

Manage Your Investments In A Tax - Efficient Manner

INVEST IN VOLUNTARY PENSION SCHEMES (VPS)

Tax credit for individuals (Applicable Tax Year 2025)

The schedule mentioned below illustrates the tax credit which can be obtained at various income levels given their respective tax slabs as per Section 63 of ITO 2001

Salaried Individual

Annual Taxable Income (PKR)	Tax Amount (PKR) According to ITO 2001	Tax Rate*	Permissible Investment for Tax Credit (PKR)	Tax Credit (PKR)
1,800,000	120,000	6.7%	360,000	24,000
2,400,000	230,000	9.6%	480,000	46,000
3,600,000	550,000	15.3%	720,000	110,000
4,800,000	945,000	19.7%	960,000	189,000
6,000,000	1,365,000	22.8%	1,200,000	273,000
7,200,000	1,785,000	24.8%	1,440,000	357,000
8,400,000	2,205,000	26.3%	1,680,000	441,000
9,600,000	2,625,000	27.3%	1,920,000	525,000
12,000,000	3,811,500	31.8%	2,400,000	762,300
18,000,000	6,121,500	34.0%	3,600,000	1,224,300
24,000,000	8,431,500	35.1%	4,800,000	1,686,300
30,000,000	10,741,500	35.8%	6,000,000	2,148,300
36,000,000	13,051,500	36.3%	7,200,000	2,610,300
48,000,000	17,671,500	36.8%	9,600,000	3,534,300
60,000,000	22,291,500	37.2%	12,000,000	4,458,300

*The impact of additional 10% surcharge on tax payable for individuals & AOPs having annual taxable income of more than Rs.10 Million, has been taken into account for the above calculation.

Self Employed

Annual Taxable Income (PKR)	Tax Amount (PKR) According to ITO 2001	Tax Rate*	Permissible Investment for Tax Credit (PKR)	Tax Credit (PKR)
1,800,000	230,000	12.8%	360,000	46,000
2,400,000	410,000	17.1%	480,000	82,000
3,600,000	810,000	22.5%	720,000	162,000
4,800,000	1,290,000	26.9%	960,000	258,000
6,000,000	1,790,000	29.8%	1,200,000	358,000
7,200,000	2,330,000	32.4%	1,440,000	466,000
8,400,000	2,870,000	34.2%	1,680,000	574,000
9,600,000	3,410,000	35.5%	1,920,000	682,000
12,000,000	4,939,000	41.2%	2,400,000	987,800
18,000,000	7,909,000	43.9%	3,600,000	1,581,800
24,000,000	10,879,000	45.3%	4,800,000	2,175,800
30,000,000	13,849,000	46.2%	6,000,000	2,769,800
36,000,000	16,819,000	46.7%	7,200,000	3,363,800
48,000,000	22,759,000	47.4%	9,600,000	4,551,800
60,000,000	28,699,000	47.8%	12,000,000	5,739,800

*The impact of additional 10% surcharge on tax payable for individuals & AOPs having annual taxable income of more than Rs.10 Million, has been taken into account for the above calculation.

Features of VPS

1. Professional Management/ Competitive Returns
2. Invest as per your own risk appetite
3. Daily mark-to-market (You know the value of your contributions)
4. Shariah-compliant options available
5. Contribution frequency/size of your own choice
6. Flexibility to choose retirement age between 60 & 70 years
7. Tax Credit (20% of annual taxable income to be invested to maximise tax credit)
8. Tax on withdrawals before retirement
9. On retirement, option to withdraw:
 - 50% balance tax-free at retirement
 - 50% balance subject to avg. 3-year tax rate
10. Insurance Coverage (Accidental & Natural Death) available on PKR 100,000+ balance
11. Option to pledge, lien or encumbrance of the units in VPS against the employee loan given by the employer

As per Sec. 63 of ITO 2001, the investment amount eligible for tax credit is 20% of annual taxable income or actual contribution whichever is lower