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Date : February 07, 2025

Dr. Najeeb Ahmad
Member (Inland Revenue - Policy)
Federal Board of Revenue
FBR House, Constitution Avenue G-5
Islamabad.

Dear Najeeb Sahib, AOA

**PASSWORD PROTECTION POLICY
CHANGE AFTER EVERY SIXTY (60) DAYS
PRACTICAL IMPLICATIONS**

As FBR has recently implemented a new "Password Protection Policy", which requires a taxpayer to change his password every 60 (sixty) days, resulting into 6 times a year and every year with an access to the account to be only regained through the "Forgot Password" or "Change Password" options, it is submitted that the Password Policy was implemented without any prior draft notification or consultation and lacks any sound rationale on practical plains.

2- We at KTBA though completely endorse the dire need for introducing the mechanism for taxpayer's password protection, we fail to subscribe to the precise measure adopted. We understand that non practical aspect of the security measure adopted is prone to make one fail, especially as it directly impacts the increasing compliance requirement of the taxpayers and their counsellors. To address these concerns, we held a discussion with our members as well, to evaluate the implications and challenges arising from this new policy.

3- The related issues were also raised with your office during a meeting you on January 15, 2024, in your office with one of our EC Member, whereafter you asked to bring up the same to you in writing. Hence this letter has been drafted, containing the issues/observations along with the recommendations in the ensuing paragraphs:

I. Redress the Systematic Issue instead of subjecting all the 5.8 million taxpayers

The protection policy has patently been introduced in a reaction of series of sale tax frauds committed lately by misusing the password of Null or Nil Filers involving fake sales tax invoices leading to frauds. With this context underlying this protection policy, it would have more pragmatic that FBR should have ensured that such and like registration numbers, which are prone to misused are not misused again in the system in the future and have introduced some other preventive measures to have this happen again instead of subjecting all the 5.8 million taxpayers of the country to keep on changing their passwords for 6 times a year and every year.

II. Unnatural and Undue Impact on Compliance Requirement

If for any given reason this unusual frequency of changing password is put in place remains there to be followed and that too from a taxpayer of each and every category, whether salaried or otherwise, it is prone to end up creating more and more mishaps and non-compliances in the system. It remains important to mention that the Banks do also require changing of passwords for security of their account holders but not every two months.

III. Differentiating Income Tax and Sales Taxpayers

It is necessary that FBR rethinks its password policy to have been applied equally to income taxpayers like that of sales taxpayers. It does not carry sufficient justification. Income tax returns are filed annually, withholding statements are filed quarterly whereas sales tax returns are filed monthly. The password retrieval process, which involves obtaining codes sent to the taxpayer's mobile phone and email address is simply time-consuming to be carried out every 60 days should be reconsidered. It is suggested that for income taxpayers, passwords change policy should be applicable only annually.

IV. No change in Rules

Changes to the password protection policy should have been made through amendments to the relevant rules governing the IRIS web portal.

ACTION REQUIRED; SUGGESTIONS GOING FORWARD:

- A. The 60 days changing requirement should be made mandatory for sales taxpayers alone, not for income taxpayers and especially Salaried Individuals.
- B. A revised Policy should be introduced to Block or Suspend all Sales Tax Registration Number (STRN) in case of Non filing for continued three (03) months. It remains notable that provincial tax regulators follow this practice as a measure to prevent any potential leakage or misuse.
- C. A revised Policy should be introduced to Block the Sale Tax Registration Number (STRN) where a Deregistration has been applied for, and the process is pending for long on one reason or other. The STRN should be blocked after three (03) months of pendency.

The above measures will not only ensure any potential misuse but will permanently close all the leakages and slips in the system, thereby augmenting the efforts of FBR to combat the menace of fraudulent refunds through fake invoicing.

We look forward to your response, sir, and submit that we at KTBA remain committed for any further discussions on the subject.

Yours faithfully,


(Ali A. Rahim)

President

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Copy to:

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- ii. **Dr. Hamid Ateeq Sarwar**, Member (Inland Revenue - Operations), FBR, Islamabad.
- iii. **Ms. Aisha Farooq**, Director General (IT&DT), FBR, Islamabad.
- iv. **Ms. Fakhira Anjum**, Chief Sales Tax Operations, FBR, Islamabad.
- v. **Press Media**