

The following is important information outlining various tax and other benefits available for freelancers:

1. Reduced Tax Rates:

Freelancers, upon timely tax filing, can enjoy a significantly reduced tax rate of 1%, or even as low as 0.25% if registered with Pakistan Software Export Board (PSEB) and filing their taxes on a timely basis. Late filers can be levied normal tax rates that can go as steep as 35%!

2. Active Filers:

Active filers, whose names appear in Active Tax Payers List, also pay reduced withholding taxes in the following cases:

Property Transactions:

- Purchase: 3% (FILER) vs. 10.5% (NON-FILER)
- Transfer/Sale: 3% (FILER) vs. 6% (NON-FILER)

Savings Account:

- Deduction on bank profits: 15% (FILER) vs. 30% (NON-FILER)

Cash Withdrawals: 0% tax on cash withdrawals exceeding Rs. 50,000. Non-filers pay 0.6%.

Electricity Bill Relief: No added tax on monthly bills exceeding Rs. 25,000, a respite especially for higher consumers. Non-filers pay 7.5% tax.

Motor Vehicle Purchase / Transfer:

- Vehicle up to 2000 cc: Rs. 10,000 – 200,000 (FILER) vs. Rs. 30,000 – 600,000 (NON-FILER)
- Vehicle above 2000 cc: 6%-10% (FILER) vs. 18%-30% (NON-FILER)

Others:

- Capital Gains Tax: From 5% to 12.5% (FILER) vs. 10% to 25% (NON-FILER)
- Dividend Tax: Ranges between 7.5% to 25% (FILER) vs. 15% to 50% (NON-FILER)
- International Card Transactions: 5% (FILER) vs. 10% (NON-FILER)

3. Withholding Tax Adjustment:

As an active filer, one can claim or adjust advanced withheld taxes, resulting in reduced tax liability and potential refunds.

Tax Benefits

One of the most significant benefits of PSEB registration is a deduction of **0.25% tax on export receipts received in Pakistan**, as opposed to **1% for freelancers and software houses** not registered with PSEB. This means that PSEB-registered freelancers and software house can save a good amount of money on their taxes.

Documentation required for software house and call center registration:

- Business / Company NTN issued by FBR
- The NICs of all Directors (Company)/ Partners (Firm)/ Proprietors (Sole Proprietorship)
- Attested copies of passports of Directors (Company)/ Partners (Firm) (Only for foreign nationals)
- An attested copy of Memorandum of Association and Articles of Association (For companies)
- Attested copy of Inc. Form-II (For companies)
- An attested copy of Form 29 (for SECP registered companies only)
- A certified copy of the incorporation certificate (only for SECP registered companies)
- An attested copy of the Partnership Deed (for partnership-based firms)
- Original bank account Maintenance Certificate

To have better assistance with taxation-related matters, Meezan Freelancer Accountholders may have the option of availing services offered by Befiler by simply downloading Befiler's app or visiting <https://www.befiler.com>

Disclaimer: The Bank's role will be restricted to offering customers the option to avail services from Befiler at a discounted price. Tax filing services will be provided solely by Befiler, and the final decision to avail these services rests with the customer.