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KTBA seeks extended review of draft tax return forms for 2026

KARACHI: The Karachi Tax Bar Association (KTBA) has raised concerns over the draft income tax return forms for Tax Year 2026 issued by the Federal Board of Revenue (FBR), urging the authorities to provide a test environment on Iris, extend the consultation period, and address technical and formatting deficiencies before finalisation.

In a letter addressed to Member Inland Revenue (Operations) Zubair Bilal, office-bearers of the tax bar welcomed the circulation of the draft forms through SRO 835(I)/2026 dated May 7, 2026, but said a meaningful review of the proposed returns was currently “not feasible” due to practical and technical constraints.

The letter stated that, since electronic filing through Iris is mandatory in most cases, reviewing static draft forms without access to the electronic utility was inadequate.

It recommended that the FBR upload a test version of the return forms on Iris so taxpayers and practitioners could assess computation mechanisms, validation checks, mandatory disclosures, reconciliation requirements and tax calculations before implementation.

Referring to issues encountered during Tax Year 2025 filings, the letter noted that several glitches and validation errors were identified only after the live return forms became operational, creating difficulties for taxpayers and consultants.

It also highlighted readability concerns in the annexed draft forms, stating that several sections appeared distorted, compressed or illegible because of formatting defects and extremely small font sizes.

According to the letter, the proposed forms introduce extensive additional disclosure requirements relating to foreign assets, gifted properties, assets held in the names of others, economic transaction summaries, withholding details and property-wise reporting.

KTBA representatives said such expanded reporting obligations required broader consultation to ensure they remained practical and legally sustainable.

The letter also criticised the absence of explanatory notes or filing guidance for newly introduced data fields and disclosures. It recommended that the FBR issue field-wise instructions clarifying mandatory disclosures, validation criteria, linkages with wealth statements and related tax implications.

The KTBA further objected to the seven-day period provided for feedback submission, describing it as insufficient given the technical complexity and volume of the proposed changes. It requested an extension to facilitate meaningful engagement with tax professionals and other stakeholders.

The association also argued that the timelines prescribed under Rule 34A of the Income Tax Rules, 2002, had not been complied with. According to the letter, the draft return forms were required to be issued by December 1, 2025, with stakeholder consultation continuing until January 7, 2026, whereas the current draft was issued on May 7, 2026.

The letter added that final return forms were supposed to be available on Iris by January 31, 2026, but had yet to be operationalised.

The KTBA urged the FBR to provide the draft return forms in test mode on Iris, issue Excel-downloadable versions, circulate comparative summaries of changes from previous years, and conduct pilot testing with tax bars, professional bodies and selected taxpayers before final notification.