

Pakistan Knitwear & Sweater Exporters Association

1014-16, Park Avenue, PECHS Block 6

Shahrah-e-Faisal, Karachi-75350

Tel: 34544035 SG: 34544039, email: kho@paksea.com

Circular to members # 44/2025-26

August 27, 2025

Serving notices to taxpayers

ATIR says IRIS is not 'legally prescribed medium'



A two-member bench of Appellate Tribunal Inland Revenue Islamabad has categorically declared that the Federal Board of Revenue's (FBR) IRIS system is not a legally prescribed medium for the service of notices to the taxpayers.

According to a latest order of the ATIR, the Assessing Officer relied solely on a single mode of service, namely, uploading the order on the IRIS portal, without resorting to any of the other prescribed modes of service envisaged under Section 218 of the Income Tax Ordinance.

The ATIR ruled that it is frequently argued by the FBR that service of a notice or a show-cause notice through IRIS constitutes valid service. However, such an assertion finds no support either in the principal legislation or in the delegated legislation framed by the Board. This position clearly establishes that IRIS is merely a web-based computer program designed for the internal management of Inland Revenue taxes and not a legally prescribed medium for the service of notices, orders, or requisitions. The law expressly provides only two recognised modes of electronic service, namely, through facsimile number or electronic mail address.

The Bench-1 of the ATIR, Islamabad has formulated and addressed the following questions for proper service of notices and orders in terms of Section 218 of the Income Tax Ordinance, 2001 read with rule 74 of the Income Tax Rules, 2002.

The tribunal added that in the absence of any rule expressly recognising the posting of an order on the IRIS portal as service "in the prescribed manner," the mere availability of an order on IRIS does not fulfil the requirement of Section 218 (1) (d) *ibid*. As noted earlier, the expression "IRIS" has been defined in Section 2(30AC) as a web-based computer program developed for the operation and management of Inland Revenue taxes and the laws administered by the Board. This program is intended to facilitate the discharge of statutory obligations, including the submission of returns, filing of applications, and furnishing of statements, among other functions.

Service through IRIS cannot be equated with electronic service "in the prescribed manner" unless the Rules are amended to include portal service and to specify confirmations analogous to Rule 74(3).

In the absence of Rule 74 compliance (or service under clauses (a) to (c) of section 218(1)), service via IRIS is not lawful and is ineffective to trigger consequences that depend on proper service (including limitation).

Consequences: Where service is defective, the limitation for appeal under Section 131 runs from the date of actual knowledge/ receipt of the order (e.g., when the taxpayer obtained the certified copy upon recovery action). The appellant's filing "within thirty days" thereafter is within time.

Any recovery initiated before lawful service is vulnerable, as due process prerequisites have not been met, ATIR added.

Nadia Iqbal Soomro
Deputy Secretary
021-34544035 Ext 103