

Ref : KTBA/09.2023/087  
Date : September 01, 2023

**Malik Amjad Zubair Tiwana**  
Hon'ble Chairman,  
Federal Board of Revenue,  
Islamabad

**Dear Malik Sahib**

## **IRIS 2.0**

### **Issues encountered in Return Filings: Innumerable**

At the outset we at Karachi Tax Bar would like to place our sincere appreciation for the efforts taken at the top to improve the tax filing mechanism and launching the new IRIS 2.0 version for the purpose. We understand that with the increasing number of tax filers every year, the need for technological advancements remains a concurrent requirement.

### **Expectations watered down**

2- The expectation, from the launch of any software, however, especially, which is meant to be used by public at large and that too by a class of individuals and corporates called taxpayers and their counsels, cannot be called as erroneous if it is to be sound and perfect without any IT glitches and problems, let alone the expectation of being user friendly. It is reluctantly submitted that with the solitary exception of higher speed than the previous IRIS, the 2.0 version is so far found to be full of hiccups and difficult to cope up with and even lacks security of taxpayer's confidential data. The launch of a new software, therefore, which should have been a celebrated occasion otherwise, narrowed down to picture of confusion and frustration instead.

### **Timings of the launch**

3- Needless to mention that besides the buggs and holes, the timing of the launch right in the season of tax return is highly uncalled for and came out as a startling revelation that how possibly the regulator of more than 3.5 million taxpayers can be so oblivious of ground realities.

### **IRIS Challenges**

4- After taking feedback from our bar members over a period of last two weeks, a comprehensive evaluation has been carried out by our newly formed IRIS Committee at KTBA, which has identified both technical and legal challenges.

5- We bring these concerns to your attention in the ensuing paragraphs with the strong hope of their prompt resolution and redressal at your part so that the features of the new version 2.0 can factually be experienced and befitted from:

### **5.1. CHANGES TO RETURN FORM: Legal Issue**

The Return Form has been modified today without the issuance of the draft SRO and/or final SRO. This represents a grave violation of the law. Any alteration to the prescribed return form without the issuance of an SRO is not only illegal but also raises questions about the approval process. Such practices are entirely unlawful and may lead to litigation.

### **5.2. FAILURE TO ALLOW RETURN REVISIONS: Legal Issue**

The law permits taxpayers to revise their returns within 60 days of filing without requiring the approval of the concerned Commissioner Inland Revenue. However, the IRIS system is not currently facilitating taxpayers in this regard, thereby violating the law. These practices must be rectified at once, as the systems are intended for the purpose of facilitation rather than creating hindrance.

### **5.3. MISSING WEALTH STATEMENT DATA: Security Issue**

We have observed a highly concerning development; the data from the previous year's wealth statement is suddenly absent/removed from the current year's statement. This abrupt change has created unparalleled hardship and is causing inconvenience for the taxpayers. We have always held the belief that Information Technology (IT) should serve to alleviate the burdens of taxpayers. Unfortunately, the current state of IRIS 2.0 appears to be doing the opposite by causing frustration.

Furthermore, we would like to bring to your immediate attention another pressing matter. There has been a recent change in the procedure regarding immovable property additions. Currently, taxpayers are mandated to route any additions to immovable property exclusively through Annexure 7E. This means that taxpayers are unable to directly include such property in the wealth statement, which we find to be counterintuitive. In an ideal system, immovable property added in the wealth statement should automatically populate Annexure 7E, offering a more streamlined and efficient approach.

Additionally, your attention is drawn to another deeply unsettling issue. Shockingly, new immovable properties that were diligently saved in the draft wealth statement just yesterday have been inexplicably removed and deleted within IRIS 2.0. This development is utterly unimaginable and represents a severe setback in the functionality of the system.

All of these issues have surfaced recently and warrant your prompt attention. We believe that addressing these concerns swiftly will contribute to a more user-friendly and efficient tax system for all stakeholders.

**5.4. E-INTERMEDIARY DATA IN CLIENT RETURNS:**

Instances have arisen where the data of e-intermediaries appears (especially in the verification part) in clients' returns. This unintentional data crossover poses challenges for tax consultants and e-intermediaries attempting to accurately file their clients' returns.

**5.5. INCOMPLETE "MIS DATA":**

We have observed that a significant number of tax deductions at source, carried out under various provisions of the Income Tax Ordinance, 2001, are missing under the MIS Tab. Sections such as 148, 151, and 231A deductions are not adequately represented.

We urgently demand your attention to this crucial matter. Previously, essential data regarding "Imports/Exports made during the year" was readily accessible, greatly simplifying the process for both taxpayers and tax consultants in preparing accurate returns. However, for undisclosed reasons, this valuable data is now unavailable. In light of the significant impact it had on the ease and accuracy of tax returns, we earnestly request that you promptly reinstate this data to facilitate taxpayers and tax consultants.

**5.6. DEPRECIATION TAB CALCULATION ERROR:**

Despite prior reporting, the calculation error in the depreciation tab remains unaddressed. This persistent error obstructs the timely filing of the tax return for Tax Year 2023.

**5.7. ABSENCE OF SPECIAL TAX YEAR RETURNS:**

In addition to the aforementioned issues, Income Tax Returns for the taxpayers having Special Tax Years are currently unavailable.

**5.8. USER-FRIENDLINESS:**

The new interface of IRIS 2.0 has introduced significant changes that have resulted in difficulties for taxpayers and e-intermediaries to navigate the necessary tasks seamlessly.

**5.9. LOGIN ISSUES:**

Numerous taxpayers and tax consultants have reported their inability to log in to the new IRIS 2.0 system, particularly for AOPs and Companies. This issue persists even when the password has not been altered.

**5.10. PERFORMANCE OF ACTIONABLE TASKS:**

In certain cases, the speed of actionable tasks, such as return calculations, has been notably slower in the current version compared to the previous one. This contradicts the intended goal of improving task efficiency.

## **Way Forward**

Today, as of September 01, 2023, it is disheartening to note that numerous issues continue to plague the tax return filing process. These ongoing challenges clearly have spelt out that the Tax Return Forms are not error-free and realistically speaking, not ready. Karachi Tax Bar remains committed to collaborate with your office and with your team. Considering the sensitivity of the matter, it is suggested to schedule a zoom meeting with your designated team along with IRIS Committee of KTBA to discuss the above issues and many other issues, which have not been highlighted here for the cause of brevity, to find effective solutions that should be befitting for all.

Regards,



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C.C to :

- i. **Mr. Afaqe Ahmed Qureshi**, Member (Inland Revenue - Policy), FBR, Islamabad.
- ii. **Mir Badshah Khan Wazir**, Member-IR (Operations), FBR, Islamabad.
- iii. **Mr. Nasir Khan**, Member (Information Technology), FBR, Islamabad
- iv. **Mr. Rana Munir Hussain**, President, Pakistan Tax Bar Association.
- v. **Press Media**