**e-Pay Punjab spearheads to reform tax culture**

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Taxation, a vital source of revenue, plays an integral role in the economic prosperity and stability of a country. Tax noncompliance, as in tax avoidance and tax evasion, is a dilemma Pakistan has been struggling with since its establishment. Consequently, what we have developed is an inefficient tax regime and an unfavourable tax culture owing to the incautious behaviour of both tax-collectors and the taxpayers. Complex tax reforms during the past political regimes have put Pakistan in the low-tax-to-GDP trap, hence, creating challenges for the present government to achieve the targets it marked during its first year of political tenure.

In 2016. Pakistan became an official signatory of the Organization for Economic Cooperation and Development’s (OECD) Multilateral Convention on Mutual Administrative Assistance in Tax Matters that aimed at curbing growing tax evasion. Almost three years on, Pakistan’s chronic tax challenges are keeping the country from achieving the status of becoming an active beneficiary of the convention.

In a study published prior to FY 2019-2020, the World Bank stated that ‘tax evasion in Pakistan is pervasive due to low tax morale and legal loopholes that enable high-value individuals to conceal their incomes.’ It furthermore elaborated: “Income tax receipts come from a small number of taxpayers due to generous thresholds for individuals and widespread tax evasion. Pakistan’s tax revenue potential would reach 26 percent of GDP, if tax compliance were to be raised to 75 percent.”

The present government took the plunge to evolve tax culture as one of the key reforms. While previous governments attempted to curtail corruption and bring in reforms to boost local economy, tax collection system was a letdown. Despite proposed reforms, there were many legal loopholes left overlooked – leaving inadequacy in the system.

Ensuring complete transformation of tax collection system, e-Pay Punjab offers complete retreat from typical payment processes that caused hassle, ambiguities, and instigated bribery and corruption

Tax collection system, under the present government, is finally undergoing transformations that would lead to efficiency and progress. Taking the necessary steps to restructure the system, the government is attempting to reform the tax culture on both ends; tax-collectors and taxpayers. From focusing on awareness building and educating the masses to curbing corruption within the system itself are of a high priority. Among many such reforms, the Prime Minister also approved a resolute three-year plan in order to carry out nationwide surveys to evaluate the hidden potential of real estate.

One of the major milestones achieved to restructure Pakistan’s tax culture is the initiation of e-Pay Punjab – serving as one point service to remodel tax collection system. Spearheaded by the Finance department Punjab so to boost the ease of doing business and enhance financial inclusion in Punjab, the venture is powered by the technical assistance of Punjab Information Technology Board (PITB). Furthermore, to make it efficient, the system is integrated with the State Bank of Pakistan (SBP), and all other banks via 1Link for interconnectivity.

A game changer in the local FinTech industry, e-Pay Punjab is a pioneering initiative of the Punjab government serving as payment gateway – a switch for all Business to Government (B2G) and Public to Government (P2G) payments. The mobile and web application of e-Pay Punjab enables taxpayers across Punjab to pay their taxes digitally through alternative delivery channels (ADC).

To begin with, in its first phase launched in October 2019, the app and portal is linked with 13 taxes/levies and five departments. These departments include Excise & Taxation, Board of Revenue (BOR), Punjab Land Records Authority (PLRA), and Punjab Revenue Authority (PRA). This liaison of stakeholders via e-Pay Punjab enables citizens to pay Token Tax, Motor Vehicle Registration, Transfer of Motor Vehicle, Property Tax, Professional Tax, Cotton Fee, e-Stamping, Mutation Fee, Fard Fee, Sales Tax on Services, Punjab Infrastructural Development, Cess, and Business Registration Fee.

As of January 2020, e-Pay Punjab has accumulated PKR500 million (0.5 Billion) in only four months’ time. The facility has already shown immense success in a 100 days’ time due to its user-friendly features and legitimacy. To understand how e-Pay Punjab works, logging on to the website provides the user with a complete guideline.

**To pay due taxes, the user will:**

Access e-Pay Punjab application or website to generate a 17-digit PSID number.

The PSID number, which is unique for each transaction could be subsequently used on the following three channels

Internet Banking

ATM

OTC (Over the Counter) banking transaction

These payment channels are technically equipped to process the payments through the collective efforts of The Finance Department of Punjab, State Bank of Pakistan, 1-Link, all scheduled banks, and PITB.

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e-Pay Punjab, by making the process easy and fast, has simplified the task that indigenously involved physical visits to the collection offices. In only a few months’ time, e-Pay Punjab has started showing transparency, uniformity in processing tasks, and a hassle-free experience that it promised.

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