

KTBA says IT return form needs corrections

KARACHI: Karachi Tax Bar Association (KTBA) has termed the income tax return form incomplete, which needs several corrections, creating difficulties for taxpayers in the submission of income tax returns.

In a letter sent to FBR chairman Syed Rehan Hasan Jaffri, President KTBA stated that the issue related to the inactive column for refund adjustment remained unaddressed despite consecutive correspondences with the FBR for the last two months.

Similarly, the income attribution with respect to minimum taxation under section 153 is completely unattended hence IRIS web portal is presently computing and attributing income associated with provisions of Section 153 on certain predefined and programmed formulas, resulting in unwarranted higher taxation on the same income of the same taxpayer.

President KTBA further said that the initial depreciation allowance on plant & machinery is allowed on the purchase of Plant and Machinery @ 25% under the provisions contained under section 23 (read with Part II of the Third Schedule). However, the IRIS on the web portal is presently not catering to this scenario in line with the law resulting in an incorrect computation of tax depreciation.

There are 42 SROs for the valuation of properties, which were issued in the month of March 2022.

Out of these 42 SROs, 28 have been amended to date. Upon finding the applicable SRO for any city the portal provides only the latest one. One

consequently would need to search and recheck for the older SRO once again on the website. This is certainly time taking and painstaking exercise.

In order to avoid such an impending consequence, the FBR should provide the final amended SRO of valuation and if not, the taxpayers have no option but to keep switching from older SRO to amended SRO or will commit the suspected error, Rehan said.

He said that the unavailability of the column for adjustment of brought forward capital losses on listed securities under the head of capital gains in the Income tax return form due to which tax on capital gain cannot be calculated correctly under Section 37A of the Ordinance.

Rehan said that no draft return for manufacturing SMEs with turnover up to Rs. 250 million has so far been notified as required under sub-section (2) of section 100E of the Ordinance and advised the FBR to do away with this legal lacuna and issue draft forms first to meet with the requirement of law.

He said that the tax return is not done yet as several corrections are still pending and the board is regularly making changes to it hence reasonable time should be provided to the taxpayers to facilitate them in the filing of returns.