

# **KTBA** *Karachi Tax Bar Association*

Ref : KTBA/11.2020/193

Date : November 13, 2020

**Dr. Muhammad Ashfaq Ahmed,**  
Member-IR (Operations),  
Federal Board of Revenue,  
Islamabad.

**Sub: NO OPTION TO "REPLY THROUGH CORRESPONDENCE" IN IRIS REGARDING NOTICES UNDER SECTION 114(4) OF THE INCOME TAX ORDINANCE, 2001 TO FILE THE RETURN OF INCOME**

*Dear Dr. Muhammad Ashfaq Ahmed Sahab,*

Through this letter, we the Karachi Tax Bar Association (KTBA) want to highlight an important issues and technical glitches appearing in IRIS that needs your kind and urgent attention for its resolution for the ease and convenience of the taxpayers.

As you are aware, sub-section (4) of section 114 of the Income Tax Ordinance, 2001 (Ordinance), empowers the Commissioner to issue notice(s) and require any person to file a Return of Income for a tax year or years. In this regard, we have received many complaints from our Members regarding following issues that requires your immediate intervention alongwith indulgence of Member (Information and Technology) and other concerned:

(1) **NO OPTION IN IRIS TO FURNISH REPLY THROUGH CORRESPONDENCE:**

There are several instances where the taxpayers have already filed return of income manually (paper return) and therefore they are no more required to file the return of income electronically again, which (if filed again) would be wrong and would result in duplication. At the present, the IRIS system does not allow any option to file or submit any appropriate reply for informing the Commissioner that the return of income has already been filed and so he is now not required to file the return of income in compliance of the notice issued.

We have also noticed that in many cases the notices U/s. 114(4) of the Ordinance are issued right from Tax Year 2014 and all subsequent tax years without verifying / considering the fact that the taxpayers have already filed the return of income manually.

**Suggestion:**

- (a) We feel that the IRIS should contain and/or give an option to such taxpayers to inform that the return has already been filed manually and with that they should also be allowed to attach appropriate evidence of filing the return also.

Cont'd ... (2)

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- (b) It is suggested that the notice issuing officer should first see from his record whether the return has manually been filed or not and after such verification, if the return has not been filed, then only he should issue the notice(s).

(2) **ISSUANCE OF NOTICES U/S.114 (4) FOR EARLIER TAX YEARS AS SOON AS NEW TAXPAYER IS REGISTERED ON IRIS:**

We have received complaints from our Members and have also noticed with grave concern that as soon as any NEW TAXPAYER is registered with the FBR and files the first return of income; soon after that the Commissioner, as a practice, issues notices U/s.114 (4) of the Ordinance right from the Tax Year 2014 and all subsequent tax years to all the New Taxpayers without even considering the facts and circumstances of the case, whether such New Taxpayers were actually and genuinely obliged to file the return of income or not.

We feel that in most of the cases the powers of issuing the notices are misused by the Commissioners and such unnecessarily and superfluously issued notices, as a practice, create lots of hardship for the New Taxpayers as they are, mostly, compelled to file even NIL returns in compliance of such notices. We have also noticed that such notices are generally treated by the New Taxpayers as a punishment for registering themselves with the FBR and not only irritate them and creates hardship for them but is also creating a bad impression of the Tax Department (FBR) as a whole which the KTBA does not like at all.

**Suggestion:**

It is suggested that the FBR should issue necessary directions to all the Commissioners that they should immediately stop issuing such notices to all the New Taxpayers and issue the notices only after considering the facts and circumstances of the particular case where it is necessarily required and only for particularly required Tax Year and not for all the tax years right from the Tax Year 2014.

(3) **ISSUANCE OF NOTICES U/S. 114 (4) FOR EARLIER TAX YEARS YEARS TO THE NON RESIDENT PAKISTANIS RETURNING FROM ABROAD WHO BECOMES RESIDENT FOR THE FIRST TIME:**

We have also received complaints from our Members and have noticed also that the similar issue arises (as mentioned at No: (2) above) that when any Non Resident Pakistani returns from abroad and becomes Resident for the first time in any Tax Year, the Commissioner, as a practice, issues notices U/s.114 (4) of the Ordinance to him/her for several earlier tax years without considering the facts and circumstances of the case, whether such first time becoming Resident Taxpayer was actually and genuinely obliged to file the return of income or not.

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We feel that in most of the such cases also the powers of issuing the notices are misused by the Commissioners and such unnecessarily and superfluously issued notices, as a practice, create lots of hardship for the New Resident Taxpayers mostly as mentioned in the second para of Item No: (2) above.

**Suggestion:**

It is suggested that the FBR should issue necessary directions to all the Commissioners that they should issue notice to the New Resident Taxpayers also after considering the facts and circumstances of the particular case where it is necessarily required and only for particularly required Tax Year and not for all the earlier tax years.

In view of above, we request you to kindly intervene in the above matter alongwith relevant team and also request your good office to take appropriate measures at your earliest convenience for taxpayer's confidence and oblige.

Thanking you,  
Yours sincerely,



**(Muhammad Zeeshan Merchant)**

President

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**C.C to :**

- i. **Mr. Muhammad Javed Ghani**, Chairman, FBR, Islamabad.
- ii. **Ch. Muhammad Tarique**, Member-IR (Policy), FBR, Islamabad.
- iii. **Mr. Asim Ahmad**, Member (Information Technology), FBR, Islamabad.
- iv. **Press and Media**

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