

Compliance Checklist - Allowable Deductions

Head of income: Salary (Sections 12 to 14 read with Parts IX and X)

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 FROM INCOME (ALLOWANCES)					
1. Zakat paid (Section 60)					
Keep on file: Bank Zakat deduction certificate / CZ-50 receipt					
1.1	Was the Zakat paid under the Zakat and Ushr Ordinance, 1980 (deducted at source or paid to an authorised Zakat fund)?	☐	☐	☐	
1.2	Was it paid within the same tax year (1 July to 30 June) in which it is claimed?	☐	☐	☐	
1.3	Is a Zakat deduction certificate or official receipt on file?	☐	☐	☐	
1.4	Has the same Zakat NOT already been claimed against profit on debt under section 40(2)?	☐	☐	☐	
2. Children's tuition fee (Section 60D)					
Keep on file: Paid fee vouchers, institution NTN					
2.1	Is the claimant an individual with taxable income below Rs 1.5 million?	☐	☐	☐	
2.2	Was the tuition fee paid by the claimant during the tax year?	☐	☐	☐	
2.3	Has the allowance been limited to the lowest of 5% of fee, 25% of taxable income and Rs 60,000 per child?	☐	☐	☐	
2.4	Is the NTN or name of the educational institution available for the return?	☐	☐	☐	
2.5	Has the other parent NOT claimed the same fee?	☐	☐	☐	
2.6	Are fee vouchers / paid receipts on file?	☐	☐	☐	

No.	Check point	Yes	No	N/A	Evidence / remarks
TAX CREDITS (REDUCE TAX DIRECTLY)					
3. Donations to approved institutions (tax credit) (Section 61; Rules 211-220, 228(4))					
<i>Keep on file: Donation receipt, bank proof, NPO approval</i>					
3.1	Is the donee an eligible institution under section 61 (government-run, approved NPO or Thirteenth Schedule)?	☐	☐	☐	
3.2	Was the donation paid through a crossed cheque / banking channel (not cash)?	☐	☐	☐	
3.3	Has the claim been limited to 30% (individual / AOP) or 20% (company) of taxable income?	☐	☐	☐	
3.4	If the donee is an associate, has the lower limit of 15% / 10% been applied?	☐	☐	☐	
3.5	Is the donee's receipt and approval / NPO status evidence on file?	☐	☐	☐	
3.6	For donations in kind, has the value been worked out as per Rule 228(4)?	☐	☐	☐	
3.7	Has the credit been worked out at the average rate of tax (tax / taxable income x eligible donation)?	☐	☐	☐	
4. Contribution to approved Voluntary Pension Fund (tax credit) (Section 63)					
<i>Keep on file: Pension fund manager certificate</i>					
4.1	Is the claimant an eligible person with income under Salary or Income from Business?	☐	☐	☐	
4.2	Was the contribution made during the tax year to a fund approved under the VPS Rules, 2005?	☐	☐	☐	
4.3	Has the eligible amount been limited to 20% of taxable income?	☐	☐	☐	
4.4	Has any transfer of an existing employer scheme balance been excluded?	☐	☐	☐	
4.5	Is the pension fund manager's contribution certificate on file?	☐	☐	☐	
5. Profit paid on a house loan (tax credit) (Section 63A)					
<i>Keep on file: Bank profit certificate, property documents</i>					
5.1	Is the claimant an individual using the loan for construction / purchase of one personal house or flat?	☐	☐	☐	
5.2	Is the house land area up to 2,500 sq ft (or flat area up to 2,000 sq ft)?	☐	☐	☐	
5.3	Is the lender a scheduled bank, SECP-regulated institution, government, statutory body or listed public company?	☐	☐	☐	
5.4	Has the eligible profit been limited to 30% of taxable income?	☐	☐	☐	
5.5	Has the same profit NOT been deducted against rent under section 15A?	☐	☐	☐	
5.6	Has no credit for another house been claimed in the last 15 tax years?	☐	☐	☐	
5.7	Is the lender's certificate of profit paid on file?	☐	☐	☐	

No.	Check point	Yes	No	N/A	Evidence / remarks
OTHER LAWFUL RELIEFS FOR SALARIED PERSONS					
6. Official expense reimbursements (Section 12(2)(c) and (d))					
<i>Keep on file: Expense claims with bills, salary certificate</i>					
6.1	Are reimbursed amounts supported by bills for expenses actually incurred on the employer's behalf?	☐	☐	☐	
6.2	Have fixed monthly / percentage-based allowances been included in taxable salary?	☐	☐	☐	
6.3	Has the employer's salary certificate been reconciled with the return?	☐	☐	☐	
7. Golden handshake or arrears taxed at a lower rate (Section 12(6) to (8))					
<i>Keep on file: Settlement letter, prior 3 years returns, election letter</i>					
7.1	Was a golden handshake / termination payment or salary arrears received in the year?	☐	☐	☐	
7.2	Has the beneficial rate (3-year average, or rates of the earlier years) been worked out?	☐	☐	☐	
7.3	Was the written election filed by the return due date?	☐	☐	☐	
8. Perquisites valued correctly (Section 13; Rules 3 to 7)					
<i>Keep on file: Employer perquisite statement</i>					
8.1	Has employer-provided accommodation been valued at not less than 45% (or 30% where HRA is 30%) of the minimum of the basic pay scale, as per Rule 4?	☐	☐	☐	
8.2	Has an employer-provided car been valued at 5% (part private use) or 10% (fully private use) of cost / FMV, as per Rule 5?	☐	☐	☐	
8.3	Have all other perquisites (utilities, domestic staff, loans) been valued as per section 13?	☐	☐	☐	
8.4	Have amounts paid by the employee for perquisites been deducted from their value?	☐	☐	☐	
8.5	For employer loans above Rs 1 million, has the benchmark-rate benefit been included?	☐	☐	☐	

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.