

# INVEST IN VOLUNTARY PENSION SCHEMES (VPS)

## Tax credit for individuals (Applicable Tax Year 2026)

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)	Tax Amount (PKR)	Tax Rate*	Permissible Investment for Tax Credit (PKR)**	Tax Credit (PKR)
	According to Ordinance	Surcharge as per Clause 4AB			
1,800,000	72,000	-	4.0%	360,000	14,400
2,400,000	162,000	-	6.8%	480,000	32,400
3,600,000	466,000	-	12.9%	720,000	93,200
4,800,000	861,000	-	17.9%	960,000	172,200
6,000,000	1,281,000	-	21.4%	1,200,000	256,200
7,200,000	1,701,000	-	23.6%	1,440,000	340,200
8,400,000	2,121,000	-	25.3%	1,680,000	424,200
9,600,000	2,541,000	-	26.5%	1,920,000	508,200
12,000,000	3,381,000	304,290	30.7%	2,400,000	737,058
18,000,000	5,481,000	493,290	33.2%	3,600,000	1,194,858
24,000,000	7,581,000	682,290	34.4%	4,800,000	1,652,658
30,000,000	9,681,000	871,290	35.2%	6,000,000	2,110,458
36,000,000	11,781,000	1,060,290	35.7%	7,200,000	2,568,258
48,000,000	15,981,000	1,438,290	36.3%	9,600,000	3,483,858
60,000,000	20,181,000	1,816,290	36.7%	12,000,000	4,399,458

\*The impact of additional 9% surcharge on tax payable for salaried individuals 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)	Tax Amount (PKR)	Tax Rate*	Permissible Investment for Tax Credit (PKR)**	Tax Credit (PKR)
	According to Ordinance	Surcharge as per Clause 4AB			
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	4,490,000	449,000	41.2%	2,400,000	987,800
18,000,000	7,190,000	719,000	43.9%	3,600,000	1,581,800
24,000,000	9,890,000	989,000	45.3%	4,800,000	2,175,800
30,000,000	12,590,000	1,259,000	46.2%	6,000,000	2,769,800
36,000,000	15,290,000	1,529,000	46.7%	7,200,000	3,363,800
48,000,000	20,690,000	2,069,000	47.4%	9,600,000	4,551,800
60,000,000	26,090,000	2,609,000	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