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Pakistan FBR Simplifies Tax Filing for Property Owners

August 20, 2025

— Categories: Real Estate

The Federal Board of Revenue (FBR) has introduced a simplified electronic income tax return system for the tax year 2025, aimed at easing compliance for salaried individuals, small businesses, and overseas Pakistanis with property holdings abroad.

The new system, notified through SRO 1561 of 2025 after a 40-day consultation period, features interactive auto-fill forms designed to reduce manual entries and errors. Taxpayers can now complete returns through eight digital windows, each requiring minimal input, with the form automatically retrieving data linked to a filer's Computerised National Identity Card (CNIC). Purchases, declared assets, tax deductions, and bank account information are automatically integrated into the system.

For salaried taxpayers, entering the employer's name automatically generates deduction details, while rental income from local properties can also be declared in the same form. Individuals earning below the prescribed threshold qualify for this simplified filing method; those above must continue using the standard process.

In a parallel notification, SRO 1562 of 2025, the FBR extended simplified electronic return forms to associations of persons, companies, and business professionals, further broadening the scope of digital tax compliance. The deadline for filing remains 30 September 2025.

A major update for property owners is the mandatory submission of the Electronic Foreign Income and Assets Declaration for resident individuals. This new requirement covers disclosure of overseas rental properties, business income, foreign assets, earnings, and

bank accounts. The measure is intended to enhance transparency and capture offshore property income more effectively.

Separate electronic return formats have also been issued for non-residents with no Pakistan-source income, as well as for traders, manufacturers, and small- and medium-sized enterprises (SMEs). The current version of the simplified form is available in English, with an Urdu version expected soon.

Officials noted that weeks of uncertainty among taxpayers ended with the release of the finalized version of the return, replacing the draft issued in July for public feedback. By adopting auto-fill features and streamlining data entry, the FBR expects the new system to improve compliance, save time, and encourage broader participation in the tax net.

The initiative represents a move toward digitization of Pakistan's tax framework, with particular focus on property income – both domestic and overseas – as part of ongoing efforts to strengthen the country's revenue base.