

PM requested for return filing date extension

KARACHI: Karachi Tax Bar Association (KTBA) on Tuesday apprised Prime Minister Imran Khan about difficulties in the filing income tax returns and requested for date extension up to December 31, 2021.

KTBA President Muhammad Zeeshan Merchant in a letter sent to the prime minister highlighted the technical errors on the IRIS portal of the Federal Board of Revenue (FBR), which had made it difficult for taxpayers to comply with the return filing last date i.e. September 30, 2021.

The prime minister has also been informed that the tax bar had already approached the FBR chairman on September 21, 2021, for resolving the issue on the IRIS portal. Instead, resolving the technical errors, the FBR is emphasizing it will not extend the date for return filing.

The KTBA informed the prime minister that 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 Tax Year 2020 with countless conceptual and calculation mistakes, pre-fixed attributes, and formulae. The KTBA in its letter dated December 02, 2020, addressed to the then Chairman FBR, had highlighted those glitches and anomalies in the Return of Income; whereas the undersigned had personally traveled to Islamabad to appraise 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 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,” according to the letter send to the prime minister.

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 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 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”.

The 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.

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!

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 [the prime minister] will kindly instruct the Chairman FBR to extend the date of filing of Return of Income atleast upto December 31, 2021 and oblige.

KTBA feels that if the date is not extended, the target in the mind of FBR cannot be achieved.

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.”