

**Federal Board of Revenue
Inland Revenue**

Islamabad the 25th May, 2021


C.NO. 1(10)ST-LP&E/2020/66012-R

**The Chief Commissioners-IR
LTOs/MTO/CTOs/RTOs**

Subject: Adjustment of the Liabilities of WWF and WPPF against Refunds of Income Tax.

I am directed to refer to the subject and to say that as per sub-Section 3 of Section 170 of the Income Tax Ordinance, 2001, refund can only be adjusted against any other liability of tax. WWF and WPPF are not classifiable as "tax" and hence cannot be adjusted against a tax liability or credit.

2. Income tax returns are filed voluntarily, however, reportedly, some taxpayers probably adjusted WWF and WPPF against available tax credits. As the Income Tax Ordinance does not allow for adjustment of Workers Welfare Fund/ Workers Profit (Participation) Fund against tax credits, such adjustments are detected during audit and be taken as part of audit exercise & detection and efforts to get correct declaration i.e. enforcement related activities.
3. In order to speed up improvements in tax declarations, field formations are advised to ensure that payment of WWF & WPPF is not skipped through adjustment against income tax refunds. In case of any lapse, further action may be initiated under the law. A report in this regard may be furnished to the Board by 07.06.2021.


(Khalid Mehmood)
Second Secretary (ST-L&P)