

### **Manual issuance of IT refunds allowed**

ISLAMABAD: The Federal Board of Revenue (FBR) has withdrawn its policy instructions through which the Commissioners Inland Revenue were stopped from manual issuance of income tax refunds to the claimants.

In this regard, the FBR has issued a new directive to the field formations here on Wednesday on manual issuance of refunds.

According to the FBR's new instructions, the business community is facing acute liquidity crunch in the wake of Covid-19 pandemic and stopping their legitimate and determined refund is not against the express provisions of law but also against the policy of the government to assist the business community in these tiring times. The directive further clarifies that currently there is no mode or mechanism to issue income tax refunds other than manual issuance as, centralized issuance was only in respect of refunds to be issued under PM's Covid-19 Relief Package, therefore, all income tax refunds to be issued by the Commissioner under the Income Tax Ordinance, 2001 are to be issued manually.

FBR's instructions added that all previous instructions of the Board not allowing manual issuance of the income tax refund stands withdrawn since entire refunds under PM's COVID-19 Relief Package have already been issued.

When contacted, Shahid Jami, tax lawyer explained that the FBR earlier instructions not allowing manual issuance of income tax refunds were contrary to the Ordinance and Rules thereof wherein there was no provision for centralized issuance of refunds by the FBR whether under the PM's Relief Package or otherwise. Through earlier instructions the statutory powers of the Commissioner were usurped on the pretext of Package and object and purpose was to stop refunds by the field formations. He pointed out that initially as per press release of the Ministry of Finance dated 16th April 2020 stuck up income tax refunds of Rs.50 Billion were to be issued to the industry within a week. However, when the implementation was started the policy decision taken at Cabinet Level was flouted and instead of issuance of refunds within a week, the income tax refunds around Rs10 billion only were issued within two and a half months and instead of issuing refund to the industry, the refunds were issued to the claimant of small amounts.

He asserted that the centralized issuance procedure was faulty and there are instances that refund orders were issued and the name of the taxpayer was put in the list sent to the Board with 'IBAN' number however the amount was not credited in the bank accounts and the field formation has no access to verify that whether refund amount has been credited in the bank account of the taxpayer or not?

He hoped that with the restoration of the manual issuance of income tax refunds the industry would be getting refunds of higher amount blocked with the Department for years as FBR itself is stating that stopping legitimate refunds is not only against the express provisions of law but also against the policy of the government to assist the business community especially industry which are employing millions of workers and are hard pressed with the economic slow-down, Shahid Jami added.