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KTBA seeks halt to super tax recoveries

KARACHI: The Karachi Tax Bar Association (KTBA) has asked the Federal Board of Revenue (FBR) to suspend recovery proceedings relating to the super tax until the detailed judgment of the court is formally issued.

In a letter to the FBR chairperson, the association drew attention to ongoing recovery and collection measures concerning super tax liabilities under Sections 4B and 4C of the Income Tax Ordinance, 2001. These actions follow the Federal Constitutional Court's short order dated 27 January 2026.

The KTBA said tax officials are actively pursuing the recovery of super tax liabilities from taxpayers.The court, through its short order, disposed of multiple appeals and petitions filed by taxpayers challenging the imposition of super tax under Sections 4B and 4C. However, the association argued that outstanding liabilities should be recovered only after the detailed judgment is issued, as related and consequential matters can be properly assessed only once the court sets out its reasoning.

The KTBA also said that, in certain cases, recovery proceedings have been initiated prematurely without granting the mandatory 30-day period prescribed under Section 137 of the ordinance. Such actions, it said, undermine the statutory framework and contravene binding judicial precedents.

"We request that the Board issue immediate directives to halt any unlawful recovery actions, ensure strict compliance with mandatory provisions, and prevent the initiation of premature recovery proceedings," the letter said.

The association further noted that, despite intensified recovery efforts following the court's short order, taxpayers are being denied adjustment of their super tax liabilities against excess tax payments and refund claims that have been duly filed and remain pending verification with field formations.

It urged the board to issue clear instructions that recovery of super tax liabilities should be carried out only after due adjustment against excess payments and pending refunds. It also called for expedited verification and processing of refunds.

Recovery proceedings, it added, should be initiated only after the expiry of the mandatory statutory period and in strict compliance with Sections 138 and 140 of the ordinance, read with Chapter XVI-A of the Income Tax Rules, 2002.

The KTBA said some taxpayers intend to admit their super tax liabilities by filing revised income tax returns, accompanied by adjustment claims for excess payments and pending refunds. In light of recent developments, it asked the board to direct field formations to facilitate and accept such revision requests to ensure procedural ease.

Finally, the association referred to media reports indicating that the FBR is considering allowing taxpayers to settle outstanding super tax liabilities in instalments. It described the proposal as a positive step that could ease liquidity pressures and said it looked forward to formal communication of the policy and guidelines.