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

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Income tax refunds

FBR chief orders formulation of time-bound procedure

BUSINESS RECORDER

Chairman Federal Board of Revenue (FBR) Rashid Mehmood Langrial has directed officials to formulate a time-bound procedure for expediting the processing and issuance of income tax refunds, following a request from the Karachi Tax Bar Association (KTBA).

According to the KTBA, its office-bearers met the FBR chairman at the FBR office, where senior representatives of both sides discussed taxation, policy and operational matters affecting taxpayers and practitioners. KTBA President Mehmood Bikiya appreciated the FBR's initiative to engage regularly with the association.

The talks focused on facilitation of resident and non-resident taxpayers. KTBA stressed the need for timely income tax and sales tax refunds, saying compliant taxpayers currently have little visibility on when excess taxes will be refunded. The chairman directed relevant officials to draft a time-bound refund procedure, the KTBA said.

The bar also told the FBR that many taxpayers had applied to revise their returns to claim refunds of tax paid under section 7E, but those applications remain pending. It urged that instructions issued through the letter dated September 23, 2026, be implemented in letter and spirit.

On foreign investment, the KTBA said procedural requirements should be streamlined, applied in accordance with the law and made less burdensome where appropriate. It added that non-resident taxpayers should not face compliance obligations not expressly prescribed by law.

The association also raised practical concerns about Sales Tax General Order No25/2026, which requires registered persons to issue a prescribed stock transfer note when moving goods between taxpayers' premises. FBR officials acknowledged the concerns and said they would examine the matter through internal consultations.

The chairman also acknowledged the difficulties businesses face while their equipment and records remain in custody, and stressed that such items should be released at the earliest opportunity, KTBA said.

The KTBA further called for due process before initiating coercive recovery measures for advance income tax, asking that taxpayers be given a reasonable opportunity and sufficient time to comply.

The bar also pointed to delays in issuing return-related notifications, persistent problems on the IRIS portal, and difficulties uploading bulk data.

Nadia Iqbal Soomro
Deputy Secretary
021-34544035 Ext 103