproductive hence it should not be inserted.

If the FBR has a desire to use this mode of communication for the purposes of ADR as apparent from draft notification then it may be inserted as an additional mode of intimation in addition to the existing modes as a source of a quick alert, KTBA added.