

## **Income tax return form: KTBA moves PM for correction**

ISLAMABAD: The Karachi Tax Bar Association (KTBA) has approached Prime Minister Imran Khan for correction of computational errors and removal of pre-fixed attributes and formulas in the income tax return for the tax year 2021.

According to a communication of KTBA President Zeeshan Merchant to the prime minister, here on Tuesday, attention is invited 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 does 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 2, 2020, addressed to the then chairman FBR, had highlighted those glitches and anomalies in the return of income.

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 1, 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 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), Merchant said.

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 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.

Merchant stated that we at the 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 a 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.

Merchant added that 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.