

## Detailed Summary of Tax Filing Process for Freelancers in Pakistan

This guide details the steps involved in filing taxes in Pakistan as a freelancer using the Iris portal. It highlights the importance of PSEB registration for freelancers in the IT sector and offers alternative methods to locate previously withheld taxes.

### Steps:

1. **Access and Login:** Begin by accessing and logging in to the Iris portal, the online tax filing system for Pakistan.
2. **Select Tax Return and Period:** Navigate to the section for filing tax returns and choose "normal return." Here, you'll also specify the tax year applicable to your filing.
3. **Declare Freelancer Income:** Locate the section dedicated to "foreign sources." While it initially mentions "Agriculture," freelancers should select "foreign sources" within this section. Under "Foreign Other Sources Income/Loss," enter your total annual income from freelancing platforms like Upwork.
4. **Calculate Tax Based on PSEB Registration:** This step involves calculating your potential tax liability. It's crucial to determine if you're registered with the Pakistan Software Export Board (PSEB). Here's the breakdown:
  - **PSEB Registered:** Freelancers registered with PSEB benefit from a reduced tax rate of 0.25%. The guide provides an example, calculating the tax on a hypothetical income of PKR 1,200,000 (resulting in PKR 3,000 tax).
  - **Not PSEB Registered:** Freelancers who are not registered with PSEB face a standard tax rate of 1%. The guide again uses the PKR 1,200,000 example, demonstrating a tax amount of PKR 12,000 in this scenario.

The guide also helpfully includes a link for PSEB registration if you're not already registered and want to take advantage of the lower tax rate (valid from 2024 to 2026).

5. **Select Tax Type and Rate:** After calculating the potential tax liability based on PSEB registration, return to the tax filing section. Choose the appropriate tax type ("final/fixed/minimum/Average/relevant/reduced tax") and search for article "154a" which pertains to the export of services. Here, you'll select the relevant tax rate based on your PSEB registration status:
  - **PSEB Registered:** Select "154A @0.25%"
  - **Not PSEB Registered:** Select "@1%"
6. **Enter Income and Calculate Taxable Amount:** Re-enter your annual income in the designated field ("receipts/value") and initiate the calculation. This will display your final taxable amount.
7. **Compare Tax Withheld by Other Sources:** This step involves determining if you've already paid taxes on your income through other platforms. You'll need to:

- Obtain a bank tax statement to verify the amount of tax deducted from your bank account.
  - Enter this amount in the "Tax collected/deducted" section of the Iris portal and recalculate.
8. **Declare Adjustable Taxes (Optional):** This step is optional and allows you to declare any additional taxes you've paid throughout the year. Examples include:
- Electricity bill tax
  - Sim network tax (you can obtain tax certificates from service providers)
  - School fees tax

The Iris portal also offers an alternative method to locate previously paid taxes through the "MIS" tab. By entering your CNIC (Computerized National Identity Card) number, you can view a record of all taxes paid.

9. **Review Taxable Amount and Payment:** The final step involves reviewing your calculated taxable amount. The guide explains that:
- If the total tax you've already paid (through bank deductions, adjustable taxes, etc.) is higher than the calculated taxable amount, you're eligible for a tax rebate (refund).
  - Conversely, if the calculated taxable amount is higher than the total tax you've already paid, you'll be required to settle the remaining balance.