

Government of Pakistan  
Revenue Division  
Federal Board of Revenue  
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No. 1(75) R & S /2018

Islamabad, the 17<sup>th</sup> October, 2018

**Circular No. 05 of 2018**  
**(Income Tax)**

**Subject: CLARIFICATION REGARDING FILING OF VARIOUS RETURN FORMS**

In order to facilitate the salaried taxpayers, FBR has issued a separate and simplified income tax return form for persons deriving income from “salary” and “other sources” where income from salary is more than 50% of the total income. As per Income Tax Ordinance, 2001, income is classified under five heads of income namely salary, business, house property (rental income), capital gains and other sources. The separate return form is meant only for persons deriving salary income or a combination of salary income and income from other sources where salary is more than 50% of the total income. Income from other sources is a residual head of income and includes profit on debt (interest income) and various other categories mentioned in section 39 of the Income Tax Ordinance, 2001 which are not included in any other head of income. Accordingly, in the return of income for persons deriving salary and other sources income (where salary is more than 50% of the total income), under the head, “income from other sources”, “profit on debt” has been mentioned and the remaining categories of income specified in section 39 have been shown under “other receipts”. However, it is to be noted that for persons deriving income from business, house property (rental income) and capital gains in addition to salary income, the declaration has to be made on the main return form and not on the simplified form meant for salary and other sources income. Hence, a person who derives even a minimal portion of business income, house property or capital gains income along with the salary income is required to file the main return form containing all heads of income and not the simplified return form for salary and other sources where salary is more than 50% of the total. Income from rendering of services falls under the head, “Income from business”. So any salaried person who is also deriving income from services would have to file the main return form and not the simplified return form for salaried individuals. This is because the separate/simplified return form for salaried individuals is not meant to declare service receipts which fall under the head “Income from business”.

2. The main return form contains all heads of income so a professional deriving salary income and service receipts (business income) has to file declaration on the main return form which contains all heads of income. This is illustrated through the following table:-

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<b>Heads of income</b>	<b>Relevant return form</b>
Income from "Salary" only	Simplified return form for persons deriving income from salary and other sources where salary income is more than 50% of total income
Income from "Salary" and "Other sources" where salary is more than 50% of the total income	Simplified return form for persons deriving income from salary and other sources where salary income is more than 50% of total income
Income from "Salary" and "Other sources" where salary is less than 50% of the total income	Main return form
Income from "Salary" and receipts from services i.e. "Income from business".	Main return form (containing all heads of income) because receipts from services fall under the head, "Income from business" which is not included in the return form for persons deriving income from salary and other sources and salary is more than 50% of the total income.
Income from "Salary" and receipts from services i.e. "Income from business" where salary income is more than 50% of total income	Main return form (containing all heads of income) because receipts from services fall under the head, "Income from business" which is not included in the return form for persons deriving income from salary and other sources and salary is more than 50% of the total income.
Income from "Salary" and "House Property"	Main return form (containing all heads of income) because "Income from House Property" is not included in the return form for persons deriving income from salary and other sources and salary is more than 50% of the total income.
Income from "Salary" and "Capital Gains"	Main return form (containing all heads of income) because "Income from Capital Gains" is not included in the return form for persons deriving income from salary and other sources and salary is more than 50% of the total income.



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