



August 21, 2021

New taxpayers receive notices to file previous years' returns: KTBA

KARACHI: The newly-registered taxpayers are receiving computerised notices for the previous years, asking them to file their annual returns.

A new taxpayer, who starts taxable earnings and registered for filing annual return of income, is receiving notices to file previous years' returns.

“The new taxpayers, who find themselves in Catch-22 situation, when multiple notices are mechanically issued to them in IRIS for filing of return for [the] preceding tax years,” Muhammad Zeeshan Merchant, president of the Karachi Tax bar Association (KTBA) said.

The KTBA president sent a communication to Member Inland Revenue (Operations) on Friday, apprising about the difficulties being faced by the taxpayers and issuance of notices would result in broadening the tax base.

The tax bar raised the issuance of notices in November 2020. “It is; however, unfortunate that despite your [Member IR Operations] assurances and verbal directions, the practice of issuing notices U/s. 114 (4) ibid, by the FBR's field formation for multiple tax years is still unabated.”

The KTBA said the member had agreed that the notices for filing the returns in preceding years should only be issued if the commissioner is of the opinion that the taxpayer is required to furnish the return of income in such years and these should not be issued mechanically. “However, on the contrary, the practice is persistent.”

The mechanical issuance of notices to file return has cropped up a couple of other issues. The KTBA highlighted: No option in IRIS to furnish reply of notices U/s 114 online; issuance of notices U/s 114 (4) for the preceding tax years as soon as the new taxpayer is registered on IRIS; issuance of notices U/s 114 (4) for the preceding tax years to the non-resident Pakistanis who becomes tax filer for the first time; issuance of penalty notices for non-filing of returns of income, which tends to add insult to the injury.

The KTBA urged the member to intervene in the matter for the resolution of the adversaries.