



November 29, 2020

**Karachi Tax Bar Association (KTBA) identified calculation errors in the online return Federal Board of Revenue (FBR) for the tax year 2020.**

### **Letter to Member IR Operations by Karachi Tax Bar Association**

Karachi Tax Bar Association (KTBA) wrote a letter to Dr. Muhammad Ashfaq, Member Inland Revenue (Operations), Federal Board of Revenue (FBR) regarding the matter. Issues already highlighted at November 17, 2020 but still unresolved. It must be remembered that the last date for submission of annual income tax return is December 08, 2020.

### **Incorrect tax calculation on National Saving Schemes**

Online return calculating incorrect amount of yield from Behbood Saving Certificate, Pensioners Benefit Account and Shuhada Welfare Account. Where average rate of tax exceeds 10 percent of total income. KTBA advised to take the yield as a separate block of income.

### **Minimum Tax**

In tax year 2020, there is a shift of taxation of incomes previously taxed under final tax regime and now are being taxed at minimum. Law amended but matter not resolved to handle the situation of incorrect tax calculation.

### **Collection of tax by a stock exchange registered in Pakistan (Section 233A)**

Tax deducted under Section 233A by a stock exchange registered in Pakistan, KTBA identified that we are unable to claim tax deducted/paid on sale/purchase of shares. The tab under section 233A of the ordinance is not available in adjustable tax regime for the tax year 2020.

### **Tax paid on purchase of immovable property (under section 236W)**

Tax paid under section 236W on purchase of immovable property is unable to claim in return for tax year 2020 if paid in respect of property purchased before June 30, 2019. But tax paid during the tax year 2020. Because head is not available of Final and minimum Tax Regime.

### **Return submission option of “Special Tax Year”**

Through Finance Act, 2019, tax regime for many income sources shifted from Final tax regime to Minimum Tax regime. So submission of tax returns of special tax year are required to file from January to June under Final tax regime and from July to December under minimum tax. Currently, FBR’s IRIS portal have no such option.