



"A Casestudy of Value-Added Tax (VAT) in Pakistan"

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“ Dedication ”

We would like to dedicate this study to
my instructor who has guided us in
every step of the
way

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Abstract

From the independence of Pakistan till date the Tax system has gone through a number of enactments, acts and continuous reforms to cater the needs of the ruling parties. The system is so rigorous that it deems of a complete turnaround of all sorts. The collection of taxes is autonomous giving the officials so much authority to alter the tax returns for favors in return. The corruption is prevalent, narrow base only the poor give taxes; rich taxes are exempt or out of the bounds of taxation, so many people evade taxes by all means. Pakistan loses billions due to Federal Board of Revenue's inability and inefficiency.

This study focuses on the issues that prevail in the current taxation, direct as well as indirect and propose a system that helps in generating more revenue and extending the tax base which is currently very low and the Tax to GDP performance of Pakistan which is low in the region.

The enactment of Value Added Tax will help generate Govt. revenues and more importantly its easy and transparent system will help to medicate the loopholes that exist in current system. VAT is a success in 136 countries worldwide and most of our neighboring countries have enacted VAT to increase their efficiency and performance. However, Govt. needs to educate people of the benefits of applying VAT and its impact on the recessionary economy in the long run.

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Chapter 1: Introduction