Alfalah Investments

Get Up to 40% 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	Tax Amount (as per Tax Law)	Required Investment in Mutual Funds	Tax (savings) in Mutual Funds	Required Investment in Pension Funds	Tax (savings) Pension Funds – up to 20%	Total Investment in Mutual Funds +	Total Tax Credit (savings) in Mutual Funds and Pension Funds	
A		B	C = B x Tax Rate	D = A x 20%	E = D x Tax Rate	F = B + D	G = C + E	H = F / G
1,200,000	30,000	240,000	**6,000**	240,000	**6,000**	480,000	**12,000**	2.50%
1,800,000	90,000	360,000	**18,000**	360,000	**18,000**	720,000	**36,000**	5.00%
2,500,000	195,000	500,000	**39,000**	500,000	**39,000**	1,000,000	**78,000**	7.80%
3,500,000	370,000	700,000	**74,000**	700,000	**74,000**	1,400,000	**148,000**	10.60%
5,000,000	670,000	1,000,000	**134,000**	1,000,000	**134,000**	2,000,000	**268,000**	13.40%
8,000,000	1,345,000	1,600,000	**269,000**	1,600,000	**269,000**	3,200,000	**538,000**	16.80%
12,000,000	2,345,000	2,000,000	**390,833**	2,400,000	**469,000**	4,400,000	**859,833**	19.50%
30,000,000	7,295,000	2,000,000	**486,333**	6,000,000	**1,459,000**	8,000,000	**1,945,333**	24.30%
50,000,000	13,295,000	2,000,000	**531,800**	10,000,000	**2,659,000**	12,000,000	**3,190,800**	26.60%

Other than Salaried Class

Annual Taxable Income	Tax Amount (as per Tax Law)	Required Investment in Mutual Funds	Tax (savings) in Mutual Funds	Required Investment in Pension Funds	Tax (savings) Pension Funds – up to 20%	Total Investment in Mutual Funds +	Total Tax Credit (savings) in Mutual Funds and Pension Funds	
A		B	C = B x Tax Rate	D = A x 20%	E = D x Tax Rate	F = B + D	G = C + E	H = F / G
600,000	10,000	120,000	**2,000**	120,000	**2,000**	240,000	**4,000**	1.70%
1,200,000	70,000	240,000	**14,000**	240,000	**14,000**	480,000	**28,000**	5.80%
2,400,000	250,000	480,000	**50,000**	480,000	**50,000**	960,000	**100,000**	10.40%
3,000,000	370,000	600,000	**74,000**	600,000	**74,000**	1,200,000	**148,000**	12.30%
4,000,000	620,000	800,000	**124,000**	800,000	**124,000**	1,600,000	**248,000**	15.50%
10,000,000	2,620,000	2,000,000	**524,000**	2,000,000	**524,000**	4,000,000	**1,048,000**	26.20%
30,000,000	9,620,000	2,000,000	**641,333**	6,000,000	**1,924,000**	8,000,000	**2,565,333**	32.10%
50,000,000	16,620,000	2,000,000	**664,800**	10,000,000	**3,324,000**	12,000,000	**3,988,800**	33.20%

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

***** Investment amount eligible for Tax credit is up to 20% taxable income or Rs. 2,000,000/- whichever is lower. Holding period of investment of atleast 24 months from the date of investment is required to avail tax credit.

****** Investment amount eligible for tax credit is up to 20% of taxable income. Pre-mature withdrawal from Pension Fund is subject to tax. Lump sum withdrawal in excess of 50% at or after retirement age will be subject to tax.

*** Please refer to the Income Tax Ordinance 2001, Section 62, 63, and 156 B to understand the Tax Law fully and the terms and conditions that apply. Tax rates are for FY 2019-20

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.