CHAPTER 14

RETURNS & STATEMENTS

Who must file a return, the Commissioner's powers and the **general order**, **method of filing**, **revision and its penalty positions**, **due dates**, the **wealth statement** and foreign income and assets statement, **discontinuance of business** and **extension of time**. Law: ITO 2001 · tax year 2027.

CHAPTER ROADMAP

1. **Persons liable to file** — ss.114 · 115
2. **Powers and enforcement** — ss.114(4) · 114B · 114C
3. **Method of filing** — s.118 · IRIS
4. **Revision of returns** — s.114(6)
5. **Due dates** — s.118
6. **Wealth statement** — ss.116 · 116A
7. **Discontinuance · extension** — ss.117 · 119

RETURN A **return** is the prescribed document a taxpayer files for a tax year to declare taxable income and tax. It is filed **electronically on IRIS**, with the tax due, a **wealth statement** (s.116) and, where required, a **foreign income and assets statement** (s.116A).

1 WHO MUST FILE A RETURN

sections 114 and 115

ALWAYS

Every company · **any non-profit organisation** · a person (other than a company) whose **taxable income exceeds the exempt limit** · anyone whose income is under the **final tax regime** · persons notified by the Board.

ALSO IF THE PERSON

was **charged to tax in either of the two preceding years** · claims a **carried-forward loss** · has obtained an **NTN** · owns a vehicle **above 1,000 cc** · has a commercial / industrial electricity connection with an annual bill **above Rs. 500,000**.

PROPERTY TRIGGERS

Land of **500 sq yd or more** (municipal limits, cantonment, ICT, or a rating area) · a flat in those areas · a flat of **2,000 sq ft or more** covered area in a rating area.

MEMBERSHIP TRIGGERS

A **resident** registered with a chamber of commerce, trade association, market committee or professional body (PEC, PMDC, Bar councils, **ICAP**, ICMAP); a resident individual who must file the **s.116A** statement.

RELIEF · s.115

A **widow**, an **orphan below 25**, a **disabled person** or a **non-resident** need not file **solely** because of owning the property or the vehicle above.

BUSINESS BANK ACCOUNT

Sole proprietors, AOPs and companies must **declare** the account used for business. If not declared, business expenses are **inadmissible** (s.21).

2 POWERS OF THE COMMISSIONER AND THE BOARD

sections 114(4), 114B, 114C

SHORT-PERIOD RETURN

A return for **less than 12 months** where the person has **died**, become **bankrupt** or gone into liquidation, is **about to leave Pakistan permanently**, or the Commissioner otherwise considers it appropriate.

NOTICE TO A NON-FILER

Return due within **30 days** of service (or as specified). Covers one or more of the **last five** completed years; **ten** years if none of the last five was filed; **no limit** if the person has foreign income or assets (reasons recorded).

GENERAL ORDER · 114B

For non-filers not on the ATL: **mobile SIMs disabled**, **electricity and gas disconnected**, **foreign travel restricted** (not NICOP holders, minors, students, Hajj / Umrah travellers). Only after a **114(4) notice**, **lapse of its compliance date** and **non-filing**. Restored when the return is filed.

INELIGIBLE PERSONS · 114C (when notified)

Barred from: vehicles with invoice value above **Rs. 7 million**; registering property with FBR / DC value above **Rs. 100 million**; securities or investment accounts above **Rs. 50 million** (new investment); cash withdrawals above **Rs. 100 million**.

ELIGIBLE PERSON

Filed the **previous year's return** and has **sufficient resources** (130% of declared cash and equivalent assets), or files a **sources of investment and expenditure statement**. Family members: parents, spouse, dependent children. **Public companies and non-residents**: only the cash-withdrawal bar.

3 METHOD OF FILING

sections 114(2) and 118

CONTENT

Prescribed form with all particulars and a **declaration of records**; **signed** by the individual or his representative (s.172); with **payment of tax**, the **wealth statement** and the **foreign income and assets statement**.

ELECTRONIC

Filed on **IRIS**. Companies' financial statements for tax year 2026 onward in an **electronically readable** format.

PRESUMPTION

A return purporting to be made or signed by or for a person is treated as made **with his authority until he proves otherwise**.

4 REVISION OF A RETURN

sections 114(6), 114(6A)

CONDITIONS

Revised accounts (the Commissioner may waive) · **reasons in writing** · **Commissioner's approval** — not needed **within 60 days** of filing; **deemed granted** if no order within 60 days of the request · income not below (loss not above) what an assessment order determined. Otherwise the return is **invalid**.

PENALTY POSITIONS

Voluntary (before audit or a s.122(9) notice): tax + default surcharge, **no penalty**. **During audit**, before a 122(9) notice: + **25%** of penalties. **After a s.122(9) show cause notice**: + **50%** of penalties; the notice **abates**.

ALGORITHMIC SETTLEMENT

Revised return needs **no approval**; pay the tax the mechanism determines; **no separate penalty or default surcharge**.

5 DUE DATES

section 118

Return	Tax year ends	Due date
Company	1 January – 30 June	**31 December** following
All others (individuals, AOPs, companies not above)	Any date	**30 September** following
Return on a s.117 notice (discontinuance)	as in notice	Date fixed in the notice
Return on a s.114(4) notice	as in notice	**30 days** from service (or as specified)

6 WEALTH STATEMENT AND FOREIGN STATEMENT

sections 116 and 116A

WEALTH STATEMENT · s.116

Own assets and liabilities **including foreign**; those of a **dependent** spouse, minor children and dependants; assets **transferred**; **expenditure**; and the **wealth reconciliation**. Filed by every **resident individual** with the return and by every **AOP member**. Values at **historical cost**; personal assets only.

REVISION

Any time **before a notice for amendment** is received; the Commissioner may **void** a non-bona-fide revision after a hearing; **not after five years** from the return's due date.

FOREIGN STATEMENT · s.116A

A resident individual with foreign income of **US$ 10,000 or more or** foreign assets of **US$ 100,000 or more**: foreign assets and liabilities, transfers, foreign income and related expenditure.

Fresh example: net wealth reconciliation	Rs.	Effect
Opening net wealth	8,000,000	
Salary received	2,000,000	+
Gain on sale of shares	300,000	+
Tax paid	(150,000)	–
Household expenses	(900,000)	–
Gift to his sister	(250,000)	–
Closing net wealth (loan taken and car bought change nothing)	**9,000,000**	

7 DISCONTINUANCE OF BUSINESS AND EXTENSION OF TIME

sections 117 and 119

DISCONTINUANCE · s.117

Notice to the Commissioner within **15 days**; return for the period from the **start of the tax year to the date of discontinuance**, treated as a **separate tax year**. If no notice, the Commissioner may require a return; non-compliance → **best judgment** with **sectoral benchmark ratios**.

EXTENSION · s.119

Apply in writing **by the due date**; grounds: **absence from Pakistan, sickness or misadventure**, other reasonable cause. Up to **15 days** (longer only in exceptional cases); the **Chief Commissioner** may grant a further 15 days. An extension **never postpones payment** — default surcharge applies.

8 EXAM FOCUS · MCQ TRAPS

what examiners test

1 Section 115

Relief only for **widow, orphan below 25, disabled, non-resident** — and only for the property / vehicle triggers.

2 Due dates

Company with year end **Jan – June**: 31 December; everyone else: **30 September**.

3 Revision

Free within **60 days**; later needs approval (deemed after 60 days of silence).

4 Penalty on revision

None voluntary · **25%** during audit · **50%** after a 122(9) notice.

5 Notice to non-filer

30 days; five years (ten if none filed; no limit for foreign income / assets).

6 Wealth statement

Dependent spouse only; not revisable after **five years**; historical cost.

7 Foreign statement

US$ **10,000 income OR US$ 100,000 assets**.

8 Extension

Apply by the due date; **15 days**; tax is still due on the **original date**.

CLASSIFY IT · MUST FILE A RETURN?

1	Every company, even with a loss	YES
2	Individual below the exempt limit, no trigger	NO
3	Owns a 1,300 cc car	YES
4	Widow who owns a 600 sq yd house (rating area)	NO
5	Holds an NTN	YES
6	Commercial electricity bill of Rs. 600,000 a year	YES
7	Resident ICAP member	YES
8	Individual with only final-tax income	YES

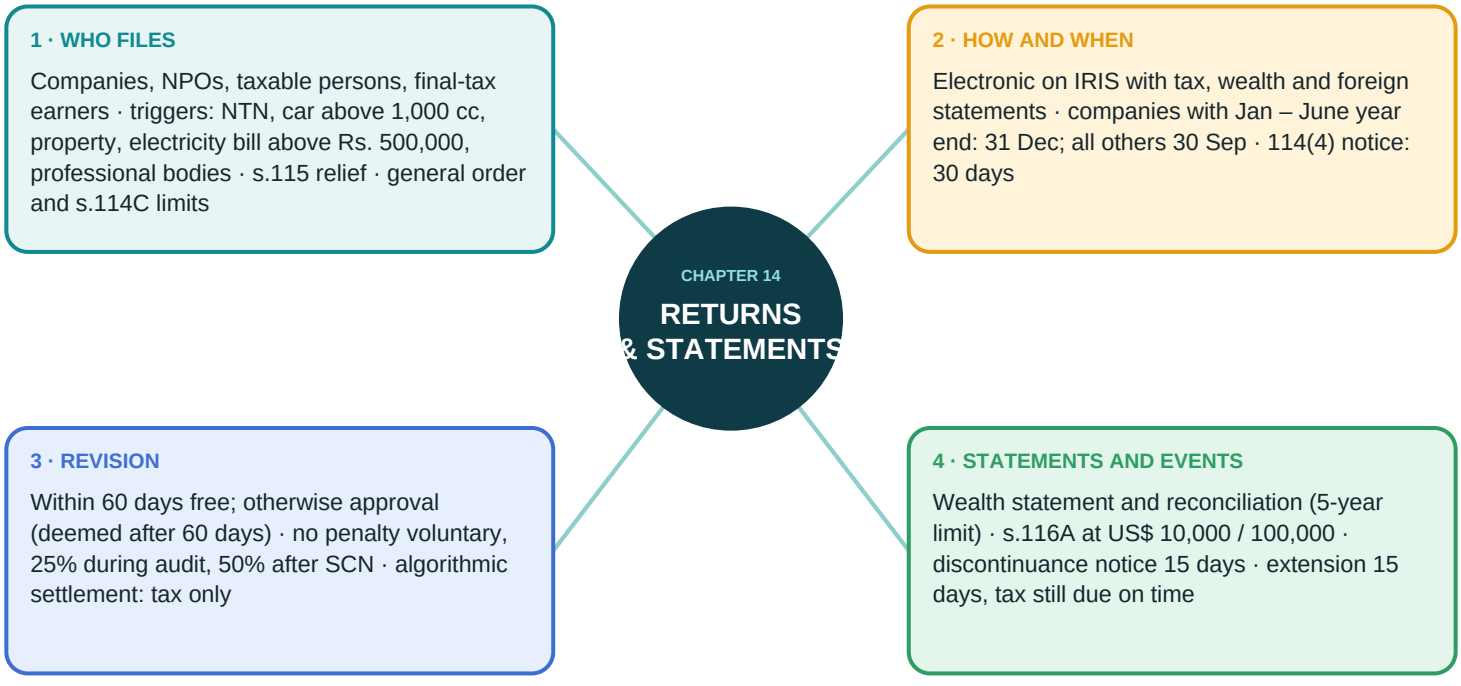
CLASSIFY IT · DATE OR PENALTY?

1	Company, year ended 30 June 2027	31 DEC 2027
2	Individual, tax year 2027	30 SEP 2027
3	Company, special year ended 30 Sep 2026	30 SEP 2027
4	Notice under section 114(4)	30 DAYS
5	Revise voluntarily before audit	NO PENALTY
6	Revise during audit	25% PENALTY
7	Revise after a show cause notice	50% PENALTY
8	Notice of discontinuance of business	15 DAYS

LISTS TO KNOW

Revision	Notice to non-filer	Discontinuance	Extension	s.116A
60 days free	30 days · 5 / 10 yrs	15 days	15 days	US$ 10,000 · 100,000

REVISION MAP



Who
Triggers and s.115 relief.

When
31 Dec for company Jan–Jun, else 30 Sep.

Revise
60 days, then penalty bands.

Wealth
Statement and reconciliation.