

# **Filing income tax return on July 01 impossible due to various reasons: KTBA**

**KARACHI:** As the Federal Board of Revenue (FBR) has decided to open IRIS portal for income tax return filing for tax year 2021 but on the other hand a tax bar objected that making compliance of return filing on first day of July was impossible due to various reasons.

The Karachi Tax Bar Association (KTBA) on Friday responded to draft income tax return form issued by the FBR, which was issued through SRO 730(I)/2021 dated June 11, 2021.

The tax bar said that practically it was impossible for any taxpayer, be it individual, Association of Person (AOP) or a company to file return of income particularly on the first day of July or immediately thereafter owing to following factors:

Finally, we may add that practically it is impossible for any taxpayer, be it Individual, AOP or Company to file return of income particularly on the first day of July or immediately thereafter owing to following factors:

- Certificates for the purpose of Sec. 149 are issued by the employers broadly by the end of July so is the case of other Withholding Certificates by the Withholding Agents.
- Closing of books and completion of financial statements on thirtieth June is effectively impossible as Sales Tax Return for June is filed by the mid of July.

- Mainly the taxpayer starts compiling necessary information & documents to prepare and file the returns in the first week of July and normally it takes at least a month for this purpose. As such the pace of filing of return in July is almost nil and very slow.

The tax bar suggested that for the purpose of Section 118 of the Income Tax Ordinance, 2001, the FBR should fix the deadline to file return keeping in view the above as well.

The KTBA however appreciated the FBR for issuing draft Income Tax Return Forms in respect of Tax Year 2021 for this Year are relatively available earlier albeit the timelines are not in consistent with Rule 34A of Income Tax Rules 2002 nor approved Change Request Form (CRF) is evenly shared in order to let us track and trace the changes incorporated in the draft returns.

Secondly please appreciate that returns are not available in excel format to test the computations thus requirement of User Acceptance Test (UAT) of an amended return for testing environment is also not followed as required in Rule 34A(2)(e) read with sub-rule (3) *ibid*.

The tax bar said that any timeline for the purpose of Sec.237 of the Income Tax Ordinance, 2001, shall not take effect unless due diligence prescribed in sub-rule (3) and (4) *ibid*, is followed in letter and spirit.

It hoped the FBR will soon upload the amended return of income on IRIS portal for the purpose of UAT and time prescribed for suggestions/ objections in rules will be allowed accordingly.