



Lead Partners



An Equitable Tax System
For a
Educated, Healthier & Prosperous Pakistan



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Policy Asks

BY 2019 TAX JUSTICE COALITION CALLS FOR:

- 1. Establishment of Tax Reform Commission to address inequality:**
Under the ambit of Ministry of Finance, creation of high powered Tax Reforms Public Commission charged with rationalising the direct and indirect taxes, abolishment of pro rich exemption/SROs, and streamlining the tax administration and management. Develop linkages between the committees and various sub committees of parliament inter alia with members of the civil society to expose the use of tax heavens to consumer and give them ways to put direct pressure on companies to reform.
- 2. Due tax share payment by Trans/Multinational:**
 - A) Delineation of standards for the assessment of fair share of tax by the multinational with the government committing any tax avoidance and evasion by Trans/Multinational.
 - B) Regional agreements need to be reviewed to end tax competition.
- 3. Progressive Income and corporation tax:**
Government should embark upon progressive income and corporation taxes for subsequent enforcement- a system in which the rich are liable to pay higher rates of taxes while everyone else pays tax as per their means. Indeed, need to overhaul the whole taxation system and revert to progressive lines. Minimum threshold should be 1million.
- 4. Increasing national wealth tax:**
Capital gain tax on national stock exchange dividends and rates of wealth taxes should be increased rationally.
- 5. Doing away with General Sales Tax :**
Phased abolishment of general sales tax to Zero rate - a discriminatory indirect tax shifting the burden from unaffordable to affordable by ending the tax heavens.
- 6. Consumer price basket:**
The consumer price basket containing 487 items should be escalated to include rationally items based on an in depth exploratory survey results. Indeed, the items in the basket will remain exempted from import duties and surcharges.
- 7. Setting a National Minimum income/wage guarantee level: under the concept of social welfare state**
The level be explored for national minimum income/wage through an establishment of national wage council that should maintain income security, reducing the burden of unpaid care work of women and complement social protection.
- 8. Percentage increase for education, health and social development**
Increasing tax revenues must be used to raise public spending on sectors education, health and safety Net which is in the tune of 5% of the GDP on education, 7 % on health and two fold then current level of GDP for safety Net.

Pakistan fair tax movement to even it up

Pro-rich exemptions/SRO cause 600 billion rupees in revenue losses every year; A very narrow tax base of Rs. 2300 billion; and a greater chunk of 68% coming from indirect taxes remains to be the major contributors for socio- economic inequality and rising poverty in Pakistan. Bonafide 52 million income earners are out of tax net which warrants immediate broadening of the tax base. General sales tax indiscriminately being applied to all sections of society; whereas the fabric of the society contains more than 43 Million living under poverty line and another 45 Million living at threshold level. Poor social indicators: 25 Million children out of school; 4 \$ spending on health per person against UN recommended 45 \$; 35 million people are undernourished; more than half of Pakistani population don't have access to toilets; about 11% don't have access to improved drinking water sources. The power to change is in people's hand, government need to be pushed into action by the citizens who elect them, to rather stop serving mostly the rich elites; the prevailing regressive taxation needs transformation into progressive tax system.

The democratic government must remove the disparities causing inequality.