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KTBA flags legal, technical flaws in Iris portal

KARACHI: The Karachi Tax Bar Association (KTBA) has urged the Federal Board of Revenue (FBR) to immediately address legal, technical and functional deficiencies in the Income Tax Return for Tax Year 2026 available on the Iris portal, warning that the issues can create difficulties and disputes for taxpayers.

In a letter to the FBR, the KTBA pointed out that the final Income Tax Return for Tax Year 2026 has yet to be formally prescribed through a notification, despite being made available on the Iris portal for filing.

The tax body said the draft return form has been circulated through SRO 835(I)/2026 on May 7, 2026, inviting objections and suggestions from stakeholders. It said various stakeholders, including the KTBA, have submitted representations highlighting deficiencies and practical difficulties in the proposed form.

However, despite completion of the consultation process, the FBR has not issued a final notification formally prescribing the return form under the Income Tax Rules, 2002, it said.The KTBA maintained that merely placing the return form on Iris cannot substitute the statutory requirement to formally notify it, creating legal uncertainty over the form's status and potentially exposing taxpayers to future disputes.

The association also identified several technical and operational issues in the current Iris return.It said the refund application facility for Tax Year 2026 has not been activated, while the system is also not generating a downloadable acknowledgement or receipt after successful filing. The KTBA urged the FBR to restore the facility as proof of timely submission.

The tax bar also highlighted problems relating to advances paid for property purchases where acquisition remained incomplete during the tax year. It called for a dedicated field to report such advances and their subsequent adjustment.

According to the KTBA, the system also restricted taxpayers from entering brought-forward capital where there is no current-year business income, resulting in artificial wealth reconciliation mismatches. It urged that the relevant field be made editable and independent of current-year income.

The association further called for the complete automatic carry-forward of previous-year wealth statement data to reduce manual re-entry and errors. It also proposed an Excel upload facility to enable taxpayers with extensive schedules to prepare data offline and upload it in bulk.

The KTBA said the Iris system has problems with partnership firm returns, particularly where profit-sharing percentages do not total exactly 100 per cent. Taxpayers are also unable to make necessary profile amendments under Section 181, it said.

It also pointed out that the system does not facilitate claims for tax deducted or collected under Section 235 on domestic electricity bills.Another major concern is the inability to revise Tax Year 2026 returns through Iris, despite Section 114(6) allowing revision within 60 days of submission.

The tax body also flagged deficiencies in the calculation of minimum tax under Section 148, saying fields relating to attributable taxable income and tax on attributable taxable income are neither automatically calculated nor manually editable.

Regarding Section 153, the KTBA said tax deducted under Section 153(1)(b) is being automatically fetched from the FBR portal but the displayed amount can be incorrect, with no option to amend or delete the figure.

The association also questioned the continued requirement for manual entry of financial statement data in the return when Sections 19DA and 114(2A) require financial statements to be filed in an electronically readable format. It suggested making manual entry optional where the required file has already been uploaded.

The KTBA further proposed a guided questionnaire on Iris to help taxpayers determine their tax residency status under Sections 82 to 84.Other issues highlighted included duplication of property entries when taxpayers updated purchase dates, the lack of a section-wise withholding tax statement to verify deductions and deposits by withholding agents, and incorrect wealth reconciliation treatment for non-resident taxpayers.

The association also urged the FBR to make the vehicle chassis number optional in wealth statements, arguing that the vehicle registration number should be sufficient for identification.