

TECHNICAL COMMITTEE – VPS

(3 meetings held in the year July 1, 2013 to June 30, 2014)

Member	Meetings Attended	Member	Meetings Attended
M. Habib Ur Rahman (Chairman)	3 of 3	Muhammad Asad	1 of 3
Rashid Mansur (Vice Chairman)	0 of 3	Mashmooma Z. Majeed	3 of 3
Faisal Malik*	2 of 2	Omaer Sheikh	1 of 3
Humaira Ali	3 of 3	Sohail Qadri	3 of 3
Jawad Ahmed**	1 of 1	Syed Zain Raza***	2 of 2
Kiran Mohammed	2 of 3	Tanweer Haral	2 of 3
M. Abdul Samad	2 of 3	Zeeshan Quddus	0 of 3

Member till December 23, 2013, **Member till October 14, 2013, *Member since October 28, 2013*

TERMS OF REFERENCE

- To review Acts, Ordinances, Rules and Regulations, Circulars pertaining to Retirement Saving Schemes on an ongoing basis and making recommendations to the SECP;
- To research on investment product of Retirement schemes;
- To run public awareness campaigns/sessions for VPS including launching of a dedicated website for VPS;
- To review and make recommendations in the investment rules for Provident Fund(PF) and other retirement schemes; and
- To review taxation issues relating to Retirement schemes.

ACTIVITIES' REPORT

1. VPS Website

The development of a dedicated website to educate the investors about the benefits of the Voluntary Pension Schemes (VPS) was initiated by the previous committee. This Committee completed the assignment and the dedicated website of VPS was soft launched on December 18, 2013 at its URL www.pensionfunds.com.pk. The website contains detailed information on why retirement savings/pensions is important, along with VPS product details and how to invest, where to invest and why to invest. The highlight of the website is pension and tax simulator calculators making easier for public to be acquainted with the accumulation of their investment.

2. Public Awareness Campaign:

All the VPS Managers jointly decided to run a public awareness campaign. A Sub-committee comprising of personnel from MUFAP,

AlMeezan Investment Management Limited, MCB Arif Habib Savings and Investments Limited and Atlas Asset Management Limited finalized the design of the brochure and devised a detailed Marketing Plan. The campaign was planned to be run after the June 30, 2014.

3. Taxation on Retirement Schemes – Recommendations to Federal Budget 2014-2015

The Committee prepared draft taxation proposals for the fiscal year 2014-2015 relating to elucidation of tax anomalies in withholding of tax on VPS withdrawals whereas the income was exempt. The proposed amendments were:

1. No deduction at source applicability on any withdrawal from approved pension fund that represent transfer of balance from Provident Fund to the said pension fund. (Section 156B of the Income Tax Ordinance, 2001)
2. No deduction at source on monthly payments from Income Payment Plan under VPS. (Section 156B of the Income Tax Ordinance, 2001)
3. Relaxing age limit for tax credit on contribution to VPS along with an extension in for additional tax credit facility for the period of another ten years. (Section 63 of the Ordinance)
4. The scope of Income Payment Plan should be extended and any balance that represent transfer from Provident fund should be allowed for Income Payment Plan

4. Standard Operating Procedure (SOP) on tax deduction at source on Pension funds and Nomination of VPS

To encourage the coherent practice industry wide, SOPs were designed along with Heads of Trustee Division of Central Depository Company of Pakistan Ltd. relating to treatment of tax deduction at source on withdrawal of balance from pension funds and nomination issues. A detailed procedural guideline was made regarding transfer of balance from provident fund into VPS.