

**GOVERNMENT OF PAKISTAN
REVENUE DIVISION
FEDERAL BOARD OF REVENUE
(IT WING)**

No. 103/S(IT)/2013



Islamabad, the 24th August, 2017

All Chief Commissioners Inland Revenue
LTUs / RTOs

SUBJECT: CALCULATION OF TAX LIABILITY IN IRIS – SMALL COMPANY

Regional Tax Office-III, Karachi has reported an issue to the IT Wing, FBR, concerning the miscalculation of tax liability in the case of a company, where Iris calculates the liability @25% whereas the subject company is not a small company. The reporting of this issue reveals a lack of understanding of the processes and the system and it is essential to clarify the situation so that such misunderstanding does not arise in any other LTU/RTO.

2. The calculation of tax liability in Iris is based on business rules embedded in the system. The decision on what rate to apply depends on the Person_Type given in the taxpayer's profile, if it is a Small Company according to the profile, the system will automatically apply the rate applicable to Small Companies. It is important to note here that the system has no mechanism to judge on its own whether the company is actually a Small Company or not, and is totally dependent on the information given in the person's profile. It is primary responsibility of the assessing officer to verify / identify the actual status of the taxpayer in the system before passing final order.

3. In case the Person_Type of a company is wrong in the profile, there are two possible ways to rectify the same, as given below:

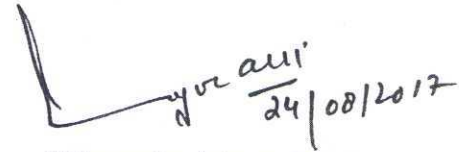
- i. The taxpayer applies for change of status of company through Iris, the application for change of rate of tax for companies is provided in the Registration tab in the system. In response to the application, the concerned Commissioner passes an order changing the

Person_Type of the company. As soon as the order is passed, the system will automatically amend the taxpayer's profile and the correct rate will be applied when making tax calculation;

- ii. In case there is no application from the taxpayer, the concerned Commissioner can email the request for change in the Person_Type of the company from his **official email address** to itwing@fbr.gov.pk and the amendment in profile will be made.

4. All officers may be directed to ensure, at the time of making an assessment, that the company's profile reflects the correct Person_Type and the correct rate is being applied. In case the profile needs to be amended, one of the above two options may be used.

5. You are further informed that IT Wing is in the process of providing the facility to the Commissioner to pass an order to this effect directly without any application from the taxpayer. This facility is expected to be available in Iris within a fortnight, after which there would be no need to email to IT Wing for these issues and the Commissioner will be enabled to change the rate in the system directly.

 24/08/2017

(Khawaja Adnan Zahir)
Member (IT)

Copy to:

1. Member (IR-Operations), FBR, Islamabad.
2. SA to Chairman, FBR, Islamabad.
3. CEO (PRAL), Islamabad.
4. Webmaster to upload on the FBR's official website.