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Pak-Affairs.

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How can Pakistan reform its tax system to increase revenue collection, reduce reliance on external borrowing, and create a more equitable economic environment?

Answer:-

Introduction:-

In Pakistan, recent years have been showing fluctuations in the economy. Economy of a country mainly depend on tax system. The more reliable, efficient, and effective tax system is, the more the change of equitable economic environment. In order to increase revenue collection, reduce reliance on external borrowing Pakistan had to reform its tax system by adapting different measures like digitalization of tax system, simplifying tax codes, improve monitoring



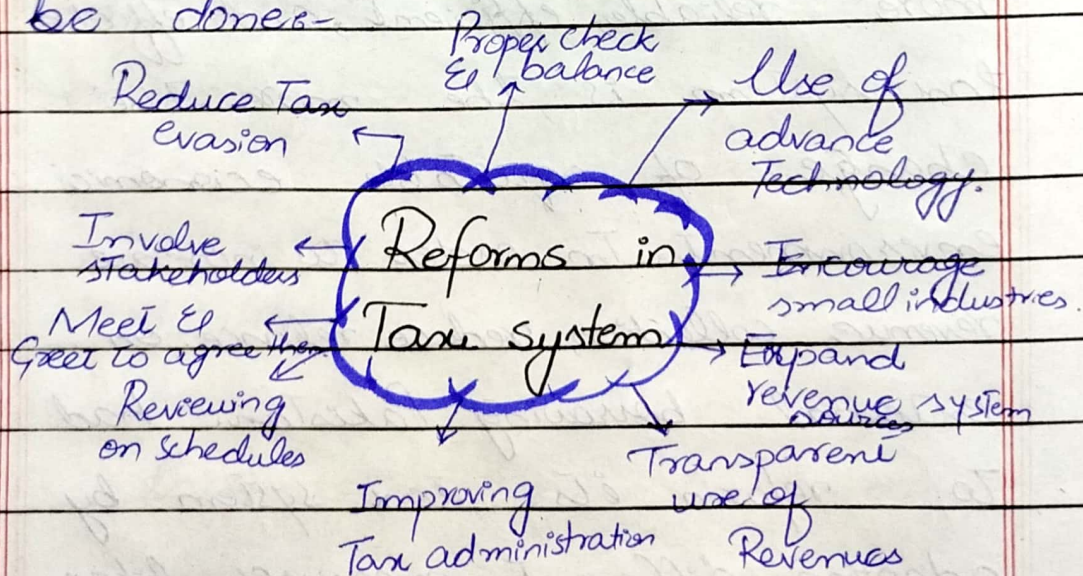
system, engaging stakeholders, and much more.

### Fax systems-

"A tax system of a country is a system that collect, imply, less tax evasion and tax avoidance, keeps check and balance of taxes, etc."

### Reforms in Pakistani Tax Systems-

In order to make Pakistani tax system better, these reforms should be done-





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## Use of Advanced Technology-

This is one of the best ways in order to have transparency. Tax system should use proper and advance technical system, with big servers that have data on them.

Point of Sale (POS) should be directly attached with FBR in order to have transparency. These POS can be installed on all industries, hospitals, agriculture sector, etc.

## Proper Check & Balances-

System should be fair and work properly. There should be no corruption. Pakistan is the only country that has the system of filer and non-filer. These things should be removed from the system. Every action should be monitor.

## Reduce Tax Evasions-



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Tax evasion is a common issue in Pakistan. People take it as usual and does not feel what they had done to the country. Tax evasion should be avoided or eradicated from the system to make system run properly.

## Meet & Greet (Public Awareness)

There should be public awareness programs through different mediums from where people could get knowledge about tax and its impact on country's economy. In this aspect, Media can play a vast role.

## Reviewing Progress-

Taxing system should be properly monitored. It should be properly checked by administration. Formal reports should be



made that could help knowing what's going on.

## Improving Tax Administration-

- Tax administration should be properly trained. They should know countries condition so they can manage it easily.
- Administration should be divided in smaller units so it can be manage easily.
- They should know how to use new technology.

## Transparent Use of Revenues-

Tax system should not just collect revenue or find the ways to collect it but it should also assure that the revenue should be spent on the real thing. They should regulate revenue collection and its expenditure.

## Expand Revenue Resources-

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Tax system administration should expand revenue generating resources so Pakistan can overcome its lean and economy crisis like:

- Adding non-filers to filers.
- Encouraging small industries to pay tax.
- Encourage foreign-countries Pakistan to pay tax.
- Make tax system easy and simple.
- Encourage Big stakeholders to pay tax.
- Less taxing on basic needs of people thus, people feel less inflation and encouraged to pay tax.

## Conclusions-

In a nutshell, reforms to the tax system of Pakistan like e-revenue generation and expenditure, digitalizing, tax evasion lessen, betterment in tax administration can make Pakistan increase equitable economic environment.