

Income Tax Return Filing in Pakistan via IRIS – Complete Guide (2025-26)

1. Who Must File a Return

Under the **Income Tax Ordinance 2001** and related rules, you must file a return if you meet **any** of these conditions:

A. Income Thresholds

Taxpayer Type	Annual Income Threshold (Tax Year 2025-26)	Notes
Salaried individual	Above PKR 600,000	Salary from one or more employers
Non-salaried / business income	Above PKR 600,000	Includes shopkeepers, sole proprietors, freelancers
Mixed income	Combined income above PKR 600,000	Salary + business + other sources

B. Mandatory Filing – Even if Below Threshold

You **must** file if you:

- Own **immovable property** of 500 sq. yards (house) or 1,000 sq. ft. (flat) in a municipal area.
- Own a **motor vehicle** above 1000cc.
- Have a **commercial electricity connection** with annual bill > PKR 500,000.
- Are a **member of a professional body** (doctor, lawyer, engineer, etc.).
- Have **foreign income** or **foreign assets**.
- Are a **sales tax registered person**.
- Are engaged in **import/export** or hold a **commercial/industrial connection**.

Example:

A shopkeeper earning PKR 450,000 annually but with a commercial electricity bill of PKR 600,000 **must** file a return.

2. Applicable Tax Laws & Rules

- **Income Tax Ordinance 2001** – Main law governing income tax.
- **Income Tax Rules 2002** – Procedural details (records, forms, valuation rules).
- **Current SROs & Circulars** – Annual Finance Act changes, special exemptions, and procedural updates.

Tax Year Definition

- Runs **1 July to 30 June**.
- **Tax Year 2025** = 1 July 2024 to 30 June 2025.

Filing Deadlines

Taxpayer Type	Deadline
Individuals / AOPs	30 September following the tax year
Companies	31 December (if year ends 30 June)

Penalties

- **Late filing:** Minimum PKR 10,000 (individuals) or 0.1% of tax payable per day (max 50% of tax).
- **Non-filing:** Higher penalties + loss of **Active Taxpayer List (ATL)** status.

Tax Slab Rates – Salaried Individuals (2025-26)

Annual Taxable Salary (PKR)	Tax Rate
Up to 600,000	0%
600,001 – 1,200,000	1% of amount above 600,000
1,200,001 – 2,200,000	6,000 + 11% of amount above 1,200,000
2,200,001 – 3,200,000	116,000 + 23% of amount above 2,200,000
3,200,001 – 4,100,000	346,000 + 30% of amount above 3,200,000
Above 4,100,000	616,000 + 35% of amount above 4,100,000

Example Calculation:

Salary = PKR 1,800,000

Tax = 6,000 + 11% × (1,800,000 – 1,200,000) = **PKR 72,000**

3. Tax Rebates, Credits & Exemptions

Rebate / Credit	Eligibility	Limit / Calculation	IRIS Section
Investment in Pension Fund (VPS)	Resident individual	Up to 20% of taxable income	Tax Credits → VPS
Charitable Donations	To approved institutions	30% of taxable income (individuals)	Tax Credits → Donations
Education Expenses	For dependent children	Limited to PKR 60,000 per child	Tax Credits → Education
Senior Citizen (≥60 yrs)	Taxable income ≤ PKR 1.5m	50% reduction in tax	Adjust in computation
Disabled Person	Certified disability	50% reduction in tax	Adjust in computation

Not Allowed:

- Donations to unapproved entities.
- Expenses without verifiable proof.

4. Required Documents & Information

Taxpayer Type	Documents	Upload to IRIS?
Salaried	Salary certificate, Form 16, bank statements, proof of rebates	Yes – PDF/JPEG
Business / Shopkeeper	Sales register, expense ledger, inventory, bank statements	Yes
Mixed Income	All relevant docs for each source	Yes
Property Income	Rent agreements, rent receipts	Yes

Formats: PDF, JPEG, max size per file as per IRIS guidelines.

5. Step-by-Step IRIS Filing Process

1. **Log in** at [FBR IRIS Portal](#) using CNIC/NTN & password.

2. **Select "Income Tax Return (ITR)"** for the relevant tax year.
3. **Fill Personal Info** – auto-fetched for registered users.
4. **Declare Income** under correct heads:
 - Salary
 - Business
 - Property
 - Capital Gains
 - Other Sources
5. **Claim Tax Credits/Rebates** – enter amounts & attach proof.
6. **Complete Wealth Statement** – reconcile assets, liabilities, income, expenses.
7. **Attach Documents** – salary certificate, bank statements, etc.
8. **Review & Submit** – IRIS will generate an acknowledgment.

Common Mistakes to Avoid:

- Mismatched income vs. withholding statements.
 - Omitting bank accounts.
 - Not reconciling wealth statement.
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6. Special Considerations by Taxpayer Type

- **Salaried + Other Income:** Must declare all sources; withholding on salary may not cover total liability.
 - **Sole Proprietors / Shopkeepers:** Maintain daily sales & expense logs; declare turnover accurately.
 - **Partnership Firms / Companies:** File separate returns; partners also file individually.
 - **Import/Export:** Declare all customs-linked transactions; reconcile with WEBOC data.
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7. Common Confusions & Clarifications

- **ATL vs. Filing:** Filing makes you eligible for ATL; ATL updates weekly.
 - **Withholding Adjustments:** Tax deducted at source is adjustable against final liability.
 - **Foreign Assets/Income:** Must be declared; foreign tax credit available under rules.
 - **Joint Property:** Declare share of ownership & income proportionately.
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8. Practical Compliance Tips

- Keep **digital & physical records** for at least 6 years.
- Respond to FBR notices via IRIS within given deadlines.

- Verify rules & SROs on [FBR's official site](#).
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Before You File – Quick Checklist

NTN/CNIC active on IRIS
All income sources calculated
Proof for rebates/credits ready
Wealth statement reconciled
Documents scanned in PDF/JPEG
Filed before **30 September** (individuals)