



Opinion Poll
Special Press Release
FEDERAL BOARD OF REVENUE
TAX STATISTICS

(3rd Release: Which province pays the most income tax in Pakistan)

Highest amount of tax collected in Sindh (45 %), followed by Punjab (35 %). Islamabad Capital Territory contributed to 15 % of the total tax collected: Gallup Pakistan Analysis on FBR Tax Directory

Islamabad, November 17, 2020

Federal Board of Revenue, for the past 3 to 4 years, has been releasing the details of all taxpayers of the country with respect to Income tax filing. Gallup Pakistan Data Analytics Team is publishing this press release as a series of notes based on data analysis and commentary on this data release by FBR. The team at Gallup Pakistan is also working on using the 2.7 million data set of publicly released documents as a Big Data exercise and creating a dashboard for the use of both policy makers and academics studying taxation related issues in Pakistan. This analysis is being undertaken under a team led by Bilal I Gilani, Executive Director of Gallup Pakistan

This press release addresses the question: **which province pays the highest amount of tax?**

How many entities from each province filed a tax return in the tax year ending 2018?

Analysis of the data reveals that there are 2.8 million tax filers in Pakistan. To give an idea of the magnitude in comparison with other similar numbers, there are almost 32 million households in Pakistan so approximately 10% households are paying income tax. In recent months, the government of Pakistan paid almost 13 million households Ehsaas Cash transfer to safeguard these households from acute effects of COVID-19 lockdown and loss of livelihood. If we remove these 13 million from 32 million, then we have 19 million households that are not acutely poor (they may well be significantly below the minimum threshold for being a taxpayer). Looking at this base, approximately 20% of Pakistanis from the relevant base are already filing their returns.

Looking at these numbers through a provincial breakdown, we see that the highest number of filers were from Punjab (1,696,533 filers), followed by Sindh (779,771 filers). Punjab makes up more than half (59%) of the total number of filers in Pakistan. Sindh makes up 27%, KP 6% and Capital Territory 5%. Balochistan has 52,101 tax filers, making up 1.8% of the total tax filers in Pakistan. In terms of tax filers, the share of provinces vis a vis their population share is quite proportionate. However, KP and Balochistan have lower representation among filers population than their population share.

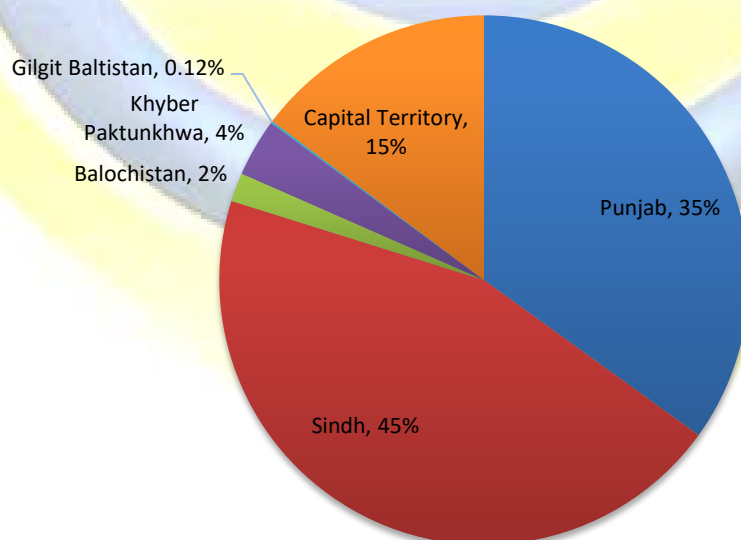
Income Tax Returns Tax Year 2018				
Province	# of Filers	Filers (%)	Tax Collected (%)	Gap between Tax filers and proportion of tax PKR filled
Sindh	779,771	27.34	44.91	+18%
Punjab	1,696,533	59.48	34.99	- 24%
KP	171,303	6.01	3.54	-2%
Balochistan	52,101	1.83	1.67	-0.2%
Capital Territory	151,204	5.30	14.77	+10%
Gilgit Baltistan	1,437	0.05	0.12	+0.07
Total	2,852,349	100	100	

Source: Gallup Pakistan Report based on Data Analytics on FBR 2018 data

As shown in the table above, nearly 90% of the total tax filers in Pakistan are from Sindh and Punjab and they contribute to 80% of the total tax collected. Alternatively, while tax filers in Islamabad make up 5% of the total tax filers, they contribute to 15% of the tax collected. Another noteworthy point is that, while tax filers in Punjab make up the highest proportion (59%) of total tax filers in Pakistan, they pay 35% of the tax which is around 10% less than the proportion of tax paid by Sindh (45%).

Sindh emerges as the highest taxpaying province in Pakistan

Sindh contributes the **largest chunk (45%)** of the total tax collected; this is followed by Punjab from where 35% of the total tax is collected. The Capital Territory contributes to 15% of the tax collected whereas Khyber Pakhtunkhwa pays 4%, Balochistan pays 2% and Gilgit Baltistan pays 0.12% of the total tax collected.



Source: Gallup Pakistan Report based on Data Analytics on FBR 2018 data

While Punjab is the most densely populated province of Pakistan, data reveals that it does not contribute the most amount of tax. Sindh contributes to the highest amount of tax i.e. 45%. The economic role played by Karachi is the most important contributive factor in making Sindh the highest taxpaying province.

It is also perhaps worth considering that the situation in Sindh does not reflect its significant tax contribution as the province is faced with poverty and poor governance, in many ways much more than the rest of the country. This finding should serve as a reminder of the immense economic role played by Sindh which is not consistent with the return that the residents of the province receive.





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Gilani Research Foundation is a not for profit public service project to provide social science research to students, academia, policy makers and concerned citizens in Pakistan and across the globe.

Gilani Research Foundation is headed by Dr. Ijaz Shafi Gilani who pioneered the field of opinion polling in Pakistan and established Gallup Pakistan in 1980. Currently Dr. Gilani, who holds a PhD from the Massachusetts Institute of Technology (MIT) and has taught at leading universities in Pakistan and abroad, is Chairman of Gallup Pakistan.

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of Gallup Pakistan
(1980-2020)