

By Our Staff Reporter

Returns filing staggers to 265,000 ahead of deadline

KARACHI: Businessmen and tax professionals on Saturday urged the government to extend the deadline of returns filing for this year as the authorities managed to aggregate minuscule 265,000 returns so far with the last date of compliance falling on Monday (tomorrow).

The Federal Board of Revenue (FBR) is expected to push returns filing deadline by one to three months for multiple reasons, including interruption in online system of filing, slowdown in business activities and delayed uploading of returns forms online.

Daroo Khan Achakzai, president of the Federation of Pakistan Chambers of Commerce and Industry (FPCCI) demanded of the government to extend the deadline for filing of income tax returns (ITR) to 31st October from 30th September.

“A large number of business community members could not file their ITR mainly due to a variety of reasons,” Achakzai said in a statement.

FPCCI president said there was an uncertainty prevailing in the country because of changes in the taxation provisions of the Income Tax Ordinance 2011, slowdown of normal business activities due to rains, election in trade bodies and interruption in e-filing system.

“This (extension) will help the taxpayers in discharging their tax liability well on time without penalty on the one hand and increase in government exchequer on the other,” he added.

Tax professionals threw weight behind the demand of extension in date of filing of tax returns.

“(There is) more than half a dozen reasons and discrepancies related to filing,” Pakistan Tax Bar Association (PTBA), an apex body of tax professionals, said in a separate statement.

PTBA said only 265,000 tax returns had been filed with two days left for filing.

The government had accumulated 2.5 million returns for FY2018, up a significant 47 percent year-over, due to multiple extensions in deadline. The number lagged behind the 3.6 million potential taxpayers who were to be netted.

PTBA urged the FBR to extend the last date of filing income tax returns for at least three months. Many individuals and corporate entities would not be able to comply with the tax law by September 30, it said.

“The date of filing of income tax returns of individuals, salaried individuals and AOPs (association of persons) for the year 2019 (should) be extended up to December 31, 2019 in order to facilitate the genuine taxpayers of the country, who are regularly contributing to the national exchequer as their moral and legal obligation,” the PTBA said in a letter to the FBR chairman. Tax bar said the FBR announced measures and released statutory regulatory orders with delay.

The draft of returns form was uploaded on 23rd August, 2019, while there was a delay in final notification of income tax return 2019 of individuals, salaried individuals and AOPs. Final draft of returns form was uploaded on September 2, 2019 contrary to rules and regulations.

“This shows lapse of statutory period of two months (approximately 62 days) and it was all due to the negligence of the FBR,” PTBA said.

Tax practitioners further said the FBR issued manual income tax return form on September 27, 2019, which is still not available in excel format. Therefore, small volume taxpayers could not file their returns of income for the year 2019 within stipulated time, they said.

The tax bar said the FBR once again introduced another fixed tax regime and issued a draft of rules for small shopkeepers and traders in July. Shopkeepers and traders have concerns over filing of returns under fixed tax regime despite that they were engaged in consultation with the officials, it added.

PTBA said September was wasted in adjustment of online system (IRIS), which still is not smooth till to date. Feeding page expires within few minutes. A user is abnormally logged out, while the e-filing system is not scalable and that takes a longer time in surfing than usual.

PTBA said return / statement of final taxation for individuals, salaried individuals and AOPs is forcibly accompanied with wealth statement, “which is a separate requirement under section 116 of the Income Tax Ordinance, 2001”.

“Non-residents are not able to file their income tax returns without wealth statement and details of personal expenses which are not binding upon them as per statute,” it added. “Tax return of a salaried individual still lacks certain details of assets/liabilities in wealth statement which is not in accordance with section 116 of the (Income Tax) Ordinance.”

The tax bar said there is no option to declare foreign income with their respective heads of income and instead only figure sums it all, which does not give the fair picture of the foreign income. “IRIS is not calculating accurate tax on the income above Rs1.2 million in certain cases.”