

Alfalah Investments

THE WAY FORWARD

Get Up to 50% off on Income Taxes by Investing with **Alfalah Investments**



Don't you just hate it when a chunk of your salary disappears every month for Taxes?

When you save through Mutual Funds with Alfalah Investments, you get the twin benefit of earning returns on your savings and reducing your taxes!

How do tax savings work?

Investments in Mutual Funds and Voluntary Pension Schemes (VPS) allow you to claim tax reduction (according to Section 62 & 63 of the Income Tax Ordinance, 2001)

This means that all you need to do is simply make an investment and submit your Statement of Account (which is issued when you make investments) to the concerned department. They can then

- Make adjustments to your tax liability
- Make changes in the tax deductions for the remaining year
- Reverse tax deductions in case you have already been charged a higher amount
- Which means that you have a higher take-home salary AND you earn returns as well!

How to avail tax credit facility?

To claim your tax credit amount you just need to do following:

1. As a **Salaried individual**, you can inform your HR or Finance Department about your investments by submitting the account statement to adjust your tax credit amount from the monthly income tax deductions.
2. As a **Self-employed individual** you can adjust your tax payable by showing investment in your wealth statement at the time of Income tax return filing.

The benefits shown in the following tables are calculated as an illustration based on maximum Investments subject to respective income brackets as defined in ITO, 2001.

Salaried Individual

| Annual Taxable Income (ATI) (Rs.) | Tax Amount (Rs.) | Effective Tax Rate (%) | Mutual Fund (20% of ATI) | Pension Fund (20% of ATI) | Through Mutual Funds (as per 62) H=FxE | Through Mutual Funds (as per 62) I=GxE | Total Tax Credit (Rs.) |
|-----------------------------------|------------------|------------------------|--------------------------|---------------------------|--|--|------------------------|
| 800,000 | 1,000 | 0.13% | 160,000 | 160,000 | 200 | 200 | 400 |
| 2,499,999 | 65,000 | 2.60% | 500,000 | 500,000 | 13,000 | 13,000 | 26,000 |
| 3,999,999 | 290,000 | 7.25% | 800,000 | 800,000 | 58,000 | 58,000 | 116,000 |
| 7,999,999 | 1,090,000 | 13.62% | 1,600,000 | 1,600,000 | 218,000 | 218,000 | 436,000 |
| 10,000,000 | 1,590,000 | 15.90% | 2,000,000 | 2,000,000 | 318,000 | 318,000 | 636,000 |
| 15,000,000 | 2,840,000 | 18.93% | 2,000,000 | 3,000,000 | 378,667 | 568,000 | 946,000 |
| 20,000,000 | 4,090,000 | 20.45% | 2,000,000 | 4,000,000 | 409,000 | 818,000 | 1,227,000 |

Other than Salaried Class

| Annual Taxable Income (ATI) (Rs.) | Tax Amount (Rs.) | Effective Tax Rate (%) | Mutual Fund (20% of ATI) | Pension Fund (20% of ATI) | Through Mutual Funds (as per 62) H=FxE | Through Mutual Funds (as per 62) I=GxE | Total Tax Credit (Rs.) |
|-----------------------------------|------------------|------------------------|--------------------------|---------------------------|--|--|------------------------|
| 800,000 | 1,000 | 0.13% | 160,000 | 160,000 | 200 | 200 | 400 |
| 2,399,999 | 60,000 | 2.50% | 480,000 | 480,000 | 12,000 | 12,000 | 24,000 |
| 2,999,999 | 150,000 | 5.00% | 600,000 | 600,000 | 30,000 | 30,000 | 60,000 |
| 3,999,999 | 350,000 | 8.75% | 800,000 | 800,000 | 70,000 | 70,000 | 140,000 |
| 4,999,000 | 600,000 | 12.00% | 1,000,000 | 1,000,000 | 120,000 | 120,000 | 240,000 |
| 10,000,000 | 2,050,000 | 20.50% | 2,000,000 | 2,000,000 | 410,000 | 410,000 | 820,000 |
| 15,000,000 | 3,500,000 | 23.33% | 2,000,000 | 3,000,000 | 466,667 | 700,000 | 1,166,667 |
| 20,000,000 | 4,950,000 | 24.75 | 2,000,000 | 4,000,000 | 495,000 | 990,000 | 1,485,000 |

You can also use the Tax Saving Calculator to know the tax credit amount.

- To avail Tax Rebate, a minimum investment holding period of two years from the date of investment is required.
- As per Section 62 of Income Tax Ordinance, 2001, an individual investor of open end mutual fund (unit trust schemes) can claim tax credit on investment up to Rs. 2,000,000/- or 20% of individual's taxable income (whichever is lower) on an investment made in Mutual Funds between July 1st and June 30th.
- As per Section 63 of Income Tax Ordinance, 2001, an eligible person joining Alfalah GHP Pension Fund/ Alfalah GHP Islamic Pension Fund at the age of 41 years or above, during the first ten years, shall be allowed additional contribution of 2% per annum for each year of age exceeding 40 years. However; the total contribution shall not exceed 30% of the total taxable income of the preceding year.

Disclaimer: All investments in mutual funds and voluntary pension schemes are subject to market risks. Past performance is not necessarily indicative of the future results. Please read the Offering Document to understand the investment policies and the risks involved. The tax credit information provided in this literature is based on interpretation of Alfalah Investments. Investors are advised to seek independent professional advice in this regard. Capital gain tax and withholding tax on dividend and bonus units will be charged according to Income Tax Laws, if applicable. Withdrawal from Voluntary Pension Schemes before retirement shall have tax implications.