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How to Broaden the Tax Base of the Excise and Taxation Department in Punjab

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Abstract

Broadening the tax base is crucial for ensuring fiscal sustainability in Punjab, where the Excise and Taxation Department manages key levies, including Property Tax, Motor Vehicles Tax, and Professional Tax, which collectively generate over 45% of the department's total revenue. Despite digitization efforts—such as the computerization of the motor taxation system since 2007 and the property tax system since 2014—Punjab still collects only 40–50% of the potential property tax revenue due to outdated rental values, widespread exemptions, and unassessed units despite technological interventions like self-assessment of property units and imposition of DC rates. For instance, over 1.9 million, which is 30% of total urban property units, remain either under-assessed or exempt, eroding the revenue base by an estimated PKR 50 billion annually. Drawing on governance theory, the study combines recent tax collection trends, focused group discussions, semi-structured interviews with more than 30 key officials belonging to South Punjab, North Punjab and Central Punjab, document analysis. Comparative insights from India and Bangladesh show that digitization and public awareness campaigns can raise compliance by 15–20%, potentially adding billions to Punjab's revenue. It also highlights how the lack of updated GIS mapping since 2013 has limited tax base expansion by failing to incorporate 15-20% of new properties each year. To address these gaps, the paper recommends strict enforcement of DC rate-based property valuations introduced in 2025, linking GIS with Urban immovable property tax (UIPT) systems to detect untaxed units in real time. Adopting advanced digital platforms for 100% e-payments, especially in remote districts and interdepartmental integration (PRA, PLRA, BoR and Finance), rationalization of exemptions, digital detection of unassessed/underassessed units in circles, zones, districts, division and all over Punjab. The findings emphasize that a broadened tax base could boost Punjab's own-source revenue significantly, ensuring sustainable growth and better service delivery.

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Keywords: taxation, revenue, Punjab, excise

Introduction

Expanding the tax base is a critical priority for Excise and Taxation to achieve fiscal stability in Punjab (Pasha et al., 2025). The Excise and Taxation Department, responsible for the collection of various levies, is confronting the longstanding challenges that hinder its ability to broaden the tax net effectively. The option to broaden through inclusion of more levies is diminished (Malik et al., 2025). The only option left with this department right now is to change the rate of taxes and focus approach to manage tax affairs fairly and timely. These challenges include pervasive tax evasion, insufficient enforcement mechanisms, and outdated administrative practices. Consequently, the government struggles to generate sufficient revenue through exploring more venues/sources. Although multiple reforms have been introduced over the years, systemic inefficiencies, a lack of technological integration, and low public trust in tax authorities continue to undermine progress in tax administration (Hanif, 2025; Khan, 2024).

Global and regional experiences provide valuable insights into overcoming these challenges. Effective strategies for tax base expansion include adopting advanced technologies for efficient tax collection, implementing widespread public awareness campaigns to promote tax compliance, offering targeted incentives to performing staff, encouraging the self-declaration for property tax, and online registrations for Motor Vehicles (Ahmad, 2024). Research in comparable contexts underscores the prevalence of issues such as limited taxpayer compliance, a weak enforcement framework as well as inconsistent policy implementation. However, these studies also highlight that innovative solutions and fostering trust between taxpayers and authorities can significantly enhance tax base expansion efforts. For Excise and Taxation, such lessons are particularly relevant, as they provide a roadmap to policymakers for addressing structural and operational gaps in the department.

This study aims to examine the fundamental issues that impede the broadening of the tax base in Punjab, with a particular focus on the Excise and Taxation Department and the various levies under its purview. The research seeks to address key questions: What are the primary obstacles to tax base expansion in the Excise and Taxation Department? How can systemic inefficiencies and trust deficits within the tax system be mitigated? What actionable measures can be adopted to formalize the informal sector and enhance voluntary tax compliance? Moreover, the limited fiscal power at the provincial level is hampering efforts to broaden the tax base, and within existing sources, revenues are not fully exploited, and the buoyancy of revenues has not been demonstrated (Ghaus, 1991).

According to Pasha (2025) buoyancy of Revenues and Provincial revenue growth remains slow because provincial tax base responsiveness rates have proven low. But Akhtar et al. (2021) is of the view, this situation refutes the initial assumption that the main issue stems from the link between tax base changes and low tax revenue-to-tax base buoyancy coefficients affecting stamp duty and entertainment tax, and property tax. The statutory rate of property tax should be ad valorem according to law, but has shifted to specific due to inadequate assessment rate value reassessment. Younas et al. (2025) proposed two methods to improve provincial tax buoyancy which include converting existing specific taxes into fees with an ad valorem basis or indexing rates to inflation rates periodically. Provincial resource mobilization strategies should either implement reforms for shifting specific to ad valorem taxation or must legislate for periodic tax rate adjustments which correspond to inflation rates. A strong need exists to generate additional sources of revenue because the current taxation framework requires both broader coverage of taxable bases and improved revenue relationships with regional economic expansion.

The structure of the paper is as follows: The next section provides an in-depth review of relevant literature, offering context and highlighting existing knowledge gaps as behavioral economic approaches remain unexplored in the context of tax compliance in Punjab and limited empirical research assessing how these reforms have influenced taxpayer behavior, especially in remote or low-literacy regions of Punjab. Moreover, the interconnectedness of these issues and the need for a unified reform strategy that addresses them collectively is largely missing. The subsequent section details the research methodology, including the qualitative and quantitative approaches employed in the study. The findings and analysis section presents the key results and their implications, offering valuable insights into the challenges and opportunities for reform. Finally, the paper concludes with practical recommendations to policymakers, tax authorities, and other stakeholders to make substantial positive impacts on the tax base expansion initiatives.

Literature Review

Widening tax base is a crucial issue in fiscal policy, particularly in developing nations like Pakistan, where a sound revenue base has to be established to sustain economic health and drive growth (Ammar, 2023). The Excise and Taxation Department plays a cardinal role in the turnstile of revenue generation in the country as it is charged with the responsibility of levying various taxes to cater for the government expenditure. Nevertheless, due to the multitude of systemic inefficiencies and contextual issues, which inhibit the department from operating at its capable best, the department is hampered in its effectiveness by many systemic and contextual problems (Akhtar et al., 2021).

Relying on the review of the existing literature, the multifarious nature of the barriers to the expansion of the tax base is highlighted. These problems are systemic, in the form of a lack of change in rates of tax as market values change, a high incidence of informal economy, and administrative failures (in terms of insufficient resources and outmoded processes), as well as society-level issues such as low public confidence and mass tax evasion (Ammar, 2023). It would take a holistic strategy of balancing technological, administrative, and policy intervention about the unique socioeconomic context of Excise and Taxation. Public awareness and attitudes towards tax compliance also play a critical role in shaping tax morale. Studies suggest that low public confidence in the government and widespread tax evasion exacerbate these challenges (Ghaus, 1991). Furthermore, there is a growing recognition of the need for digital transformation in tax administration, which could enhance compliance and revenue generation (Nasseer et al., 2024; Saleem et al., 2024).

To overcome these barriers, scholars advocate for a comprehensive strategy that includes technological advancements, administrative reforms, and policy adjustments tailored to Pakistan's unique socioeconomic context (Ahmad, 2024; Amin, 2024, Jian & Shah, 2024). Moreover, addressing public trust deficits and promoting greater tax education can contribute significantly to improving compliance (Hasan et al., 2024; Younas et al., 2025).

Digitization of Taxes

Digital conversion of the motor taxation system occurred in 2007, facilitating the processes, increasing the transparency level and convenience of users by allowing online payment of token tax, vehicle registration, and transferring the vehicles. On the same note, the property tax system was digitized in 2014, and this has made it easy for taxpayers to access information and pay taxes and be compliant, enabling efficiency in operations and creation of a more transparent and customer-oriented environment (Bukhari & Haq, 2020; Malik, 2022). Despite these advancements, challenges remain in ensuring full compliance from taxpayers. Pasha (2025) elaborated that the property tax is levied by the provincial government of Punjab on urban immovable property. The annual rental value tax revenue distribution system gives local governments 85 percent of the collected money after deducting collection expenses, so provincial governments maintain 15 percent. The Punjab-based tax rate for annual rental value payment ranges between 20 and 25 percent.

According to the rules, the data in property tax records must be updated once in five years. Punjab manages to follow its assessment schedule while its annual rental value (ARV) reviews remain non-market-based and usually increase by 5 to 10 percent generally. The ARV currently exists in sharp deviation from the market rental value assessment. According to Ghaus (1991), the provincial excise and taxation department only collects one fraction of the potential values, especially when it comes to owner-occupied properties. Multiple land size exemptions have been issued to plots with 100 sq. yards or less than threshold ARV values, while specific property owners, including government entities, as well as widows and orphans, have received exemptions. The exceptions from taxation have depleted the tax base to such an extent that assessment only produces payments from forty percent to fifty percent of analyzed properties.

By law, a general survey is required every five years to include new units, reassess existing ones, and incorporate any change like Property Unit in Urban Immoveable Property Tax Unit (UIPT) system. This incorporation is not specific to general Surveys, Biennial survey, any change, any time can be incorporated in UIPT system by staff. However, this has not been carried out effectively. Although two surveys are conducted annually for this purpose. In this regard, Director Excise and Taxation Rawalpindi, Mr. Imran Aslam shared history of evolution of Property Tax that property tax assessment was on rental value-based prior to 2001. Later, department has evolved its own valuation table and now, DC rates have been applied effectively from January 1, 2025, for self-declaration purposes. All these measures were taken to curb corruption by Tax collecting staff in field. According to him valuation table of the department was a great achievement but it was static and no capacity to broaden tax ideally. On the other hand, same taxation on 1 Marla in posh area on in backward area affected tax collection criteria. Moreover, He said that DC rate is fixed, with increase annually and waive off up to 5 million property tax from taxation will erode tax base. Mr. Imran shares that buoyancy in revenue generation is higher in rental-base rather valuation table or DC rates. One notable issue is the evasion of taxes by the public, which is often facilitated through the connivance of field staff. Such practices undermine the objectives of digitization by allowing loopholes that dishonest individuals can exploit, ultimately affecting revenue collection and eroding public trust in the system.

Public Trust and Compliance

Public trust in tax authorities is essential for encouraging voluntary compliance with tax obligations. This skepticism is deepened by pervasive corruption within the tax administration, as well as the lack of transparency in tax processes. Director Excise and Taxation, Sahiwal, Mr. Qamar-ul-Hassan Sajjad believes that if exemptions are rationalized, rules and law are simplified, no remission (50 billion) idea availed, strict accountability is made, inclusion of more circles for taxation and rates revision can lead department to broaden tax base as well as improved tax compliance. Moreover, Mr. Qamar share a point that digitization in department call for incentives for HR, to motivate them working under law for avoidance of corruption. In return, this will be helpful in motivating public for tax. When our field staff let people tax evasion and avoidance of tax and when citizens are unsure of how their tax contributions are being spent or feel that funds are misappropriated, their willingness to pay taxes diminishes. This breakdown in trust is particularly problematic because even individuals with the financial capacity to pay taxes often opt not to pay, further eroding the effectiveness of the tax system and diminishing its ability to generate the revenue needed for public services and development.

Enforcement and Capacity Issues

The Excise and Taxation Department faces significant challenges in enforcement. Outdated manual systems like in Professional Tax and Excise Duty, further complicated tax administration, while the insufficient capacity of the department slows down the tax collection process and contributes to inefficiencies.

Technological Adoption

While digital technologies have enhanced tax systems worldwide, Pakistan has been slow to adopt such tools. In contrast, the Excise and Taxation Department's limited use of modern technology in Excise duty, Professional Tax, abutting tax, etc. has not achieved desired results. Provision of information to Public is an achievement but accountability of staff, despite digitization, is greatly ignored resulting in public mistrust. Moreover, Director Excise Sahiwal emphasized improved IT infrastructure as well as in-house expertise that Department lacks in has to depend on Urban Unit and Punjab Information Technology Board to provide on time services to Tax Payers. This technology adoption has enabled the department data integration and data sharing with different institutions and agencies timely (Customs, NADRA, and LEA etc.) but lack of capacity hampering the delivery of service timely.

Inequitable Tax System

The perception of an unjust tax system plays a significant role in hindering tax compliance in Punjab. The country's tax framework is predominantly reliant on indirect taxes, such as sales tax and customs duties, which tend to disproportionately affect lower-income individuals and households. These taxes often place a heavier financial strain on those who are least able to afford them, while wealthier individuals and corporations can evade a similar burden due to loopholes or the structure of direct taxation. This unequal distribution of tax responsibilities leads to widespread dissatisfaction and erodes public trust in the tax system (Zafar, 2017). As a result, there is increased resistance to paying taxes, which makes it more challenging for the government to broaden the tax base and create a fairer, more effective fiscal system. Property Tax system under UIPT 1958 has been implemented on rent-based taxation and land based taxation with its own valuation table since 01-01-2025, Property Tax rate is based on DC rates of the rating areas. This integration with DC rates will be fruitful for the public as it encourages self-declaration of property at the time of public property entry in system, must be monitored closely. Though all the levies in the Excise Department are direct taxes except for Excise Duty. Additional Director General, Mr. Ahmed Saeed Views that Property Tax base is squeezed. He says that property tax is purely a Local Government tax. Tax base broadening is linked with initiatives of local government to notify the urban area after 2001 devolution program. After its notification, Local Government notifies that rating area for tax collection of. It is cumbersome process. Sometimes it involves political interference, local government is not working independently unlike local councils in UK/USA. Moreover, capacity issue is also there; financial or human resource. He further speaks his mind on DC rates implementation, withdrawal of 5 Marls exemption (5 Million residential units added for taxation, 1.9 Million units emption due to new tax since 2001), annual increase in DC rate, urban area declaration amendment, linking of management information system with geographical information system (PLRA) to monitor that no unit left un-assessed, World Bank reservation on 5 Million threshold in urban area, E-Payment 100% (deserts, roads, all taxed), no concept of exemption in other countries like Japan, Tax research units for timely tax proposals for RMC and rate revision of Professional tax, all will be helpful in broaden tax base and less revenue loss.

Lack of Public Awareness

Public awareness of tax obligations and tax on DC rate remains limited in Punjab but with social media, it is improving too. Many taxpayers are unaware of their legal responsibilities or the advantages of contributing to the tax system. It is noted that awareness campaigns can significantly improve tax compliance. However, such campaigns are often underfunded or poorly executed, limiting their impact.

Research Gaps

While existing literature highlights several critical challenges in expanding Punjab's tax base, there is a notable gap in research regarding the integration of innovative solutions, such as digitization and behavioral interventions, into the country's tax administration. These modern approaches have the potential to enhance efficiency, transparency, and compliance, but they have not been thoroughly explored in the context of Punjab’s tax system (Nasseer et al., 2024). Additionally, much of the current research tends to focus on individual issues in isolation, neglecting the complex and interrelated nature of these challenges. Despite the digitation of some taxes in Excise, people are not inclined to pay tax willingly. For example, the more vexing will be the law enforcement, the lower will be the level of public trust. These two factors are quite important to shape each other, and together, they impair the efforts to broaden the tax base. It would not be possible to solve these interconnected problems in a piecemeal way, and an overall solution for the reform of Punjab's tax system could be found if addressed comprehensively.

Methods

As a mixed-methods study, this study utilizes both qualitative as well as quantitative methods, which are used to cover grounds on challenges faced by the Excise and Taxation Department in expanding the tax base in Punjab. Combining empirical data, data analysis, in-depth interviews with 30 officials like Directors of 4 different divisions, 15 Excise & Taxation Officers and 11 Inspectors. Public surveys of Satellite Town, Garden Town & In-city Circles have been conducted. This approach provides an all-rounded comprehension about different factors preventing the collection of tax. Through combining both methods, a case can look deeper into systemic issues providing insights into the constraints of the operation of the tax system, and also identifying the societal and behavioral factors which impact compliance.

Qualitative Methods

Interviews with the Taxation Authorities and Officials

In order to understand internal problems in the Excise and Taxation Department, interviews have been carried out with senior officers who are in charge of tax administration. These interviews are meant to give the insights about the department's dilemma, including lack of resources as well and lack of enforcing mechanisms, and the problem of implementing new technologies, such as recent revamping of Motor MVRS in 2022, & DC Rate in Property Tax 2025. In addition, the interviews further extend details on the opinions of the officials on the informal economy and the strategies that they are planning to enhance tax collection in this economy. By interfacing directly with these officials, the research learns more about the challenges faced by them and the possible solutions they are coming up with.

Interviews with the Taxpayers and Business Owners.

A variety of taxpayers such as small business owners and accountants from big corporations were used to conduct the interviews. The conversation was about their views concerning tax system, level of trust in tax authorities, and knowledge about their tax obligations and barriers stopping them from following the tax laws. These interviews assisted in discovering how the external factors including the awareness of the public, the tax fairness image, and the connection with the tax authorities, influenced the readiness of the business and the individual to satisfy their tax obligations.

Focus Group Discussions

Taxpayers of moderate areas and posh areas were organized for focus group discussion so as to communicate with the tax minded people. Such talks are oriented at defining the major barriers such as tax evasion, insufficient knowledge of benefits of taxes, and inconveniences caused by informal employment arrangements. The focus group was an open forum for participants to share their experiences and the concerns that they had on the tax system. This space for dialogue will serve to point out major lapses in the public comprehension of the taxation as well as uncover mass distrust of the levity of the current tax system. The feedback collected will provide invaluable information on the factors on the lack of a high level of tax compliance and the necessity of more inclusive and accessible tax policies, which would address the concerns of those groups.

Analysis of Tax Collection Data

In addition to the focus group discussion and interviews, the trends of tax collection over the recent years were analyzed for a comprehensive analysis. The analysis from this data tried to understand the compliance trends, revenue generation, and understanding the effectiveness of past reforms for broadening the tax base. It will also reveal discrepancies on revenue collection among the different levies/districts and those areas of departmental weakness where it is lacking in scope. By bringing out these trends the analysis provides clear view of systemic in competencies that need to be resolved, in order to enhance the entire system of tax.

Comparative Analysis

A comparative analysis of the tax administration practices in Pakistan and other developing nations, particularly in Asia from where numerous of similar challenges are witnessed (India, Sri-Lanka, and, Bangladesh). Through learning the experience of neighboring countries, the research identifies successful practices and innovative methods that can be applied to enhance the tax system of Punjab. Lessons learned from successful implementations, where the use of advanced digital technologies to ease tax collection, behavioral interventions to encourage voluntary compliance, and policies geared at formalizing the informal economy were applied. These findings will show the way that Punjab can use region-specific solutions with the use of technology and innovative policy, which will increase the efficiency, expand the base of taxpayers, and promote a transparent and fair tax system. This comparative analysis will highlight how there is a need to learn from similar contexts to carry out reforms that are geared to the Punjab-specific socioeconomic setting.

Data Analysis

The qualitative data that were collected using interviews and focus group discussions were recorded. Each interview was of one hour duration focus group discussion was for one and a half hours. Both were transcribed and themes were drawn to determine and analyze to identify underlying patterns and insights using the thematic analysis. In the course of this process, several major themes have come to light, such as the level of trust in tax authorities, tax enforcement, and the levels of public awareness on the requirements to pay tax. These themes were closely analyzed in order to get in-depth knowledge on a variety of issues that influence tax compliance in Punjab. The analysis generated useful information on the nature of the interplay of these factors as well as how they influence individuals' likelihood to comply with tax laws.

Results

The themes that emerged from the interviews and focus group discussion were five. These are presented in Table 1.

Table 1
Themes Drawn from the Interviews, and Focus Group Discussion

Themes	Findings	Source	Proposed Solutions
Public Trust	Low trust due to perceived misuse of tax revenues. Corruption within tax systems.	Interviews	Transparent processes. Public campaigns to improve trust.
Enforcement Weakness	Inadequate resources and staff. Outdated manual systems.	Interviews & Tax Data	Adoption of digital systems. Improved training and capacity building.
Awareness and Compliance	Lack of knowledge about tax benefits. Complex tax procedures discourage compliance.	Focus Groups	Awareness campaigns. Simplification of tax processes.
Technology Gaps	Limited digital tools in tax administration. Corruption and delays in manual systems.	Comparative Analysis	Implementation of automated systems. Learning from best practices in South Asia.
Inequitable Tax System	No difference between tax on self and rent building. Disproportionate burden on lower-income groups.	Literature Review	Shift towards progressive taxation. Policy reform to balance tax distribution.

The above themes show that the efforts to broaden the tax base to increase property tax suffered from internal challenges which weakened the public trust.

Comparative Analysis: Practices in Asia

Best practices adopted by India, Bangladesh, and Sri-lanka were analyzed. Three best practices emerged, which are presented in Table 2.

Table 2

Best Practices from India, Bangladesh, and Srilanka

Country	Best Practices Adopted	Potential Adaptation for Punjab
India	Use of Aadhaar-based tax identification and digital filing system.	Develop integrated tax identification systems and digitize filing.
Bangladesh	Awareness campaigns targeting informal sector participants.	Conduct mass campaigns highlighting benefits of formalization.
Sri Lanka	Simplified procedures for small businesses.	Implement streamlined tax systems for SMEs.

These countries have adopted simple procedures, awareness campaigns and Aadhar-based tax (it is service available to registered and unregistered users on the e-filing portal).

Discussion

The efforts to expand the tax base within the Excise and Taxation Department in Punjab, facing a number of systemic challenges that hampers the efforts of effective revenue generation. While the digitization of property tax to streamline processes, it has not led to the anticipated increase in compliance or tax revenue generation (Mubeen et al., 2022; Pasha, 2025). This is primarily due to outdated assessment practices, irrational exemptions, and tax evasion, often facilitated by corrupt practices by field staff within the department. The persistence reliance on outdated rental values for property tax assessments, along with the failure to incorporate new property units into the tax base, exacerbating the revenue loss. For instance, an estimated 1.9 million properties remain under-assessed or exempted, costing the department over PKR 50 billion annually. Furthermore, the absence of a comprehensive digital strategy and integration with modern technologies, such as Geographic Information Systems (GIS) and real-time property identification, limits the department's ability to detect untaxed units, which contributes to a squeezed tax base.

Resultantly, despite efforts to improve the tax system, the department continues to struggle with inefficiencies, and the gap between potential and actual tax revenue remains wide.

A prime problem in the tax base expansion problem is the low level of public trust in tax authorities leading to huge tax avoidance (Bukhari & Haq, 2020; Farooq & Rasheed, 2024). Research indicates that many taxpayers perceive tax collection as ineffective or corrupt, further diminishing their willingness to comply. This issue is aggravated by a weak enforcement mechanism and a lack of public awareness about the benefits of tax compliance. To address these challenges, the paper proposes several strategies, entailing the adoption of advanced digital platforms for tax assessment and collection, simplification of tax procedures, and the promotion of public awareness. Moreover, fostering greater transparency and accountability within the tax system is essential for restoring public trust. A holistic reform strategy that combines technological, administrative, and public awareness interventions is necessary to address the complex and interconnected issues hindering the broadening of Punjab's tax base. By learning from successful tax reform models in neighboring countries like India and Bangladesh, Punjab can develop a more efficient, fair, and transparent tax system, ultimately leading to increased tax compliance and a more robust revenue base.

Conclusion

The extension of the tax base in Punjab, and more so when under the auspices of the Excise and Taxation Department, is vital to the assurance of fiscal stability. Nevertheless, this goal is frustrated by a set of several system intrinsic challenges. Primary issues are low rates of public trust in the bodies responsible for taxes, inadequate methods of enforcement as well as obsolete administrative systems, poor use of modern technologies, absence of trained personnel, and absence of incentives. These factors cumulatively lead to rampant tax evasion, inefficiencies in the collection of revenues, and a low level of taxpayer compliance. To address the barriers that were mentioned above, such an approach is necessary as a comprehensive and integrative one. To begin with, the transformation of tax administration via the use of sophisticated digital technologies can greatly improve efficiency, eliminate human faults, and restrict corrupting rather easy possibilities. Secondly, it is essential to build trust among the members of the public with the tax authorities; it can be achieved by transparent governance, accountability in duty performed and ways of combating the problem of corruption in the system. Third, informal sector needs to be systematically integrated to the formal sector. This can be achieved by providing specific incentives like tax benefits or easy registration processes to the business and individuals in order to formalize their businesses. Another important element is to reinforce the enforcement mechanisms. This means that tax authorities are endowed with the relevant resources, training, and tools to track and enforce compliance. Simplification processes in tax procedures and enhancement of public understanding on the essence of voluntary tax compliance can participate in an important way to enhance voluntary participation. When educating citizens on how they contribute to national advancement and provision of public services through taxation could go a long way in changing people's minds and increase compliance levels. Lessons learnt from regional and global experiences strengthen the need to bring technology into tax administration, to control corruption and to create a culture of trust and accountability. Successful strategies of other countries that face similar issues like automated tax systems, simplified tax evaluation system and awareness campaigns could be used as the roadmap for the reform in Punjab. Collectively, these measures offer a sustainable path toward broadening the tax base, improving revenue generation, and fostering long-term fiscal stability.

Future Research

Adopt Advanced Digital Systems

- Implement automated, technology-driven platforms for tax assessment, tax collection and monitoring to enhance efficiency, transparency, and compliance.
- Introduce a centralized digital tax identification system to streamline taxpayer registration and improve data accuracy through advanced desk-audit (Ahmad, 2024).

Enhance Public Trust and Awareness

- An incentive-based scheme to high performer & quick complaint disposal among employee introduced in Excise and Taxation department last year which should be a regular feature (Sarwar & Shabbar, 2024).

- Launch nationwide campaigns to educate citizens on the importance of tax compliance and how tax revenues contribute to public services and infrastructure. Involving Influential bodies like Chamber of commerce in matter of GDA to create awareness and tax collection will be fruitful as I experienced it personally.
- Establish transparent mechanisms to monitor and publicize the allocation and use of tax revenues, ensuring accountability and reducing skepticism about tax collection or tax utilization (Hasan et al., 2024).

Integration of Behavioral Insights

- Investigate the role of behavioral interventions, such as incentives and nudges, in improving voluntary tax compliance.
- Conduct experiments to identify the most effective communication strategies for increasing public trust and awareness about taxation (Amin, 2024).

Technology-Driven Innovations

- Explore the potential impact of emerging technologies, such as block chain, artificial intelligence, and big data analytics, on tax administration and enforcement.
- Study the feasibility of implementing mobile-based tax payment systems to enhance accessibility for small businesses and individuals in rural areas (Younas et al., 2025).

Holistic Policy Approaches

- Examine the interconnectedness of tax policies with other economic reforms, such as labor market regulations and social welfare programs, PRA, to create synergies that encourage formalization and compliance.
- Conduct longitudinal studies to assess the long-term impact of tax reforms on compliance rates and revenue generation.
- Implementing these recommendations will enable Punjab to tackle the deep-rooted inefficiencies within its tax system and pave the way for significant improvements. By adopting advanced digital technologies, the government can streamline tax administration processes, reduce corruption, and enhance transparency, making it easier for individuals and businesses to comply with tax laws. Efforts to formalize the

informal economy will not only broaden the tax base but also create a more inclusive economic environment, fostering growth and stability.

Conflicts of Interest

The authors of the manuscript have no financial or non-financial conflicts of interest in the subject matter or materials discussed in this manuscript.

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