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**Audits of CCIR, CRTO; Contrary to SC order, FBR allows time extension**

KARACHI: Contrary to the directives of the Supreme Court of Pakistan, the Federal Board of Revenue (FBR) has allowed extension in time for finalization of pending 459 audits of CCIR, CRTO, Karachi for the Tax Year 2014 till June 30, 2020.

Expressing apprehension over the said decision, the Karachi Tax Bar Association in a letter sent to the chairperson FBR demanded to withdraw the said permission granted to all field formations.

It said that the above extension granted in the 459 cases of Karachi Corporate RTO along with other cases, reportedly, in other jurisdiction across the country as well, would open the floodgate of unending litigations, which would consume stupendous amount of energy and time resulting in nothing.

KTBA said that this extension was in total contravention of the findings and directions by the SC, which explicitly laid down the principles that the cut-off date for conducting the audit could not be issued casually as a routine course and added that the above letter was also in contrary to the FBR own letter of April 13, 2018.

It said the document of audit policy 2015 provided that the cases selected for audit during the financial year would be disposed of during the same year. However, it was challenged in the Lahore High Court, which partly allowed the petitions and provided a cut-off date for conducting the audit proceedings, which was June 30, 2017. An Intra Court Appeal (ICA) No. 338 of 2017 was filed against this judgment, where after a division bench extended the cut-off date to Dec. 31, 2017.

Under the said decision, the Member (Taxpayers' Audit), issued instructions to all chief commissioners Inland Revenue of LTUs and RTOs across the country to follow the judgment of the Lahore High Court.

Similarly, the matter, however, was finally decided by the SC that the tool of audit should not be misused to pester, torment or harass the taxpayers. As such, the timeframe mentioned in the policy guidelines namely completion of audit within the same tax year in which a taxpayer is selected and the cut-off date of December 31, 2017 prescribed by the Lahore High Court, was held to be fair and reasonable.

Furthermore, the Supreme Court also held that while an extension could be granted by the FBR for conducting an audit, the same should be supported by application of mind, appropriate reasoning and could not be granted casually, repeatedly or as a matter of routine.