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From Evasion to Compliance: Addressing the Systemic Roots of Pakistan's Taxation Crisis

Misbah Ashraf
Department of Law, Dadabhoy Institute of Higher Education, Pakistan, misbahashraf996@gmail.com

Dr. Tansif Ur Rehman
Department of Law, Dadabhoy Institute of Higher Education, Pakistan, tansif@live.com

Bisma Fatima
Department of Law, Dadabhoy Institute of Higher Education, Pakistan, bismafatima23@gmail.com

Abstract
The informal economy creates significant difficulties for Pakistan's fiscal and monetary policies, with tax avoidance and evasion resulting in budget deficits. This research points out that in balance of lacking in collecting tax, Government accounts potentially were balanced or favorable, decreasing the need for loan intake. Tax evasion increased swiftly from 2022 to 2024, notably impacting fiscal inflows. Six primary reasons are listed: misuse of state money, tax resistance mindset, dishonest tax officials, excessive and numerous tax rates, complicated tax structure, and tax amnesties, meaning revenue Pardon scheme. To confront these problems, this study recommends encouraging social norms, maintaining lawfulness in Government bodies, and boosting media support for information campaigns and lawful tax behavior. Systematic changes, such as progressive taxation, the execution of the Sale tax, and the improvement of tax-gathering methods, are also suggested. Although there are some weaknesses in reflectiveness, the outcomes present an essential understanding for decision-makers who work toward improving tax compliance and maintaining budgetary steadiness.

Keywords: Fiscal Policy, Informal Economy, Pakistan, Tax Avoidance, Tax Evasion

Introduction
The budgets in Pakistan are negatively affected by the informal economy, owing to income from tax evasion and avoidance being much lower (Shair et al., 2023). Researchers disagree on what causes more people to obey taxes, but it's important to note that tax rules alone are not enough to bring about civic confidence. Rehman et al. (2024) said that poor tax regulation and administrative flaws make possible for tax evasion, making regulatory updates essential for durability. Fraud, financial gap, and poor leadership further aggravate tax evasion, complicating budget administration (Baig et al., 2023). The corruption lowers taxpayer confidence, leading to a widespread failure to comply and violations. Khan (2023) said that repeated tax amnesties encourage evasion by allowing individuals to validate unreported income and wealth without penalties. Enhancing tax administration, increasing responsibility, and implementing ethical safeguards are crucial for restoring reliance and improving cooperation (Bukhari & Haq, 2021).
Pakistan's tax system is confusing; its rates are progressive, and problems with how it operates also discourage people from paying their taxes. Ahmed et al. (2025) point out that overly strict and unclear rules lead people to choose unofficial transactions. Latif et al. (2023) advised that loosening the rules for taxes and increasing the population of taxpayers would likely lead to enhanced compliance. Idrus (2024) finds that using tax money for practical development projects helps win the public's trust in their taxes. If these improvements are made, Pakistan's budgetary position will improve, borrowing from international organizations will fall, and taxes will continue to be practical (Rehman et al., 2024).

Research Justification
Tax evasion and avoidance cause Pakistan's economy to weaken as less public income is collected, financial problems arise, and Government systems cannot work as well. Regardless of several fiscal updates, Brazil still has issues with low tax-to-GDP because the system is unproductive, rules are not effective, and corruption is common. Understanding the cause behind tax evasion is essential for government officials to develop a framework that enhances compliance and tax

gathering. This study analyzes tax evasion from both taxpayers' and tax collectors' viewpoints, identifying key systematic flaws within Pakistan's tax structure.

It seeks to clarify matters like operational problems, bribery, and difficult fiscal policies when measuring how not obeying the rules can lead to a wider income gap, imbalanced markets, and a rise in international debt. These barriers need several changes to guard administration, make laws more straightforward to understand, and tighten control. The outcomes will support policymakers, the Revenue Department, and development economist planners in devising research-backed plans to enhance tax management and self-motivated adherence. By providing an understanding of the informal economy's role, this research contributes to the broader educational discussion on the imposition of taxes in emerging markets, particularly in South Asia. Enhancing tax control and encouraging openness are crucial steps toward achieving budgetary balance and long-term development.

Research Methodology

This study employed a systematic review methodology, with research objectives established. A comprehensive literature review was conducted. Research findings were categorized based on the content; classified information was incorporated into the study by organizing it into headings. The evaluation of classified information and titles formed the basis of the study, ensuring the integrity of the research subject and its contents. The criteria for selection are enlisted.

1. Relevance: Researches that directly addressed the questions posed by this study are included.
2. Quality: Studies that meet a certain quality threshold (e.g., methodological rigor, bias risk) are included. Most of the research is from Scopus-indexed and Clarivate Analytics journals and reputed publishers.
3. Recency: Consideration of the publication date to ensure that the review reflects the most current evidence. Most of the studies are from the last three years.
4. Language: Only studies published in English are included.
5. Data Completeness: Previous studies must provide sufficient data on outcomes of interest for practical synthesis; it is also ensured in this research.

This study did not use primary data from human participants; therefore, no ethics clearance letter from the ethics committee was required.

Literature Review

According to Bukhari and Haq (2021), both tax evasion and tax avoidance have essential effects on the economy, how taxes are managed, and how the government is run (Picciotto & Berne, 2023; Lazarov, 2022). The weak regulations in many developing countries cause tax evasion to continue well (Nimer et al., 2025). Businesses and wealthy taxpayers are still using the same legal loopholes. The tax-avoiding companies are more common when audits are not sufficient, according to Khuong et al. (2020), resulting in both unlawful practices and shortfalls in fiscal resources. To make compliance stronger, we should make administrative rules more transparent and more straightforward to follow. Ali et al. (2024) say that how a firm holds its shares may either keep them in compliance with tax rules or encourage officials to bring in stricter regulations.

Addressing these administrative problems is fundamental to ensuring a functional tax mechanism. The bribery and procedural delays further intensify tax evasion, reducing trust in the tax department (Baig et al., 2023). The State Bank of Pakistan (2021-2024) highlights that inconsistent taxation reduces compliance, particularly in the informal sector. Illegal payments are a primary reason for tax avoidance, as businesses often bribe government officers to lower obligations (Avom et al., 2025). The Pakistan Tax Ban Report (2021-2024) emphasizes that officials dysfunction creates unnecessary difficulties in tax compliance (Hasan et al., 2024)

Abbasi et al. (2024) suggest that tax schemes among countries help businesses dodge tax laws, which increases issues related to global tax avoidance. Using digitalized systems and better monitoring tools to stop fraud might earn trust among the public and help collect more taxes. Ariyibi et al. (2024) state that installing an AI-based fraud detection system in the tax sector is very effective in overcoming the problem of tax evasion. Tax evasion creates serious problems for the financial situation and means businesses cannot plan their budgets with confidence. The country does not collect enough tax revenue, which stops the government from spending enough funds (Malik & Meraj, 2024).

Kramarova (2021) highlights that international tax planning techniques allow corporations to transfer earnings to tax havens, exacerbating the earning shortfalls. The Pakistan's informal economy continues to grow, further overburdening public funds. Certain countries have achieved a lower rate of tax evasion due to changes in indirect taxes and using automated systems for compliance (Khuong et al., 2020); better balance in the economy can be achieved by putting in stricter controls and better policy techniques. Malik and Meraj (2024) highlight that digital reforms reduce the need for humans and make dealing with tax matters less complicated, which aids in stopping tax evasion and avoidance.

According to Hidayat and Defitri (2024), such a plan should work on cutting down the difficulty of taxes, increasing the quality of laws, and adopting innovative technology (Ahmed et al., 2025). It wants to carry out the digitalization of tax collection systems in Pakistan to enjoy fewer chances of fraud and human involvement. Each firm's ownership structure is an essential factor in avoiding taxes, and countries that use blockchain for their tax systems have enjoyed increased compliance (Owusu et al., 2024). If companies and government agencies both visit sites and monitor them, it becomes easier to teach people about taxes and help prevent evasion. These points indicate that Pakistan should use automation to oversee tax collection, increase punishments for tax evasion, and motivate corporations to be more transparent (Hasan et al., 2024).

Historical Context of Tax Evasion and Avoidance in Pakistan

For many years, avoiding and evading taxes has weakened Pakistan's finances and destabilized the economy. In developing countries, problems with enforcement and institution efficiency reduce the collection of taxes (Lazarov, 2022; Picciotto & Berne, 2023). Because Pakistan began with a tax system designed for colonies rather than for growth, many individuals and companies were able to use legal ways to pay less tax (Frankema & Van Waijenburg, 2022). All these reasons help explain why Pakistan's tax gap refuses to close (Khan, 2023).

From The 1960s to the 1990s, Pakistan's informal sector increased because the government was not strong, and the country's money became tied to dollars (Jehan & Khan, 2024). Such plans to regularize hidden wealth often caused more people to dodge their taxes. Adding to these problems were cases of bribery and inconsistent inspections. Even the introduction of the Income Tax Ordinance in 2001 did not erase all the concerns (Latif et al., 2023). Increasing the transparency of taxes and acting against unfair taxation are both necessary for better compliance in the country. By having fair taxes and investing further in projects, trust with the public increases, which also inspires better compliance (Naslia & Yulianti, 2024).

Theoretical Context of Tax Avoidance and Tax Evasion in Pakistan

The strength of the economy, government offerings, and community infrastructure rely on taxation. Yet, avoiding and evading taxes are significant problems in Pakistan because there are weak laws, less enforcement, and not enough people following the rules. Reducing responsibilities that the ordinance allows is reached by making use of special allowances added to the Income Tax Ordinance, 2001.

But underreporting income or making fake documents is illegal, and yet this crime persists because of the influence of corruption, delays by the government, and politics.

Adam Smith and other international standards, such as those of fairness and efficiency, are followed by Pakistan. Yet, when regulations are not carried out the right way, their positive impact can be very low. To achieve sustainable economic growth, we need stricter rules, more effective enforcement, and a growing sense of duty to comply with taxes.

Leading Taxation Laws in Pakistan

Even with many laws targeting tax evasion and avoidance, it isn't easy to put them into practice. Although the primary goal of the Income Tax was to address tax avoidance by enterprises and individuals, its lack of effective enforcement lets them enjoy such an ambiguous tax system. The situation was much like with the customs authority, as the government believed that the Sales Tax Act of 1990 and the Federal Excise Act of 2005 were not effective enough and that surveillance was not strict enough to reduce evasion. Companies choose tax havens and practice profit shifting mainly because it is too difficult to obey the rules and the tax is too high.

In addition, a lack of resources and strong leaders in government obstruct efforts to apply the rules. Official corruption in tax bureaucracy reduces the odds that governments can identify anyone avoiding taxes. Today's tax reforms allow companies to make use of legal uncertainties. It is because of the weak rules that illegal businesses still hurt Pakistan. Their approaches to these schemes have often encouraged people to avoid paying taxes since many expect a pardon. The fact that tax law violators are not heavily penalized results from inadequate enforcement. It's essential to make the system transparent, equally use digital tax tools, and make sure everyone gets punished to help reduce evasion and improve compliance.

Analysis of Leading Laws Governing Taxation in Pakistan

A range of sources in Pakistan promulgates tax regulations to control collections, prevent evasion, lessen tax avoidance, how pay taxes and give laws for assessing and applying penalties. On the other hand, evasion and avoidance of taxes continue since the rules are sometimes not completely used. Most of the rules governing income tax in Pakistan come from the Income Tax Ordinance of 2001. It shows what parts of your earnings are taxable, lists deductions you're allowed, and explains what happens if you disobey the rules.

While Section 108 references tax evasion, tax dodging (avoidance) is covered by Section 109, and both are penalized according to these sections. The law gives the Federal Board of Revenue permission to examine people suspected of misreporting their income. If you have no record keeping or register late, or your invoices are not correct or provided with false data, the Sales Tax Act of 1990 will issue penalties.

Explanation of Tax Avoidance and Tax Evasion under the Income Tax Ordinance, 2001 (Pakistan)

Employees may use legal ways to avoid taxes. People who avoid taxing use the law to get themselves out of paying as much tax as they legally should. Still, many see it as an unfair action it is because it cuts government.

Essential Points of the Income Tax Ordinance, 2001

- Section 108: Makes it more challenging for companies to shift their profits by using fake or unfair transactions.
- Under Section 109, the Federal Board of Revenue (FBR) can avoid taking tax breaks from contrived tax avoidance schemes.

Ways Tax Avoidance Works in Pakistan

- International Shift: Profits for a multinational book company go to a low-tax country instead of Pakistan.
- Making Exemptions & Incentives Work: Setting up deals to be eligible for tax breaks.
- Get your income later so that your tax bill drops.

Tax evasion is known as a legal offense with penalties for those found guilty.

The Act of tax evasion is trying to avoid taxes by hiding information from officials. It is considered a crime under the Income Tax Ordinance of 2001.

Important Sections of the Income Tax Ordinance, 2001

is Tax avoidance made controllable by FBR under Section 111.

- Section 192 makes it a crime to submit false financial statements.
- Section 114: Takes the option to fine people who fail to file their taxes.

Situations of Tax Evasion in Pakistan

- A shopkeeper with a PKR 5 million income only admits to earning PKR 2 million.
- Businesses use bogus companies to produce fake invoices for stealing tax refunds.
- Businesses prefer to operate in cash to avoid paying taxes.

The Results of Tax Evasion

- Loss of assets and severe penalties.
- FBR can freeze accounts held at banks. It includes charges that could lead to being imprisoned for up to five years.
- Restricting a business from obtaining contracts or getting access to loans.

Key Differences between Tax Avoidance and Tax Evasion

Factor	Avoiding Taxes Avoiding Paying Taxes.	Tax Evasion.
Legality	It's not illegal, but the law doesn't favor it.	It is both illegal and punishable.
Method	Using errors in the law.	Trying to hide income and the paperwork related to it.
Examples	By employing tax havens and using many deductions.	Failing to report all your profits and issuing invoices that are not real.
Penalty	Challenging reports and decreasing a company's reputation, Kann.	Fines, taking away assets, and putting someone in goal.
FBR's Action	May avoid desirable situations.	They are allowed to punish and take criminal actions.

Examples of Corporations Try to Evade Taxes:

Fake Sales Tax Refunds

- In 2021, FBR found that PKR 5 billion had been taken by fake invoices used to claim tax refunds. Organizations are put on watch lists, accounts are frozen, and arrests are carried out.

Tax avoidance may be lawful, but it leads to a reduction in government earnings, unlike tax evasion, which carries significant penalties as per Pakistani tax rules. More vigorous enforcement, easier tax laws, and more transparency are key to bringing down both. Helping people pay their taxes online and informing those about it can support the creation of a tax-compliant community.

Comparative Analysis of Tax Evasion and Avoidance: USA, China, and Pakistan

1. United States

When it comes to taxation, the United States is well organized and charges a higher proportion of taxes against GDP than many developing economies. The IRS uses modern technology, solid laws, and strict penalties to help prevent individuals from evading taxes. Taxes are enforced with the help of data tools, online resources, and reports sent by third parties to spot hidden income and fraud, according to data from the.

Still, tax avoidance is a significant problem, as many large corporations use available flaws in tax legislation. Companies such as Apple and Amazon reduce the taxes they must pay by moving their profits to offshore countries. With the help of complicated financial tools and companies in low-tax countries, companies can cut their taxable income, usually in a way that the IRS cannot catch. Still, the USA has effective enforcement that helps halt significant tax evasion by firms and people.

2. China

During the past few decades, China has succeeded in improving its tax enforcement. Being under centralized control by STA, the administration now imposes more regulations, monitors things digitally, and acts harshly against deceptive invoicing fraud. Electronic filing of taxes and the ability to track every transaction have been added by Chinese officials, helping to control tax evasion.

Even so, small businesses and wealthy people in the informal sector persistently evade taxes by hiding their assets. In the past, many large companies working in China have found ways to reduce their tax liabilities. Therefore, China's government has put in place stricter rules on transfer pricing and is more closely examining offshore business activities. In several areas, there is still corruption and weak supervision, which result in the non-compliance of some citizens with taxes.

3. Pakistan

Due to poor enforcement, widespread corruption, and problems in the tax system, Pakistan fights serious problems with tax evasion and avoidance. Canada's tax-to-GDP ratio is one of the lowest globally because a big part of the economy is informal. Many organizations and wealthy people avoid paying taxes by finding ways around regulations, participating in amnesty, and avoiding close monitoring.

Because of inefficient administration, outside influence, and a lack of new technology, the FBR makes it easier for people to dodge taxes. In addition, the practice of wealthy businesses and feudal groups avoiding paying taxes negatively affects government income. Unlike in the USA and China, Pakistan does not have as strong a way to enforce tax laws or cheque compliance. Because penalties are not substantial and tracking with technology is poor, tax evasion has continued to spread.

The scale of tax evasion and avoidance is similar in all three nations, but enforcement actions differ in their strong- and weak points.

Factor	United States	China	Pakistan
Tax Enforcement	More aggressiveness from the IRS in tracking and sanctioning activities	A network-linked system that offers instant monitoring and supports tax enforcement	Inadequate enforcement resulting from corruption and inefficiencies
Tax Avoidance	Offshore tax havens and profit shifting are tools big organizations often rely on.	The government is putting more rules in place for multinationals.	Elites take advantage of every loophole and exception available to them
Tax Evasion	Because of strict punishment, such business deals are rare among official companies.	Having so much activity happen informally and in hiding is still a problem.	Widespread mainly because there is weak leadership and a large informal economy.

Factor	United States	China	Pakistan
Technology in Taxation	Advanced ways to file documents electronically, use AI to check for problems, and use other parties to provide feedback.	It involves watching transactions take place digitally, as well as online filing and tracking them as they're made.	The challenges of using just a few tools and old ways to collect taxes

Although the United States has a complex tax structure, it faces difficulties with corporate evasion. While there has been better enforcement by China, some informal areas continue to see evasion. Tax evasion happens a lot in Pakistan, mainly caused by a weak government, corruption, and unsuccessful policies. Pakistan needs to make its tax system more secure, more open, and stricter in penalizing those who break tax rules.

Key Challenges Regarding Tax Avoidance and Tax Evasion in Pakistan

1. **A Few Sources:** Taxes depend on only a few sources, and the total amount of taxes, compared to GDP, is relatively low. Pakistan's low ratio of tax to GDP is caused by a small base of taxpayers, much evasion, and weak ways to enforce tax laws. The budgets focused on raising taxes for salaried workers instead of introducing essential reforms that made tax avoidance more common. Adding a tax on agriculture and real estate may help the government earn greater revenue.
2. **A Complicated Tax System:** Regular changes in laws, multiple taxes, and problems in smooth administration stop many people from complying. Procedures used to collect taxes are old and not well-automatized in the FBR, making it harder to enforce and causing avenues for avoiding taxes. Tax procedures should be simplified, and using digital collection methods may make things more effective.
3. **Political Dissent and Influential Interest Groups:** Those who avoid paying taxes through exemptions oppose reform, which weakens the level of trust in the tax system. For compliance to improve, taxation needs a clear system that limits arbitrary decisions and keeps everyone more accountable.
4. **IMF Intervention:** In June 2023, Pakistan obtained a three-billion-dollar IMF loan, and according to the terms, tax income should rise, and any tax forgiveness schemes should be abolished. Yet, problems in society and politics have stopped these changes from advancing.
5. **People's Views on Inflation:** Because of high inflation, many people are avoiding paying their taxes. Because taxpayers think revenues are not managed well, fewer people are willing to comply with taxes voluntarily. Improving transparent practices and the quality of public services will help restore public trust and raise more taxes.

Opportunities for Minimizing Tax Avoidance and Evasion in Pakistan

1. **Digital Transformation and Automation:** Automated tax collection processes help to reduce evasion because they make everything more open and use fewer human hands. If we increase e-filing, include AI in fraud detection, and offer practical digital payment methods, compliance could be improved. Bringing together tax data, banking information, and digital invoicing will assist in finding tax evaders.
2. **Increasing the Group of Taxpayers:** The country's low taxes as a percentage of its GDP call for including most of the informal economy in the tax system. Giving incentives to small businesses, offering lower taxes to new companies, and taxing sectors, including agriculture and real estate, can raise taxes while lessening the financial stress on already-paying taxpayers.
3. **Working to Keep Tax Laws Easy to Understand:** When taxes are hard to understand, fewer people obey them. If tax laws are made simpler, fewer exemptions are granted, and one tax system applies to all, loopholes and tricks will be avoided. Telling people about tax benefits through public campaigns can boost the level of compliance.
4. **Supporting International Cooperation:** One way to stop offshore tax evasion is for Pakistan to join in on the transparent efforts of bodies like the OECD. When we sign strong agreements with international institutions and nearby nations, we can better manage illicit financial flows.
5. **Strengthening Enforcement and Minimizing Corruption:** Working to reduce corruption, increase FBR accountability, and create positions independent of the government. Defective enforcement and corruption can make it possible for people to dodge paying taxes. They can work to make sure more information becomes known to the public.

Discussion

Tax avoidance and evasion are still significant problems in Pakistan; they negatively impact the budget and the economic situation. The lack of taxable income from the informal sector and inadequate tax enforcement keep the country from increasing revenue, so it must borrow money outside its borders. Whereas tax evasion involves fake documents, tax avoidance uses legal tricks, and either way, government money meant for public work and infrastructure is lost. The country's complicated tax system makes taxpayers less likely to comply. Because costs are very high and administration is not reliable, individuals and businesses may participate in activities that do not follow official rules. When tax authorities are corrupt, it's harder for them to do their jobs, and amnesties encourage people to hide their income from the government.

Higher education can still benefit from several reform opportunities. The use of technology, such as automated taxes and instant financial tracking, helps make tax administration and evasion prevention more open. Extending the reach of taxes to include informal businesses, providing tax incentives for new companies, and adding taxation of sectors currently untaxed, such as agriculture and real estate, can help raise government funds. If tax laws are simpler and people know how important it is to obey, they are more likely to observe and follow them. If two countries partner, they are better able to locate offshore tax evaders. If authorities become more effective, corruption diminishes, and penalties are harsher, taxpayers will be more likely to follow the rules.

Making significant changes in rules, boosting technology, and strengthening enforcement can help countries get more revenue, cut budget deficits, and keep their economies stable. Supporting the economy in the long run requires Pakistan to have a fair and transparent system for collecting taxes.

Conclusion

Economic stability in Pakistan is threatened by tax avoidance and evasion, which reduce the amount the government earns and increase government debt. Because the tax system is complicated, rates are high, enforcement is weak, and corruption occurs, many citizens do not comply with taxes. As a result, Pakistan's tax collection is not high, so the government must borrow from abroad to cover its budget costs. Pakistan needs to solve these problems by simplifying taxes, using technology to collect them, and increasing enforcement measures. We must focus on improving transparency, stopping tax amnesties, and widening the tax base. Improving how the public feels about governance with campaigns can bring in more taxes without having to enforce rules. It is essential to use policies, oversee tax collection efficiently, and boost accountability to avoid tax evasion and avoidance. Nationwide, well-planned tax reforms will push up revenue and also make public administration excellent and economically secure.

Recommendations

1. Reorganize tax legislation to make it easier for residents to obey and file their taxes.
2. Toughen penalties – Apply more serious consequences for people avoiding taxes to encourage everyone to obey the law.
3. Run tax collection through AI and allow filing over the Internet to enhance transparency and reduce slow processes.
4. Eliminate chances for pardon, which only leads people to avoid their taxes.
5. Collecting taxes from people who work 'under the table' and the wealthy will help increase your revenue.
6. Make transparency better – Ensure tax agencies are properly accountable to prevent corruption.
7. Getting the word out – Allow citizens to learn more about how taxes assist in the growth of the country.
8. Lowering tax rates – Bring tax rates into line so more people pay, and there is more money to invest.
9. Urge individuals to follow the rules – Reward taxpayers by offering them rebates.
10. Collaborate worldwide – Take action together to stop tax evasion in offshore accounts.

Research Limitations

A number of issues limit how much this study's results can apply to broad populations. First, most of its application is to the laws surrounding tax avoidance and evasion in Pakistan, which are not likely to work in other countries. Besides, the study depends on data that is already collected; such data can be biased or out of date, which might reduce the study's accuracy. Because primary data is not available from taxpayers, tax authorities, and business owners, the understanding of tax compliance is not as detailed. In addition, the study does not cover some economic sectors, mainly the informal economy, as it significantly contributes to tax evasion. Also, if the government's policies and the economy change rapidly, the study's conclusions could lose their importance over time. Future studies should involve many types of information and examine different countries to gain a better view of tax evasion and avoidance.

Research Implications

Findings from this study could be beneficial for policymakers, tax authorities, and economists. Stricter policing of taxes will help collect more funds and rely less on loans, which means a better financial position for the country. People will trust tax authorities when corruption is handled, rules are made easier, and businesses are prompted to follow tax laws. It looks to make tax information available, as this helps deal with problems related to tax avoidance. Digital means also help by enhancing tax collection and raising the total number of taxpayers. To bring people and businesses into official economic activities, it helps to provide reasons and evidence that complying has its benefits. Dealing with these issues allows Pakistan to improve its economy and get tax contributions closer to GDP. Being able to change policies as the economy changes will lead to the long-term success of tax policies.

Future Research Directions

It is essential to study tax compliance changes by using information gathered from those involved in setting and paying taxes. A joint study of Pakistan and other nations may result in good guidance for managing and creating tax policies. Besides, understanding the effects of technology and artificial intelligence on taxes can give us ideas on how to boost efficiency and prevent fraud. It is necessary to see how much the government generates now that tax laws have been modified. The study of how non-formal sectors avoid paying taxes and how rules can be put in place to join them into the official tax system is also critical. Lastly, research that can track how tax policies have changed from political and economic shifts would give a better view of the challenges and opportunities in Pakistan's tax system.

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