Ref : KTBA/09.2026/072
Date : September 16, 2026

Mr. Zubair Bilal
Member (Inland Revenue - Operations)
Federal Board of Revenue
FBR House, Constitution Avenue, G-5
Islamabad

Dear Zubair Sahib,

Subject: Tax Year 2026 - Incorrect Computation of "Difference of Minimum Tax" under Section 153 on the IRIS Portal

We wish to draw your urgent attention to a critical computational issue in the Tax Year 2026 income tax return currently deployed on the IRIS portal. The portal is calculating **"Difference of Minimum Tax"** in cases involving tax collected or deducted under section 153 of the Income Tax Ordinance, 2001 both incorrectly and without legal sanctions.

The Karachi Tax Bar Association has received representations from its members that the amount of tax liability computed by IRIS is not supported by any identifiable provision, formula or mechanism contained in the Ordinance. The portal does not explain how this amount is calculated, nor does it provide sufficient visibility to enable the taxpayer to verify the underlying computation.

1. Statutory basis or transparency for the portal-generated "Difference of Minimum Tax"
The IRIS portal is calculating a **"Difference of Minimum Tax"** without disclosing the formula, assumptions or clear statutory basis for such computation. This appears to be a clear deviation from the scheme of self-assessment provided under the Income Tax Ordinance, 2001. Hence such 'system calculated liability' cannot be enforced on the taxpayers.

2. Comparison must be made with the normal tax computed by the taxpayer
The applicable minimum-tax liability must be compared with the normal tax computed and declared by the taxpayer in the return in accordance with law. This computation depends on the taxpayer's business streams, nature of receipts, applicable provisions, expenses and deductions, and cannot be determined through a mechanical allocation of receipts or application of an average tax rate by the portal. The taxpayer, being aware of the relevant facts and business activities, is the person to make this computation under the self-assessment scheme provided under the Income Tax laws.

The IRIS portal should therefore facilitate and give effect to the computation declared by the taxpayer under the Ordinance. It should not substitute an undisclosed computational assumption for the taxpayer's lawful determination of normal tax and then impose an additional amount on that basis.

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3. Apparent duplication of tax and restriction of statutory treatment

The present formula appears to restrict the statutory treatment of tax collected or deducted under section 153 where the taxpayer also has receipts from other sources. In some cases, IRIS appears to apply normal tax rates without properly giving effect to income already subjected to minimum-tax treatment, thereby taking the same income into account more than once and generating an additional liability despite tax having already been collected or deducted at source.

Requests for immediate action

The current mechanism creates an impression that IRIS is being utilised as a mechanistic tool to control or predetermine taxpayer liability rather than serving as a platform for implementing the law in its true letter and spirit. We are confident that this is not the intended policy of the Board; however, we respectfully suggest that the formula be reviewed promptly to ensure that the portal neither imposes any unsupported liabilities nor limits statutory adjustments through automated computations.

As the return-filing process for Tax Year 2026 is presently underway, this issue requires immediate resolution. The Karachi Tax Bar Association, therefore, urge that the existing restriction in the IRIS portal be removed forthwith and that taxpayers be allowed to disclose all relevant facts and make their lawful computations under the self-assessment scheme provided by the Income Tax Ordinance, 2001, without any system-imposed constraint or unsupported adjustment. The portal must facilitate, rather than override, taxpayers' statutory right to furnish a complete and correct return in accordance with law.

We remain available for any further meeting or discussion as may be required.

Yours sincerely,

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ii. **Dr. Sajjad Taslim Azam**, Member (Inland Revenue - Policy), FBR, Islamabad.
iii. **Mr. Shad Muhammad** (Additional Charge), Member (Legal-IR), FBR, Islamabad.
iv. **Mr. Zain-Ul-Abidin Sahi,** Chief Revenue Domain Officer, Pakistan Revenue Automation (Pvt) Limited (PRAL), Islamabad.
v. **Sheikh Ahsan ul Haq**, President, Pakistan Tax Bar Association
vi. **Press Media**

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