

Notification sought for simplified return for SME taxpayers

KARACHI: The Federal Board of Revenue (FBR) has been urged to issue a simplified income tax return forms for taxpayers of small and medium enterprises (SMEs).

Karachi Tax Bar Association (KTBA) in a communication sent to FBR Chairman Asim Ahmed on Monday, acknowledged the efforts of the tax authorities to remove the anomalies with a view towards simplifying the tax laws.

During the preceding year, it was witnessed simplified returns of income for traders (up to Rs10 million turnover and for manufacturers up to Rs50 million turnover.

Likewise, during the current year, it is also that not only a host of anomalies and exceptions in both Direct and Indirect Tax Laws have been addressed through Finance Act 2021, but a whole new and simplified tax regime is introduced for SMEs who are engaged in manufacturing by way of introducing Section 100E read with subsection (59A) of section 2 and Fourteenth Schedule to the Income Tax Ordinance, 2001.

It is equally positive that in its enabling provision (Section 100E), the new tax regime for manufacturing SMEs is made applicable from the Tax Year 2021 and onwards.

However, it is not helpful that simplified return for this purpose as required under section 100E (2) *ibid*, is yet to be notified by the FBR, especially when process of filing of Return of Income for other income/business streams had timely been notified and kicked off.

The KTBA said that FBR will recognize the issue in its true spirit and a Draft of simplified return for SMEs will be notified in line with section 237 *ibid*.

It is noted that as per clause 2 of Fourteenth Schedule to the Income Tax Ordinance, 2001, SMEs are required to register with FBR on its web-portal.

However, the registration feature for SMEs is yet not available on the web-portal of FBR which also needs your kind intervention, the KTBA said.

The tax bar hoped of both draft of simplified return of Return of Income SMEs and registration feature are enabled at the earliest convenience in order to facilitate the taxpayers for timely filing of returns to fulfil their legal responsibilities.