

FBR hasn't removed 'technical glitches, illegalities' from IT return form: KTBA

KARACHI: A large number of taxpayers is unlikely to submit income tax returns till the deadline (September 30, 2022) as the Federal Board of Revenue (FBR) has so far not removed technical glitches and illegalities from the income tax return forms for the tax year 2022.

According to the details, the Karachi Tax Bar Association (KTBA) in its letter sent to the chairman FBR on September 6, 2022, highlighted numerous errors and mistakes in the return forms on IRIS both technical, related to IT, and legal, due to which the tax filers are reluctant to pay undue taxes, and their consultants remain unable to file the return. However, the KTBA is of the view that FBR has addressed none of the issues, hindering the compliance of filing the tax returns.

KTBA in its latest letter expressed serious concern on FBR, saying that failure to pay heed to the issues and errors, both legal and factual is completely undesired and only breeds discontentment towards the FBR, which is the sole regulator and also the facilitator of millions of taxpayers.

Highlighting the issues again, it said that the column for adjustment of brought forward capital losses under the head of capital gains is not available in the Income tax return form due to which tax on a capital gain cannot be calculated correctly.

Similarly, the column of tax credit for specified industrial undertakings u/s 65G of the Income Tax Ordinance, 2001 is inadvertently available in the tax

credits annexure of the income tax return for salaried individuals, which has no correlation with such tax credit.

Although the rate of tax on contract receipts under section 153 was reduced from 7.5% to 7% for Tax Year 2022, however, there is no column for a such reduced rate in the return for the TY 2022 available on IRIS, KTBA said and added that the IRIS portal is calculating incorrect tax liability on the gain on sale of immovable properties in violation of section 37(1A) of the Income Tax Ordinance, 2001 which needs to be taken care off as soon as possible.

Furthermore, it said that the IRIS portal is calculating the incorrect tax on profit/yield on Bahbood Certificates/ Pensioner's Benefit Account/ Shuhada Family Welfare Account in violation of clause (6) of Part-III, 2nd Schedule of the Income Tax Ordinance, 2001, which provides that tax shall not exceed 10 percent of such Profit/ Yield.

The withholding rates on payment of Dividend @ 7.5%, 15%, and 25%, (under section 150 of the Ordinance) are appearing in the Income Tax Return Form of "Income for a person deriving income only from salary and other sources and the Column Code 64330052 (Dividend u/s 150 @25%) is missing, it said and added that the proviso was inserted under section 22(2) of the Tax Ordinance by Finance Act, 2020 whereby depreciation on additions to fixed assets made after 01-Jul-2020 would be reduced by 50%. However, when entries related to written down values are entered in depreciation schedule as opening values, the IRIS is calculating depreciation at 50% on total values.

In addition, KTBA said that the online refund adjustment column is still not available on returns loaded on IRIS irrespective of the fact that it is available in the SRO issued by the FBR; urging the board to allow proper legal time for compliance as per the statute after resolving these problems in the tax return forms 2022.