

Justice and Taxation: Why Wealthy Individuals Should Pay Their Fair Share?

Outline

1. Introduction

Thesis Statement: Justice in taxation brings economic stability, prevents from budgetary strains and debt. Thus, wealthy individuals should pay their fair share to guarantee justice in taxation.

2. Understanding the Concept of Justice and Taxation

Definition by Federal Board of Revenue (FBR)

3. Why wealthy individuals should pay their fair share?

I. Fair taxation increases tax base for more revenue generation

Books: Pakistan Beyond the Crisis State

II - It decreases inflation by removing indirect taxes

Reference: Inflation index of South Korea

III - It can lead to social justice and economic equality

Case study: Chinese model of tax collection

IV - It decreases dependence on external financing and debt

Books: The Wealth of Nations

V - It helps governments get rid of fiscal deficits
Case in point: Singapore's fiscal surplus

VI - It can improve the living standard of masses

Books: Issues in Pakistan's Economy

4 - Why wealthy people are reluctant to pay their due taxes?

I - Lack of transparency and accountability is main cause of undue tax collection

Reference: Economic Survey of Pakistan (2024)

II - Layering of wealth also hinders fair tax collection

Case study: Ponzy Schemes

(III) - Lust of wealth accumulation in elite class impedes justice in taxation

Books: The New Confessions of an Economic Hitman

IV - Presence of complex codes in taxation system also results in unfair tax collection

Case in point: 3 millions ^{of} billioners out of 240 million masses in Pakistan

5. What are the measures to address the issues of fair tax collection?

I. Ensuring robust accountability in tax collecting institutions is essential

Case in point: Reforms in FBR

II. Guaranteeing the inclusion of all sectors in tax-base is imperative

Case in point: Taxing real state sector and private services

III. Ascertaining strong local government system is also essential in this regard

Case study: Chinese local government system

IV. Removing complexities from the taxation process is indispensable in this context

Reference: Digitalized taxation system

V. Inclusive role of economic institutions is quite essential in this context

Books: Why Nations Fail

6. Conclusion



Wealthy individuals use big chunks of country's resources ranging from Land, energy, minerals to Labour force. Therefore, they should pay their fair taxes. Adam Smith writes in his book: "The Wealth of Nations" that 'super-rich class should pay their due taxes for providing public good, justice and sustainable economic growth'. Nevertheless, fair taxation increases tax-base and decreases inflation. Social justice and economic equality can be guaranteed with justice in taxation. Dependence on external financing coupled with fiscal deficits can also be addressed with inclusion of elite class in tax-net. Similarly, payment of fair taxes by wealthy class can improve the living standard of masses. There are multiple reasons behind reluctance of elite class to pay their fair taxes. Lack of transparency and accountability is the main factor of narrow tax-base. Furthermore, layering of money by super-rich class, lust of wealth accumulation and complex taxation process are key factors impeding revenue generation. Some concrete measures are necessary to address the issue of fair tax payment by elite class. Ensuring

robust accountability in taxation along with guaranteeing inclusion of all sectors in tax-net is one of the key steps in this context. Moreover, presence of strong local government system is also essential for fair tax collection. Removal of complex codes from tax system and inclusive role of economic institutions are also major measures in this regard. Justice in taxation brings economic stability, prevents budgetary strains and debt. Thus, wealthy individuals should pay their fair share for justice in taxation.