



Special Press Release
FEDERAL BOARD OF REVENUE
TAX STATISTICS

(4th Release: Which income bracket has the highest number of tax filers)

Individuals earning Rs. 400,000 and below (less than the taxable bracket) make up the largest share (37%) of total individual tax filers; less than 1% tax filers claim to have 6 million or more taxable income in a year: Gallup Pakistan Analysis on FBR Tax Directory

Islamabad, November 20, 2020

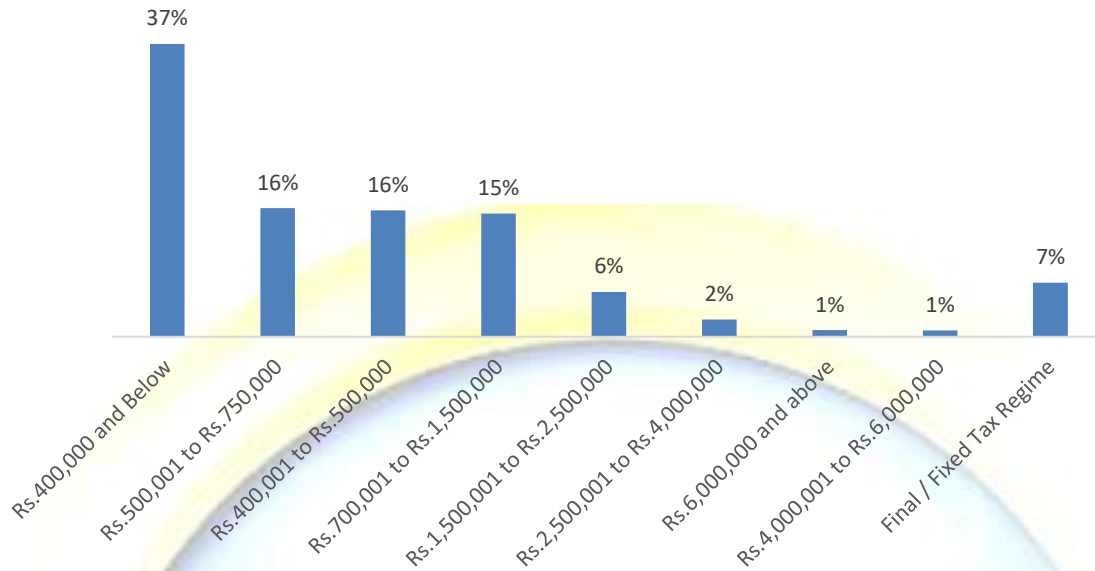
Federal Board of Revenue, for the past 3 to 4 years, has been releasing the details of all taxpayers of the country with respect to Income tax filing. Gallup Pakistan Data Analytics Team is publishing this press release as a series of notes based on data analysis and commentary on this data release by 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 income bracket contains the highest number of tax filers?**

How many individuals from the different income brackets filed for income tax?

Data on individual filers as per income slabs reveals that 37% of filers are those with an income of Rs. 400,000 and below (which is below the taxable limit in Pakistan). This is followed by 16% of salaried individuals with an income between Rs. 500,001 and Rs. 750,000. Individuals with an income between Rs. 4,000,001 and Rs. 6,000,000 make up less than 1% of total individual filers. 7% of filers are those with a final/fixed tax regime which in recent times has been abolished.

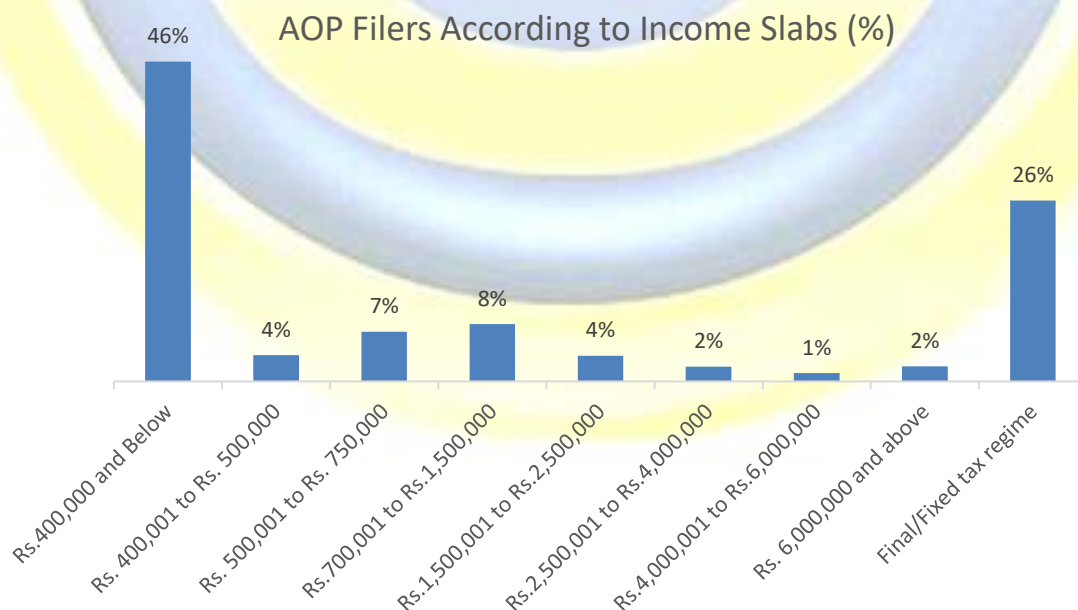
Individual Filers According to Income Slabs(%)



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

Which AOPs make up the highest number of tax filers?

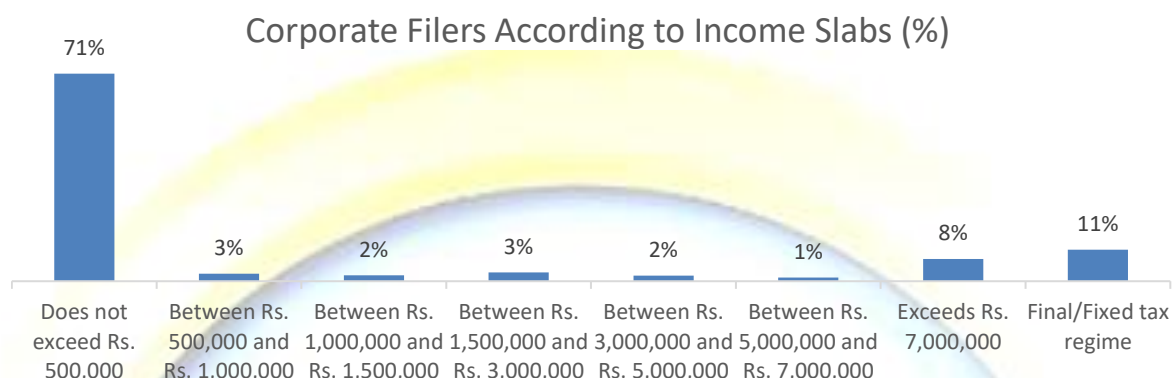
AOPs (known locally as partnerships) account for 64,336 filers which is 2.26% of the total tax filers. Disaggregating the data further, we see that out of these partnerships, those earning Rs. 400,000 or below (below the taxable bracket) contribute the highest number of tax filers (46%). 26% tax filers are from AOPs with a fixed tax regime. The smallest proportion of tax filers, 1% are AOPs earning between Rs. 4,000,001 to Rs. 6,000,000



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

Corporate filers according to income slabs

70% of all corporate tax filers are those with an income below Rs. 500,000. These amount to a total of 31,561 filers. The smallest proportion (1.24%) are those earning between Rs. 5,000,000 and Rs. 7,000,000. 3,380 corporate tax filers are those with taxable income exceeding Rs. 7,000,000.



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

Interesting learnings from this piece

It is obvious looking at these statistics that only considering the tax filers number (whether from the perspective of total number or how much it has risen in a particular year) is quite redundant as 1 in 3 tax filers are claiming to be earning below the taxable income and therefore paying no income tax.

It is also interesting to see that this is not just a phenomenon in the informal business sector; it is also a phenomenon within the corporatized sector as 71% of SECP registered firms also claim to be earning below taxable bracket.

Moreover, it appears that within the business sector the Final Tax regime was a popular choice for AOP's as 1 in 4 were opting for it as well as for SECP registered firms as 11% were opting for it. This has, as we understand been withdrawn and could potentially be impacting tax filing in the coming years.



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The Pakistani Affiliate of Gallup



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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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