

## **Credits against tax WH: FBR issuing notices to salaried individuals: KTBA**

KARACHI: The Federal Board of Revenue (FBR) has reportedly started issuing notices to salaried individuals, alleging them to have claimed credits for income tax deductions in their income tax returns.

In a letter to the Member IR Operations, KTBA highlighted that tax authorities have issued hundreds of notices to salaried individuals, questioning discrepancies in their claimed tax deductions.

“These notices are being issued in cases where tax officers are either unable to verify deductions through the IRIS Management Information System or cannot recover withheld tax amounts from employers.

“Salaried individuals file their tax returns based solely on salary certificates issued by their employers under Rule 41 of the Income Tax Rules, 2002,” the KTBA explained.

“Any deficiency or short payment should be questioned and recovered from the withholding agent, not individual employees.”

The association argued that the notices lack legal jurisdiction, as section 162 only empowers tax officers to issue notices to employees if their employers failed to collect or deduct income tax from salaries under section 149 - which is not the case here.

The KTBA emphasized that salaried taxpayers already bear “the highest tax rate in the country on their gross receipts, without any deduction or tax exemption,” and these notices are causing unnecessary distress.

The KTBA therefore requested immediate withdrawal of these notices and urged the FBR to instruct its field formations in Karachi to act under the law.