

Taxpayers receive mechanical notices for return filing

KARACHI: Taxpayers are receiving auto generated notices for filing income tax returns of past years despite assurance of the Federal Board of Revenue (FBR) that notices will only be issued after scrutiny by Commissioner Inland Revenue. The Karachi Tax Bar Association (KTBA) in a letter to Member Inland Revenue (Operations) sent on Friday pointed out the issue that was already settled in November 2020.

The tax bar highlighted that taxpayers, especially those who registered for the first time to file their returns, were receiving computer generated notices for filing returns for multiple years. The tax bar said that the issue was discussed and agreed in a meeting held on November 17, 2020 at FBR House Islamabad.

According to the minutes of the meeting, the Member (Operations) directed that the notices should not be auto generated and the notices should only be issued if the commissioner is of the opinion that the taxpayer is required to furnish the return of income other than the year for which he has filed the return of income.

“It is, however, unfortunate that despite your assurance and verbal instructions, the practice of issuing notices under Section 114(4) *ibid*, by the FBR’s field formation for multiple tax years is still unabated,” the KTBA said in its letter to Member Operations.

It further added that this is particularly with reference to new taxpayers/first time return filers who find themselves in catch-22 situation when multiple notices are mechanically issued to them in IRIS for filing of return for preceding tax years.

The KTBA said mechanical issuing notices to file return has cropped up a couple of other issues:

No option in IRIS to furnish reply of notices under section 114 of the Income Tax Ordinance, 2001 online.

Issuance of Notices U/s. 114 (4) for preceding Tax Years as soon as New Taxpayer is registered on IRIS.

Issuance of Notices U/s. 114 (4) for preceding Tax Years to the Non-Resident Pakistanis who becomes Tax Filer for the first time.

Issuance of penalty notices for non-filing of return of income which tends to add insult to injury.

The tax bar urged the Member to urgently intervene in the matter to resolve the adversaries.

Finally, rest assure that we at KTBA are always eager to work hand in hand with FBR for facilitation and bridging the gap between taxpayer and tax collector.