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# KTBA slams FBR's 'arbitrary tax practices', demands immediate reforms

The Karachi Tax Bar Association (KTBA) has expressed serious concerns over recent practices adopted by field formations of the Federal Board of Revenue (FBR) in Karachi, which it says are causing major disruption to taxpayers and undermining the principles of fairness, transparency and legal compliance outlined in the Sales Tax Act, 1990.

In letters addressed to the finance minister and the chairperson of the FBR, the KTBA said that while taxpayers and consultants are grappling with a wide range of compliance and operational challenges -- including issues related to new sales tax registrations, return filings and annexures, POS integration and arbitrary suspensions or blacklisting of registered persons -- certain key issues demand immediate intervention and resolution.

The tax body noted that the processing of new sales tax registrations under the Act has virtually come to a standstill over the past six months. This unexplained delay is creating undue hurdles for businesses attempting to meet their statutory obligations. Field offices, it claimed, are persistently demanding documents and procedures that contravene Section 14 of the Act, read with Rule 5 of SRO 555(I)/2006. Such requests lack legal foundation and impose an unwarranted burden on taxpayers.

The KTBA also criticised the increasing use of discretionary and opaque proceedings to suspend or blacklist already registered persons. These actions, it argued, are being carried out without due process and in blatant disregard of Supreme Court (SC) rulings. The association described this subjective approach as not only contemptuous of the law but also demoralising for compliant taxpayers, fostering a sense of exploitation and frustration.

The KTBA observed that these actions have triggered widespread dissatisfaction within the business community. Concerns have reportedly reached the highest levels and have even led to several unpleasant incidents at field offices. The deviation from rule of law, it warned, has opened the door to manipulation, eroded public trust, and damaged the FBR's institutional credibility -- undermining confidence-building and voluntary compliance, while leaving space for exploitation and corrupt practices.

The association demanded the immediate resumption of new sales tax registrations in accordance with the law, with clear timelines established for their completion. It also called for the discontinuation of arbitrary suspension and blacklisting procedures, urging that all actions comply with due process, transparency, and the principles repeatedly upheld by the SC. The KTBA also urged the FBR to engage with all relevant stakeholders to address the ongoing issues and resolve technical glitches through a collaborative and objective-driven approach.