

Compliance Checklist - Allowable Deductions

Head of income: Income from Other Sources (Sections 39 and 40)

Income Tax Ordinance, 2001 (amended up to 30 June 2026) and Income Tax Rules, 2002 (amended up to 15 September 2026)

Taxpayer name

NTN / CNIC

Tax year

Prepared by / date

Reviewed by / date

How to fill: For each check point mark Yes (complied), No (not complied - claim at risk) or N/A (not applicable), and note the evidence reference. Any "No" should be resolved or the deduction reduced before filing the return.

No.	Check point	Yes	No	N/A	Evidence / remarks
DEDUCTIONS ALLOWED					
1. Expenses paid to earn the income (Section 40(1) and (6); Rule 31(4))					
Keep on file: Agreements, bills, payment proofs (Rule 31(4))					
1.1	Was each expense actually paid in the tax year?	☐	☐	☐	
1.2	Was it paid to earn the income taxed under this head?	☐	☐	☐	
1.3	Has capital expenditure been excluded?	☐	☐	☐	
1.4	Are the agreements and evidence listed in Rule 31(4) on file?	☐	☐	☐	
2. Zakat deducted from profit on debt (Section 40(2))					
Keep on file: Bank Zakat deduction certificate					
2.1	Was the Zakat deducted under the Zakat and Ushr Ordinance at the time of payment of profit?	☐	☐	☐	
2.2	Has the same Zakat not been claimed again under section 60?	☐	☐	☐	
3. Depreciation for building leased with plant and machinery (Section 40(3))					
Keep on file: Lease agreement, asset register					
3.1	Is the income from lease of a building together with plant / machinery?	☐	☐	☐	
3.2	Have depreciation and initial allowance been computed under sections 22 and 23?	☐	☐	☐	
WATCH-OUTS					
4. Business disallowance rules apply; no double claims (Section 40(4) and (5))					
Keep on file: WHT challans					
4.1	Has withholding tax been deducted where required on expenses claimed?	☐	☐	☐	

No.	Check point	Yes	No	N/A	Evidence / remarks
4.2	Have expenses deductible under another head been excluded?	☐	☐	☐	
5. Cash loans, deposits and gifts can become income (Section 39(3)) <i>Keep on file: Bank statements, lender NTN</i>					
5.1	Were all loans, advances, share deposits and gifts received through banking channel / digital means from NTN holders?	☐	☐	☐	

Conclusion: all "No" answers resolved or the related deduction reduced? ☐ Yes ☐ No

Prepared by: _____ Date: _____ Reviewed by: _____ Date: _____

Disclaimer: This checklist is a helper tool only and does not constitute legal or tax advice. Verify each point against the Income Tax Ordinance, 2001, the Income Tax Rules, 2002 and FBR circulars, and consult your tax advisor before acting.