

Errors in return forms on IRIS retarding tax filing, FBR told

KARACHI: The Karachi Tax Bar Association (KTBA) has highlighted legal and technical problems in return forms on IRIS such as non-availability of reduced tax rate on contract receipts, incorrect tax calculation on profit on debt, and others, saying the glitches were hampering filing of tax returns for the year 2022.

In a letter to the Federal Board of Revenue (FBR), the bar association on Friday said tax filers were reluctant to pay undue taxes and they consultants remained unable to file the return because of the errors. KTBA president Syed Rehan Hasan Jafri said the bar had mentioned the errors and mistakes before, but “none of the issues have been addressed as yet”.

The association also called for proper legal time for compliance after the issues were resolved. “The return forms have to be free from these anomalies and should be reissued after making all corrections accordingly.”

KTBA stated that column for adjustment of brought forward capital losses under the head of capital gains was not available in income tax return form, which restrained calculation of tax on capital gain correctly.

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

Tax Credits Annexure of income tax return for salaried individuals, which had no correlation with such tax credit, it said.

Although the rate of tax on contract receipts under section 153 had been reduced from 7.5 percent to 7 percent for tax year 2022, there was no column for such reduced rate in the return for the TY 2022 available on IRIS, the letter read.

KTBA said the draft of manual return forms for individuals and association of persons had been issued belatedly on August 26, 2022, whereas the final SRO. 1733(1)/2022 had been issued on September 13, 2022. “Only 17 days of time has been allowed to file the manual returns, which is insufficient as provided under the law.”

It added that the IRIS portal was calculating incorrect tax liability on gain on sale of immovable properties in violation of section 37(1A) of the Income Tax Ordinance, 2001 which needed to be taken care off as soon as possible.

The bar association highlighted that the portal was calculating 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.