



Pakistan Expense Reimbursement Procedure

This guide outlines the rules and conditions for reimbursing business-related expenses in Pakistan. All reimbursements must comply with local tax standards and Native Teams' internal accounting policies.

General principles

- Pakistan labour law does not prescribe a mandatory expense reimbursement policy; travel expenses, per diem, and other reimbursements are determined by the employer's internal policy.
- Reimbursements for transportation, lodging, and other necessary travel costs are recognised as business expenses and can be treated as **non-taxable** to the employee if properly documented and justified.
- All expense claims normally require manager approval before finance processes reimbursement.

Eligible expenses

The following business-related expenses are eligible for reimbursement:

- ◆ **Travel expenses** – Flights, accommodation, local transport, and meal allowances related to approved business travel.
- ◆ **Work-related purchases** – Office supplies, software, or small equipment purchased for business use.
- ◆ **Home office costs** – Internet or electricity expenses for employees approved for remote work.
- ◆ **Client & business entertainment** – Client meals or meeting expenses directly related to business.
- ◆ **Other business expenses** – Courier charges, work-related phone expenses, training or conference fees, and other approved costs.

Reimbursement conditions



1. Travel and per diems

- **Standard rates:** Pakistan labour law does not set a standard per-diem rate; allowances are defined by company policy.
- **Accommodation:** Reasonable lodging costs directly related to business travel are reimbursable.



2. Home office and utilities

- **Eligibility:** Reimbursement applies only to employees who have been officially approved for remote work.
- **Limits:** Any specific limits or caps on internet and electricity costs are determined by company policy.



3. Client & business entertainment

- **Requirements:** Expenses must be directly related to business.
- **Details:** Claims must include basic meeting details, including the purpose and participants.



4. Work-related purchases

- **Approval:** All software, supplies, or equipment purchases require manager approval and proper receipts.

! Documentation requirements

To ensure compliance and audit readiness in Pakistan:

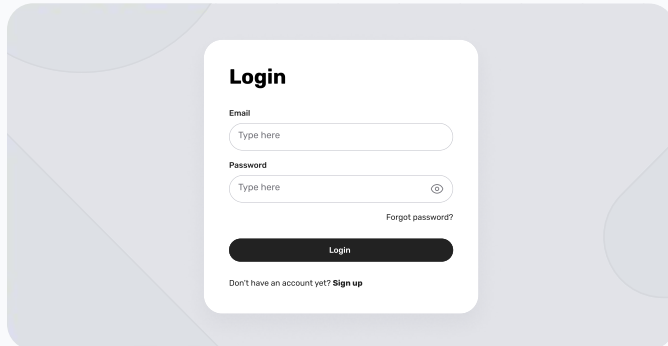
- **Receipts/invoices:** Employees must submit valid receipts for all claims, preferably including the vendor name, date, and amount.
- **Sales tax (STRN):** Pakistan uses sales tax instead of VAT. If applicable, invoices should include the supplier's Sales Tax Registration Number (STRN) and the tax amount.
- **Business purpose:** Each claim must include a brief note explaining the business reason for the expense (e.g., travel or a client meeting).
- **Record-keeping:** Companies generally require receipts and supporting documentation for audit and tax compliance.

Special considerations

- **Non-taxable status:** Expenses reimbursed for legitimate business purposes are generally not included in the employee's taxable income if they comply with documentation rules.
- **Discretionary policy:** Since the law does not mandate specific reimbursement rules, the internal company policy serves as the primary legal guideline for these payments.
- **Audit readiness:** Proper documentation is essential to prevent reimbursements from being reclassified as taxable benefits-in-kind.

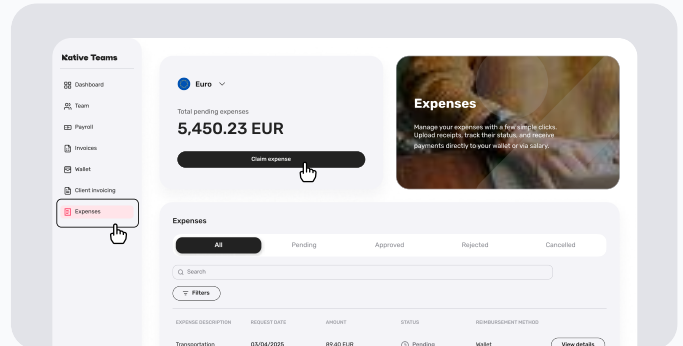
Expense Submission Process

Submitting via **Native Teams** Platform



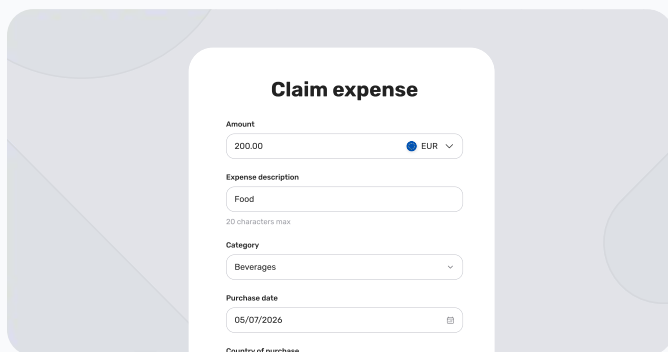
STEP 1

Log in to your Native Teams account.



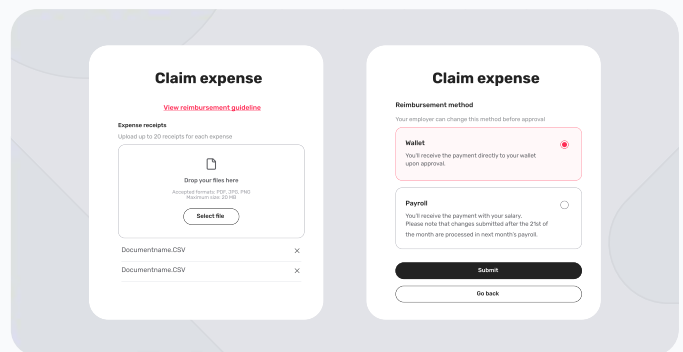
STEP 2

Click on the **Expenses** section on the left side menu and then on the **Claim expense** button.



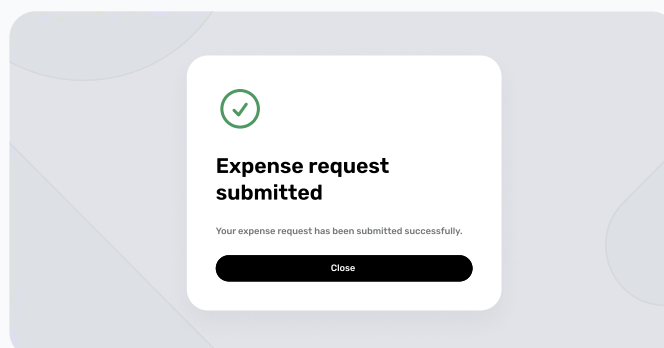
STEP 3

Fill in the required fields for the amount, expense description, category, purchase date, and country of purchase.



STEP 4

Attach a proof and select your reimbursement method: wallet or payroll.



STEP 5

Submit the claim and wait for your employer's approval of the reimbursement.

! Submission deadlines

- All expense claims must be submitted by the **10th of the month** to be processed in the same payroll cycle.
- Claims submitted after the 10th will be included in the following month's payroll.
- If the 10th falls on a weekend or public holiday, the deadline will be brought forward to the previous working day.

Native Teams legal entity - Pakistan



◆ **Entity name:** NATIVE TEAMS (SMC-PRIVATE) LIMITED

◆ **Registration number:** 0247319

◆ **Registered address:** Office No. 7, Ginza Centre, G-7 G 7/2 Blue Area, Islamabad, 44000, Islamabad Urban, Islamabad, Islamabad Capital Territory, Pakistan

Native Teams

For any questions regarding expense reimbursements, please contact
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