

Compliance Checklist - Allowable Deductions

Head of income: Income from Property (Sections 15, 15A and 16)

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 FROM RENT					
1. Repairs allowance - one-fifth (20%) of rent (Section 15A(1)(a))					
Keep on file: Rent agreement, rent receipts					
1.1	Has the repairs allowance been computed at one-fifth of gross rent (before other deductions)?	☐	☐	☐	
1.2	Have actual repair costs NOT been claimed in addition to the allowance?	☐	☐	☐	
2. Building insurance premium (Section 15A(1)(b))					
Keep on file: Insurance policy, premium receipt					
2.1	Does the policy insure this rented building against damage / destruction?	☐	☐	☐	
2.2	Does the premium relate to the tax year being claimed?	☐	☐	☐	
2.3	Are the policy and premium receipt on file?	☐	☐	☐	
3. Property tax and local charges (Section 15A(1)(c))					
Keep on file: Property tax challans					
3.1	Is the amount a local / provincial rate, tax, charge or cess on this property or its rent?	☐	☐	☐	
3.2	Has income tax been excluded from the claim?	☐	☐	☐	
3.3	Are challans / receipts on file?	☐	☐	☐	
4. Ground rent paid (Section 15A(1)(d))					
Keep on file: Ground rent receipts					
4.1	Is the ground rent paid / payable for this property in the tax year, with receipts on file?	☐	☐	☐	

No.	Check point	Yes	No	N/A	Evidence / remarks
5. Profit / interest on loan or mortgage for the property (Section 15A(1)(e), (f) and (g))					
<i>Keep on file: Loan agreement, bank profit certificate</i>					
5.1	Was the loan used to acquire, construct, renovate, extend or reconstruct THIS rented property?	☐	☐	☐	
5.2	Has only profit / interest (not principal or return of capital) been claimed?	☐	☐	☐	
5.3	Has the same profit NOT been claimed as a tax credit under section 63A?	☐	☐	☐	
5.4	Is the lender's certificate of profit paid on file?	☐	☐	☐	
6. Rent collection and administration costs - up to 4% of rent (Section 15A(1)(h))					
<i>Keep on file: Bills, payment proofs</i>					
6.1	Were the expenses wholly and exclusively for earning this rent?	☐	☐	☐	
6.2	Has the claim been capped at 4% of gross rent?	☐	☐	☐	
6.3	Are bills / payment proofs on file?	☐	☐	☐	
7. Legal fees to defend title or a property case (Section 15A(1)(i))					
<i>Keep on file: Lawyer invoice, case reference</i>					
7.1	Does the legal fee relate to defending title or a court suit about this property?	☐	☐	☐	
7.2	Is the lawyer's invoice / receipt on file?	☐	☐	☐	
8. Unpaid rent that cannot be recovered (Section 15A(1)(j) and 15A(2))					
<i>Keep on file: Tenancy agreement, legal notices, earlier return</i>					
8.1	Was the tenancy bona fide?	☐	☐	☐	
8.2	Has the defaulting tenant vacated, or have steps been taken to evict, and is the tenant not occupying another of your properties?	☐	☐	☐	
8.3	Have legal proceedings been started (or is there a reasonable basis that they would be useless)?	☐	☐	☐	
8.4	Was the unpaid rent included in taxable income, and tax paid, in the year it fell due?	☐	☐	☐	
8.5	Is there a system to offer any later recovery to tax?	☐	☐	☐	
WATCH-OUTS (COMMON REASONS A CLAIM IS DISALLOWED)					
9. Expenses left unpaid for 3 years are added back (Section 15A(3) and (4))					
<i>Keep on file: Ageing of payables</i>					
9.1	Have all expenses claimed in earlier years been paid within three years, or added back if not?	☐	☐	☐	

No.	Check point	Yes	No	N/A	Evidence / remarks
10. Business disallowance rules also apply (Section 15A(6) read with section 21) <i>Keep on file: WHT challans, ledger</i>					
10.1	Has withholding tax been deducted and paid wherever required on payments claimed?	☐	☐	☐	
10.2	Have personal expenses and fines / penalties been excluded?	☐	☐	☐	
10.3	Has each expense been claimed under one head only?	☐	☐	☐	
11. Non-adjustable advance / deposit from tenant (Section 16) <i>Keep on file: Tenancy agreement</i>					
11.1	Have non-adjustable amounts from tenants been spread over 10 years and offered to tax?	☐	☐	☐	

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.