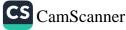
ssay: Tax Evasion in takestan; Keep practicing to bring maturity Jultine in your arguments . Introduction Overvein of the Tax Evasion in Pakistan 9) Defining Tax Evasion 5) History of Tax Evasion 3. Reasons of Tax Evasion in Pakistan 9). Inefficiency of the Tax system 5) Corruption and Lack of Trans parency C). Political Infuence d) Informal Economy 4. Consequences of Tax Evosion in t a). Bugget Deficit b) Undermining Rublic Trust in the Tax System c) Sluggish Economic Growth d) Inequality and Unfair burden Solutions Make proper phrase StrengthEnforcement Mechanism D. Simplifying Tax laws 9 pd Regulations



Tax evasion, the non-compliance of individuals and business to escape taxation, is a major threat to Pakistan's economic stability and growth. Tax evosion refers to all unlawful aits to avoid -laxation. However, In Rikistan's Case, it has become a serious problem. Where there are neveral reasons of tax evasion in Rikslan, including in efficiency of the tex administration, corruption, Political influence and informal economy. As a result, the consequences of tax evasion are far-reaching and severe, which includes the budget deficit, undermining Public trust, Suggish economic growth and infairs tox burdens Despite of the problamelic consequences of tax evasion, implementation of policy reforms such as enforcement mechanism, Simplifying tex laws and regulations, professional training and development, and penaltiess punishment can Significantly help to tackle the issue of tax evasion in Pathestan. In short, Tax evasion is major problem, which has halted ne socio-economic growth of the country. Tax evasion refers to all hose unlawful howbeen adopted by The tax payers, activities whi in order to escape from the tax nel. Every -lo (meet citizen of a country is bound to pay taxes



The expenditures, such as defence public health law and justice, infrastructure end As Grabriel Rucman in his book The missing weath of notion defines, Tax evagin is the illegal practice of the individuals and businesses to shelter we'r income and assels" Moveover, United Royal Commission on the Taxation of profit and income defines Tax evasion as," All Those a cluvitics which are responsible for a person to be paid to the tax authorities." Alence, tax evasion is not limited to few countries, but it is a universal phenomenon That is grelative of region of continent Pakislan has a complex history of Tax tax evasion, which is deeply rooted in Cartilles economic and political landscape los Denjamin Franklin famously remarked," in this word nothing is certain "except death and texes." The origin of laxes are as old as 3000 BC. like texation, tax evagion also has its roots deeply fixed in the history. For instance, the problem of tex was recorded at the Time of ancient tgypt. However, Tax evasion in Pakistan has its own history During Colonial period, tax collection. system in The Subuntinent was after inequitable and in efficient. At the time of independence, in 1947, The lack of clear and effective tax policies had the tox evasion system in the curity. In short, over The decades, the lox evasion problem has not been



There are several reasons of tax evasion in Pakistan. One of leading reason is the inefficiency of the tax adminstration. A skille and professionally competent tax administration is essential for the enforcement of the tax laws. However, in case of Parkistan, There is lack of sufficient resources were available with the tax administration of Pokistan, realing on opportunity for tax evasion without any fear of delection. As Dr. Asim Bashir Khan, a tax policy experts highlightes, "A weak administration leads to signification revenue loss and undermines public trust in the tax systeme However, According to the tax Economic Survey of Pakistan, the tax -to-GIPP satio has remained below logerent for the last many years of is mainly due to The ineffective of the affection tax administration. Hence, experienced and highly traned tax administration is vital to the represent of tax lands. The core I'Kwise, Corruption and back of transporency is another reason of Tax evasion in Pakistan, when, the tax system becomes biased and conjet, trust on the government institutions evodes, incentiviping The tox evosion. The However, Corruption refers to the illegal use of public offices gains in such a way that violate the rules and regulations of the country According to The



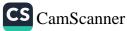
Fransparency International Jakistan ranked 140th out of 180 countries in the conception perception Index This lack of transpurency and accountability leads to inconsistent tox enforcement, and opens the door for tex evagion in Rekistan bribery and many other different techniques. In short, Tax evosion has widening our to convuption and lack of transportency. Similarily, political influence within the tex System is also a major fator contributing to tax evasion in Pakislan ower ful political figures use their influence to protect individual and businesses from the tax mel, leading toward a culture of evasion. In cose of Pakislan, politic leader one supposed to regulate laws, and to help public, but they diligently inferfere in the matless relating to laxes. They for instance, They influence the tax machinery and help individuals to escape from the tax net. Therefore, tax exemption and concession create dispusifies in The tax system by leading to non-compliance and tax evaluation. Moreover, Informal economy bass also fueled tax evasion in Pakistan Informal common refers to the underdocumented or cash based economy where all transactions are underever.



for The tax authorities to trace individual who have made commexcial transactions. However, a very large portion of economic attivities in Pakistan accurs in the informal sector, where transactions are often conducted in cash. small vendors, wedding gifts, unavailabity of tax system in villages and charitable donations are glaring example of informal committees in case of Paristan As slated by the Rek Economic Survey 2012-2023, Pakistap's tax evasion was around Rs. 5.8 tillion on annual bosis for The fiscal year 2022-23, which makes 6.9% of the GDP In conclusions informal aconomy is a major System to avoid Jaxes. While The Consequences of tax evasion in Pakistan are far-reaching and server. The main consequence of tax evosion is the Budgel deficit. The budgel deficit may occur when a country becomes unable to collect . sufficient taxes. Is a result, government losses a big pottion of its revenue, over individual and businesses evade taxes This reduction in revenue leads to a budget deficit where govesometil revenue exceeds its income. As Muhammad Ali Kamal in his report, A fresh Assessment of the tax eversion in Pakishin' highlighter," "Tax eversion leads to an increase in the



, budget deficit, and in turn, forces the tax authorities to increase be tax rates furthers there in absence of lax evasion in Pakistan, The Dalance of the Guntry will be in surplus Moreover, diminishment of public trust in the tax system is another significant result of tax evasion in Pakistan. The discrimination of the tax spon authorities between rich and poor under mines the public trust in the tax system. A genead peaception builds that the authorities are Unable to collect taxes, eventually leading to tax evasion. When taxpuyers see other roading taxes without consequences, they may feel discentivized to comply - bemselves. As a vesult, the legitmacy of the tax system evodes and by undermining public trust. & Furthermore, sluggish economic growth is an-Thes critical consequence of tax evasion in Paketan Tax evosion significantly impact the economic growth of a country As Kamal ip his article cause and consequences of Tax Evasion' highlightes, "When tax evasion increases in an economy, the economic growth decoedies! It is because the government become unable to callect sufficient vevenues to finance public goods such as education, health, sounds and nelwork. Which eventually leads to lower economic growth. In short



Lastly, inequality and unfair burden and also a consequence of tox evosion intakistan Tax evasion significantly lead to economic inequality and places an unfair burdene on the poor and middle class tax purgess. By Inequality In This case, some means the inequal tax builder on poor as composed to the rich For instance, the tax howens with around \$21-32 trillion 12 world financial assels sitting offshore, including Pakistan's \$200 billion plus, undermining developing countries chilitles lo effectively roles tax revenues. This fronther complicate the tax burden on the poor and middle class, leading toward iterane economic inequality and unfair burdon on the masses? Despite of the regative consequences of tax evasion in Pakislon, effective policies can significantly nelp to tackle the problem of evasione of the significant solution to tack/e The problem of evarion is the robust enforce *ment mechanism. The Enforcement mechanism refers to the strengthening of the tax authorities and technotigies responsible for the collection of texes. For instance, Federal Bourd of Revenue, the only tainstitution of Pokistun, responsible to look after the laws and segulations However, There is sense very Pon-Comple ie system existing in the institution itself.



Therfore, implementing Shict enforment prech anism can booast the revenues of state. Secondly, simplification of tax laws and regulation also help to carb the menace of E Evasion in Pakistan. Complex and difficult tax codes often discourge compliance and make It easier for individual and businesses to evade taxes. By Simplifying tax lows, and , thanke The common man to understand to tax laws easily. It also encourages voluntry compliance by making it easier for the tax puyers to understand Their obligations. Additionally, a simplified tax system can also help to reduce corruption within the tax system by limiting powers and opportunities of the tax authorities to manipulate -Cax laws. In short, and simplification of fax lows Can ad s an obstecale to the way evader incentives Thisday, Professional touining and the chapment is emotiver solution to fight tax evalers in Pakisland Equipping dax officials with comprehe sive training programs enchances their stills an modern tex collection techniques this helps to to identify tax evasion cases efficiently. Additional Offering incentives, such as performance vewards Can motivate tax officials to perform Their ducties



diligently and ethicity such measures not only improve the effectiveness of the tax administration but also build trail between taxpujes and The government. Hence, professional training and inentives to the tox officials can significant the lax alletion. help to vaise Finally, penalties also prove to be beneficie for proper tox collection and evasion by the taxpayers in Pakistan. Penalties refers to the charges which will be imposed on a Tax puyer in case of non-compliance. All avound the world, strict penalties are imposed in case people evade tox. The However, in case of Parkistan, the laws have imposed penalties, but The and fax authorities are unable to enforce all penalties. Is the sales Tax Act Such Fax of 1990 clearly states," Any individual who attempt to alter their tax records or evade tax is liable for a prison semilence up to five years. Moreover, according to section 82, any individual who is involved in tax friend or tax scam is liable to pay a minimum of 1000 ruperes up to 200 percent of tax he intended to evade These lows clearly indicate The state instance to put strict penalties in case of prosin Home tox everyin is a major challenge, which can be tackled



a nutshell it can be concluded that tax evolution is a menage that is halted the Socio-economic progress of the ountry Tax evaluion means the Aun-Compliance by netax puyers. However, It has adopted the shape of a quagmire for Pakistan. Tax evasion in Pakistan has its own history. Since independence, This menace has deeply rooted in the Guntry, fax systema blide these are several failors reading to tax evasion in Pakistan, including inefficiency of the tax cominis tration, corruption and political influence Similarily, the results of tax evolion are also far-reaching and severe, induding, budget deficit, sluggish commic growth and unfair tex buildens. Despite of all These Severe depurcussion, effective policing such as proforcount mechanism, simple lax lows and penalties can significantly act as an efficient tool against the menance of tax eversion in Pokistan. In short tax evosion is a serious problem which has surround est Pakstan's economic prosperity and grout

