

# Promotion of Tax culture in Pakistan: perspective, prospects and challenges

## 1) Introduction

Thesis statement: Taxes culture can be promoted in the country by employing different strategies <sup>which are</sup> based on stabilizing the economic outlook of the country. Notwithstanding this, there are many <sup>road</sup> bottlenecks on this path to summit.

## 2) Approaches to promote the tax culture in the country.

(a) Increasing Tax to GDP ratio

(b) Bringing undertaxed sectors under tax net

(c) Documentation of Informal economy

(d) Heavy taxation on health-hazard industries

(e) Taking strict action against smugglers to enlarge the tax avenues for the government

(f) No tolerance for tax evasion

## 3) Prospects of promoting tax culture

(i) Saving the country from fiscal deficit

(ii) Ensuring the country's economic stability

(iii) Reducing the country's balance of

payment crisis

- (iv) Providing it enough financial resources to spend them on improving its civic infrastructure
- (v) Leading to increase in funding for social welfare programs
- (vi) Freedom from multilateral, multilateral and bilateral lending to avert economic bankruptcy.
- vii) Formulation of independent foreign policy.

#### 4) Challenges in the way to promote tax culture in the country

- (a) Lack of government will
- (b) Entrenched feudal feudalism in the politics
- (c) Priority to the vested interests of the ruling elite over national interests
- (d) Widespread smuggling of various goods on <sup>the</sup> border with Iran and Afghanistan
- (e) Unabated corruption in tax collection institutions
- (f) Real state and agriculture sectors: hub of tax-evasion

#### 5) Conclusion.