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FBR's IRIS miscalculates income tax obligations

KARACHI: The Federal Board of Revenue (FBR) is yet to fix technical faults in its online returns filing system that is now causing erroneous tax calculations among other things, tax practitioners said on Saturday.

Every year tax practitioners point out the technical issues faced at the time of returns filing on IRIS portal.

“However these problems exist till to date,” Karachi Tax Bar Association (KTBA) said in a statement. Calculation errors appear on IRIS portal at the time of online filing of income tax returns for tax year 2020, said the association.

“We have already raised these issues through a letter to Member Inland Revenue (IR) Operations, but to no avail,” KTBA said. “Difficulties in filing income tax returns for tax year were also discussed with the Member IR Operations during a meeting last week.”

The KTBA said the major issue is incorrect working of income tax under the minimum tax regime introduced for the tax year 2020. Although the law has been amended, the FBR has not yet issued instructions to address the issues on the portal, it said.

“Working related to minimum tax is showing incorrect tax amounts, which render the return defective and there is a need to correct the working,” the KTBA said.

Through an income tax circular dated September 30, the FBR for the first time took a major decision and allowed return filing up to December 8 by providing statutory time limit of 90 days.

Usually, the last date for filing annual income tax return is September 30 for taxpayers including salaried individuals and business individuals, association of persons and companies having special year. For companies having a financial year ending on June 30 the return filing date is December 30 every year.

For the last many years, it has become a tradition that FBR extends the filing deadline repeatedly for various reasons, including complaints related to bungled tax system.

KTBA further said the working of tax on yields from Behbood saving certificate, pensioner benefit and shuhada welfare accounts is still incorrect in case average tax rate exceeds 10 percent of total income.

The claim against tax deducted by stock exchange is not available in the return form for tax year 2020. The tax bar advised a new column in the online form. Income tax treatment for small companies is different and allowed at a lower rate. “However, incorrect corporate rate of tax is applied by portal in case of small companies which are taxable and have a reduced rate,” said the KTBA.