



September 29, 2021

## Karachi Tax Bar writes to PM to take notice of discrepancies found in tax policy

Karachi Tax Bar Association has written a letter to Prime Minister Imran Khan to draw his attention to the anomalies found in the new tax policies for the fiscal year 2021.

In the letter, the association discussed in detail the errors found in the system to submit the tax return.

Here is the letter:

### **KTBA** Karachi Tax Bar Association

Ref : KTBA/09.2021/262  
Date : September 28, 2021

His Excellency Hon'ble Mr. Imran Khan,  
Hon'ble Prime Minister,  
Islamic Republic of Pakistan,  
Islamabad.

Sub: **CORRECTION OF COMPUTATIONAL ERRORS AND REMOVAL OF PRE-FIXED ATTRIBUTES AND FORMULAE IN RETURN OF INCOME NOTIFIED FOR TAX YEAR 2021**

*His Excellency Hon'ble Mr. Imran Khan,*

This is with reference to above cited subject and our earlier letters dated June 17, 2021 and September 21, 2021 respectively addressed to the worthy Chairman, Federal Board of Revenue (FBR), copies of which are herewith attached, acknowledgement vis-à-vis a rejoinder to both are hitherto awaited to-date.

Historically, the Karachi Tax Bar Association (KTBA) has always lauded and has always shouldered the FBR's efforts to increase the revenue collection, expand the tax base and maintain the fiscal discipline. Nevertheless, we have always pointed out practical obscurities in those steps besides advising the FBR Officials to value correct law and rules in their occupation in a transparent and orderly manner.

We invite your kind attention towards the amendments made in the Income Tax Ordinance, 2001 (Ordinance), via Finance Act, 2019, wherein a paradigm shift in the Final Tax Regime (FTR) of sections 148, 153, 233 and others were taken and certain specified class of persons / income were shifted to Normal Tax Regime (NTR) in haste with the tax deducted under said sections to be the minimum tax; albeit the Ordinance do not endorse the later. The first Return of Income under the conceived NTR (with tax deducted as minimum tax) was rolled out for the Tax Year 2020 with countless conceptual and calculation mistakes, pre-fixed attributes and formulae. The KTBA in its letter dated December 02, 2020, copy of which is attached herewith for your ready reference, addressed to the then Chairman FBR, had highlighted those glitches and anomalies in the Return of Income; whereas the undersigned had personally travelled to Islamabad to apprise the FBR Officials of those legal inconsistencies. However, those were not resolved and the Taxpayers were coerced to file their tax declarations on flawed methodology.

This time (Tax Year 2021) the Return of Income was notified by the FBR on July 01, 2021 for the sake of fiscal discipline but without resolving the prior discrepancies. Needless to add that the timelines prescribed under Rule 34A of the Income Tax Rules, 2002, were blatantly violated. It is surprising to note that this year the FBR has issued the Forms of Return of Income in piecemeal as the Manual Return of Income was notified on August 27, 2021 and Simplified Return of

Cont'd ... (2)

Bar Chamber, Ground Floor, Regional Tax Office Building, Shahrah-e-Kamal Attaturk, Karachi – 74200  
Ph: 021-99211792, Cell: 0335-3070590 Website: [www.karachitaxbar.com](http://www.karachitaxbar.com)  
Email Address: [info@karachitaxbar.com](mailto:info@karachitaxbar.com) [ktba01@gmail.com](mailto:ktba01@gmail.com)

Ref : KTBA/09.2021/262

Date : September 28, 2021

Page -( 2 ) :-

Income under section 100E for manufacturing SME was uploaded (without a draft and a final notification) after August 10, 2021 and that too without following the procedure prescribed under the law (section 237 of Ordinance).

Your Excellency will appreciate, it goes without saying that **under no circumstances the FBR can compel a Taxpayer to file a Return of Income that contains certain set attributes which are not only flawed but are not in accordance with the law and are illegal as well.** Needless to mention here, the said pre-defined attributes are directly in conflict with the Self-Assessment Scheme presently applicable under the Ordinance. The KTBA in its letter dated September 21, 2021 addressed to the worthy Chairman FBR, had again expressed its strong reservations and highlighted several computational errors in the Return of Income. It is, however, yet to grab the attention of relevant officials whereas the closing date for filing of the return is round the corner.

The tax litigation historically has remained an arduous issue for the FBR to tackle-with and consistent defiance of law on the part of the FBR does not tend to serve any purpose but would only add-up to already piling tax litigations. Taking the advantage of the situation, we would like to invite your kind attention to a recently decided tax litigation by the Hon'ble Lahore High Court under Case No. Writ Petition No.57220 of 2021 dated September 24, 2021 where the FBR representatives had admitted the computational errors in the Return of Income pertaining to section 153 of the Ordinance (cases of FTR to NTR with its tax already deducted as minimum tax) and requested the Petitioner to explain his case on September 27, 2021 at FBR House, Islamabad. The Hon'ble Lahore High Court has directed the FBR not only to review and remove the legal inconsistencies and computational errors from the Return of Income promptly before notifying it as a lawful document but also directed that **"in case of hardship, petitioner and similarly placed persons shall also be accommodated accordingly"** (copy attached).

We at KTBA strongly believe that 90 days time provided under the law to file the Return of Income under section 118 of the Ordinance should only start when a flawless and error-free Return of Income in line with the provisions of the Ordinance is uploaded on IRIS which per-se is yet to be notified let-alone it is habitual at the FBR to amend and modify the Return of Income till last moment without notifying the same to the stakeholders which creates bad impression on the part of the FBR. Nonetheless, it is a grim reality that the FBR Portal, both e-FBR and IRIS remained hacked and disabled from August 14, 2021 and it was intermittently not working properly till the end of the August 2021 that again denied Taxpayers 90 days seamless time prescribed under the law to file the Return of Income.

Cont'd ... (3)

Bar Chamber, Ground Floor, Regional Tax Office Building, Shahrah-e-Kamal Attaturk, Karachi – 74200

Ph: 021-99211792, Cell: 0335-3070590 Website: [www.karachitaxbar.com](http://www.karachitaxbar.com)

Email Address: [info@karachitaxbar.com](mailto:info@karachitaxbar.com) [ktba01@gmail.com](mailto:ktba01@gmail.com)



Ref : KTBA/09.2021/262

Date : September 28, 2021

Page -: (3) :-

Kindly appreciate that people will continue to shy away from filing their tax returns until such time the onerous and arbitrary tax rules and practices are continued at FBR and the target of achieving a bigger tax base (new taxpayers) cannot be achieved and will always remain a dream!

We, therefore, sanguinely hope that under your sagacious leadership, the FBR will value the law and rules in their occupational pursuits; all pre-fixed attributes, formulae and computational errors in the Return of Income is removed and finally all Taxpayers are accorded due time and opportunity as also directed by the Hon'ble Lahore High Court lest litigation between the Taxpayers and Tax Collectors is bound to be continued.

The main purpose of writing this letter to your Excellency is that due to the reason that the FBR is time and again informing the Taxpayers that the present last date of filing of the Return of Income will not be extended beyond September 30, 2021. In this connection, the KTBA feels its responsibility that the Taxpayers are not at all in a position to meet the deadline of filing the Return of Income by September 30, 2021 till such time all the flaws and formulae errors are removed and the Return of Income is flawless and error-free. As such we are hopeful that you will kindly instruct the Chairman FBR to extend the date of filing of Return of Income atleast upto December 31, 2021 and oblige. We at KTBA feel that if the date is not extended, the target in the mind of FBR cannot be achieved.

We would also like to mention here that at the present our position and condition is like a tailor who has to give the stitched clothes to its customers before the Chand Raat. The reason to write this is to inform you that we feel that the FBR is treating the Tax Advisors and Tax Consultants as Sheep and is acting like a Shepherd which is unfair and not proper and so we request you to instruct the Chairman FBR to feel sympathy and pity on us who are working day and night, under very difficult circumstances, for filing the Returns of Income for our various clients. We at KTBA have the feeling that the FBR is completely ignoring the part of the Tax Advisors and Tax Consultants who are infact the Partners of the FBR in helping to achieve their targets.

In the end, we are very hopeful that our request for extending the date will be acceded to.

Thanking you,  
Yours sincerely,

  
(Muhammad Zeeshan Merchant)

President

Mobile: 0321-8230513

E-mail: zeeshan@mmmerchant.com

---

Bar Chamber, Ground Floor, Regional Tax Office Building, Shahrah-e-Kamal Attaturk, Karachi – 74200

Ph: 021-99211792, Cell: 0335-3070590 Website: [www.karachitaxbar.com](http://www.karachitaxbar.com)

Email Address: [info@karachitaxbar.com](mailto:info@karachitaxbar.com) [ktba01@gmail.com](mailto:ktba01@gmail.com)