



Achieving Economic Prosperity through Innovative Approaches in PFM and Taxation

Presented by:

Mr. Ashfaq Tola – President SAFA

Chairman – Economic Advisory Committee SAFA

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Fundamentals of Public Financial Management

Core of Public Finance Management:

Efficient Resource Allocation

Service Delivery Optimization

Transparency & Accountability

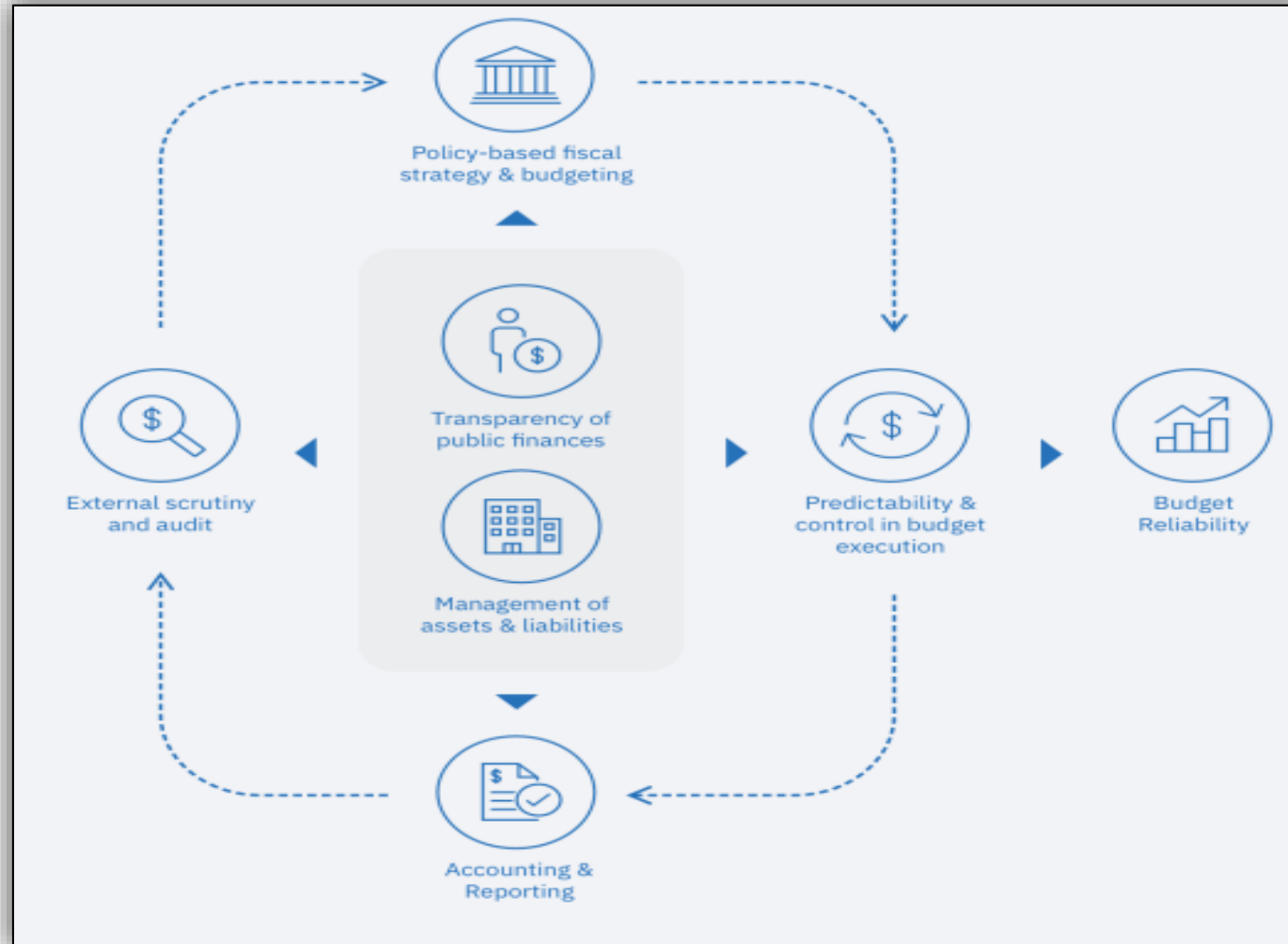
Revenue Mobilization

Fiscal Discipline

Risk Management

Audit & Oversight

Seven Pillars of Public Finance Management:



AUTOMATION IN PFM: Role & Key Technologies

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Role of Automation in Public Finance Management:

- ❑ Enhances efficiency, transparency, and accuracy.
- ❑ Reduces manual errors & improves decision-making.
- ❑ Ensures better compliance with financial regulations.
- ❑ Strengthens cash flow management & audit trails.

Key Automation Technologies in PFM:

- ❑ **ERP Systems** – Integrates financial & government functions.
- ❑ **FMIS** – Centralized platform for financial management.
- ❑ **Electronic Fund Management** – Automates payments & transfers.
- ❑ **Revenue Management Systems** – Enhances tax collection.
- ❑ **BI Tools** – Data analytics for decision-making.

Real-World Impact of PFM on Economic Performance

EU's Stability and Growth Pact (SGP) limits Government deficits to 3% of GDP, preventing excessive debt and ensuring long-term macroeconomic stability.

Gambia has taken steps to restructure NAWEC, reducing fiscal losses from GMD1.5 billion (1.8% of GDP) in 2018 to GMD500 million (0.6% of GDP) annually. (World Bank, 2020)

PFM reforms in Chile improved FDI policies, streamlined regulations, and attracted sustainable investments, boosting economic stability and diversification. (OECD, 2023)

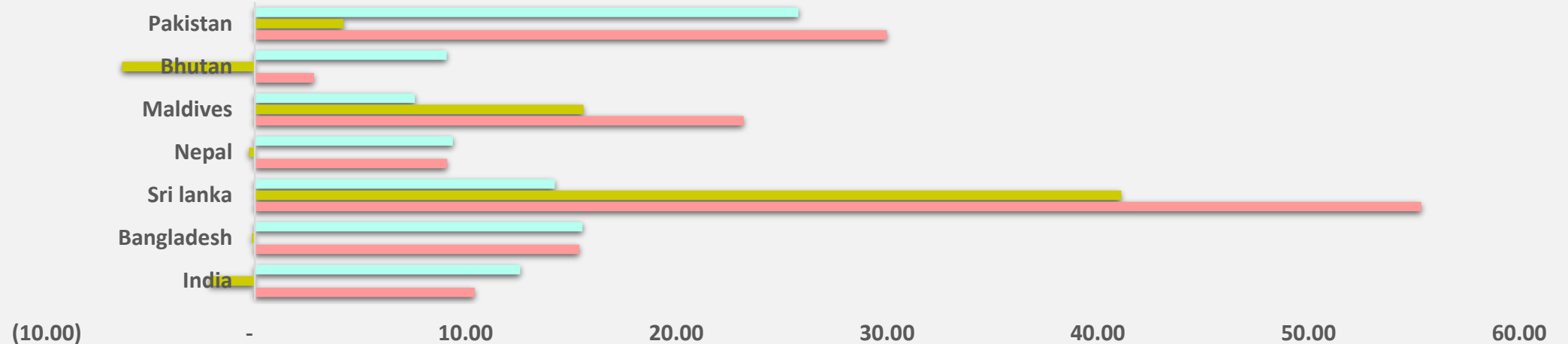
Rwanda improved its PFM through Integrated Financial Management Information Systems, leading to better budgeting and efficient public spending, contributing to an average GDP growth of above 7% annually over two decades. (World Bank, 2021)

Nepal introduced the Sub-National Treasury Regulatory Application ("SuTRA") to improve financial management at provincial and local levels, ensuring fiscal discipline and transparency.

SAARC COUNTRIES TAX POSITIONS

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SAARC Countries Tax Situation
2023-24



	India	Bangladesh	Sri Lanka	Nepal	Maldives	Bhutan	Pakistan
Nominal	12.60	15.55	14.24	9.40	7.60	9.10	25.80
Real Growth	(2.16)	(0.15)	41.12	(0.27)	15.60	(6.30)	4.20
Tax Growth	10.44	15.40	55.36	9.13	23.20	2.80	30.00

Note 1: Real Growth = Automation Base Growth

Note 2: Nominal Tax Growth (Inflation + GDP Growth)

Note 3: India's negative real tax growth is due to the base effect, as earlier adoption of modern database methods had already optimized collections.

Public Finance Management ("PFM") Act

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Feature / Country	Pakistan - PFM Act, 2019	India - FRBM Act, 2003 (Amended)	Bangladesh - PFM Reform Strategy (2016–2021)	Nepal - PFM Act, 2076 (2019)
Primary Legislation	Public Finance Management Act, 2019	Fiscal Responsibility and Budget Management (FRBM) Act, 2003	Based on MTBF & Budget Manual reforms	Public Finance Management Act (2076 B.S.)
Objective	Ensure fiscal discipline, transparency, accountability	Ensure macroeconomic stability, debt sustainability	Improve fiscal discipline and budget execution	Ensure accountability, fiscal prudence

Significance of PFM Acts:

Impact Area	Pakistan	India	Bangladesh	Nepal
1. Fiscal Discipline	Legal debt ceiling introduced through PFM Act, 2019; improved expenditure control	Fiscal Responsibility and Budget Management (“FRBM”) Act sets fiscal deficit and debt targets	Medium-Term Budgetary Framework (“MTBF”) helped reduce budget overruns	Public Finance Management (“PFM”) Act, 2076 ensures fiscal balance and debt rule compliance
2. Digital Transformation	Implementation of Integrated Financial Management Information System (“IFMIS”) and Treasury Single Account (“TSA”) to centralize cash management	Public Financial Management System (“PFMS”) enables real-time tracking of government expenditures	Introduction of Integrated Budget and Accounting System Plus Plus (iBAS++) for digital budgeting and payroll	Adoption of Sub-National Treasury Regulatory Application (“SuTRA”), TSA, and electronic Government Procurement (e-GP) for automation
3. Improved Budget Execution & Allocation	Introduced performance-based budgeting Outcome-based monitoring	Introduced Treasury Single Account (TSA) to reduce idle balances and Strengthened cash management	Improved timeliness of fund releases and Strengthened development expenditure tracking	Linked planning with budgeting for better service delivery and Improved local-level execution
4. Greater Transparency & Accountability	Public Financial Management System (“PFMS”) tracks rupee-to-end use• Strengthened audits by Comptroller and Auditor General (“CAG”)	Mandated real-time and annual reporting. Audit reforms under Auditor General of Pakistan (“AGP”)	Introduced Citizens' Budgets and participatory practices• Audit by Comptroller and Auditor General (“CAG”)	Mandated in-year fiscal reports• Introduced SuTRA

Impact of Digitalization on Taxation System in Pakistan

Impact of Digitalization on Taxation System in Pakistan (1/2)

❑ Tax collection surged from PKR 3.83 trillion in 2018-19 to PKR 9.31 trillion in 2023-24, marking a 30% growth in the last Fiscal Year.

❑ Tax Base Expansion:

FBR increased paid tax filers from 1.2 million to 3.5 million by FY 2023-24, meeting donor-driven targets.

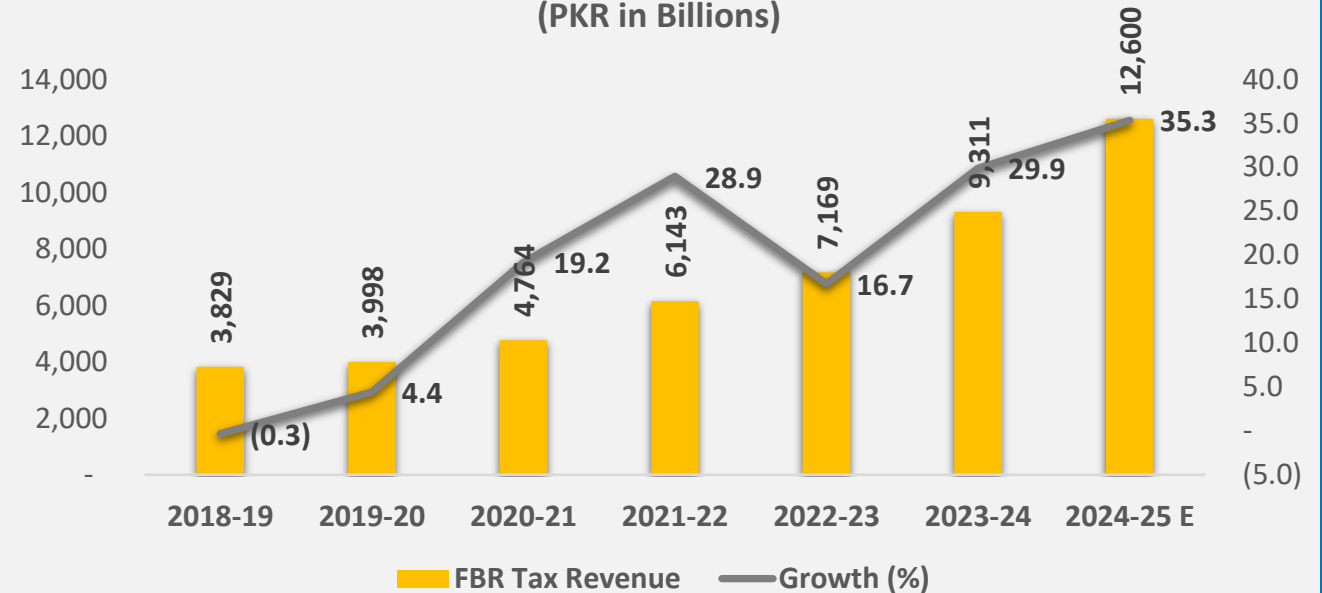
❑ Exceeding Registration Goals:

FBR added 1.2 million new taxpayers in 2022, surpassing its 700,000 target under the PM's Strategic Program.

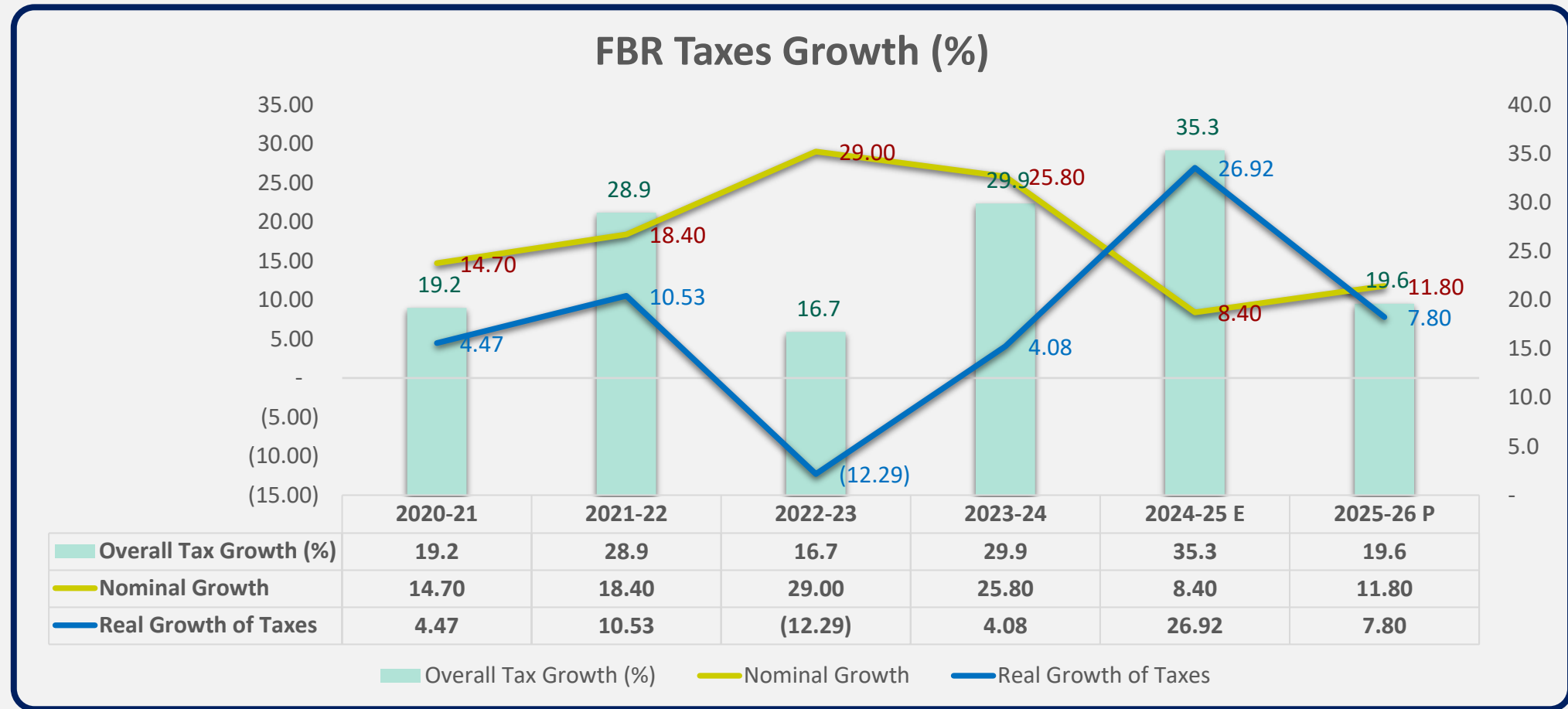
(YEAR BOOK 2022-23, REVENUE DIVISION, MINISTRY OF FINANCE, GOVERNMENT OF PAKISTAN, ISLAMABAD)

FBR Tax Revenue

(PKR in Billions)



Impact of Digitalization on Taxation System in Pakistan (2/2)



Fiscal Year	Tax Measures and Automation by FBR
2021-22	<ul style="list-style-type: none">➤ Point of Sale (“POS”) integration for retailers➤ Expansion of withholding tax regime➤ Digital monitoring of sales tax invoices.➤ Big Data & Analytics➤ Data Integration – Links FBR with NADRA & other databases➤ PRAL & ICT.
2022-23	<ul style="list-style-type: none">➤ FBR Fleet Management System for FBR Admin Wing➤ Phase-3 of the Portal for Designated Non-Financial Businesses and Professions (DNFBPs)➤ Online facility to search Sales Tax ATL Status/ Compliance Level in Tax Asaan Mobile App 100%.➤ 2. FBR Mahfooz Mobile Application launched 100%➤ 3. PASSTRACK mobile APP for Currency

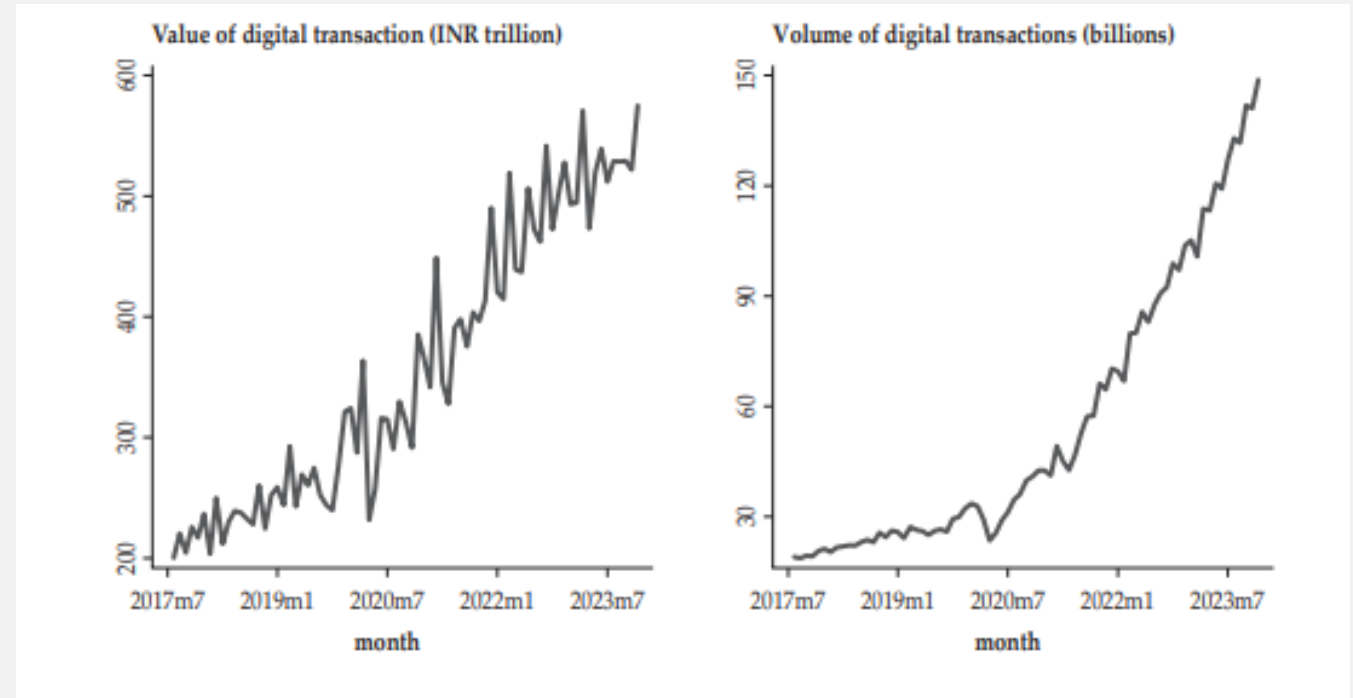
2023-24	<p>FBR's Key Automations</p> <ul style="list-style-type: none">✓ High-Completion (85-95%)<ul style="list-style-type: none">• Sales Tax Single Portal & Return – Centralized tax filing.• Tax Asaan App & Tajir Dost – Simplified mobile tax filing.• e-Payment System – Online tax payments.• Geotagging of Taxpayers – Location-based tracking.◆ Medium-Completion (50-80%)<ul style="list-style-type: none">• POS Integration & Digital Invoicing – Real-time tax tracking.• Automated Return & Audit Management – Streamlining tax processes.• ATL & FED Compliance – Taxpayer status automation.
2024-25 E	<ul style="list-style-type: none">➤ Full-scale digitization of tax returns➤ AI-driven risk assessment for audits➤ Enhanced automation of refunds and e-filing➤ FBR entered into an agreement with Karandaaz Pakistan for Digitalization of Tax System

Effectiveness of Policy Approaches on Indian Economy

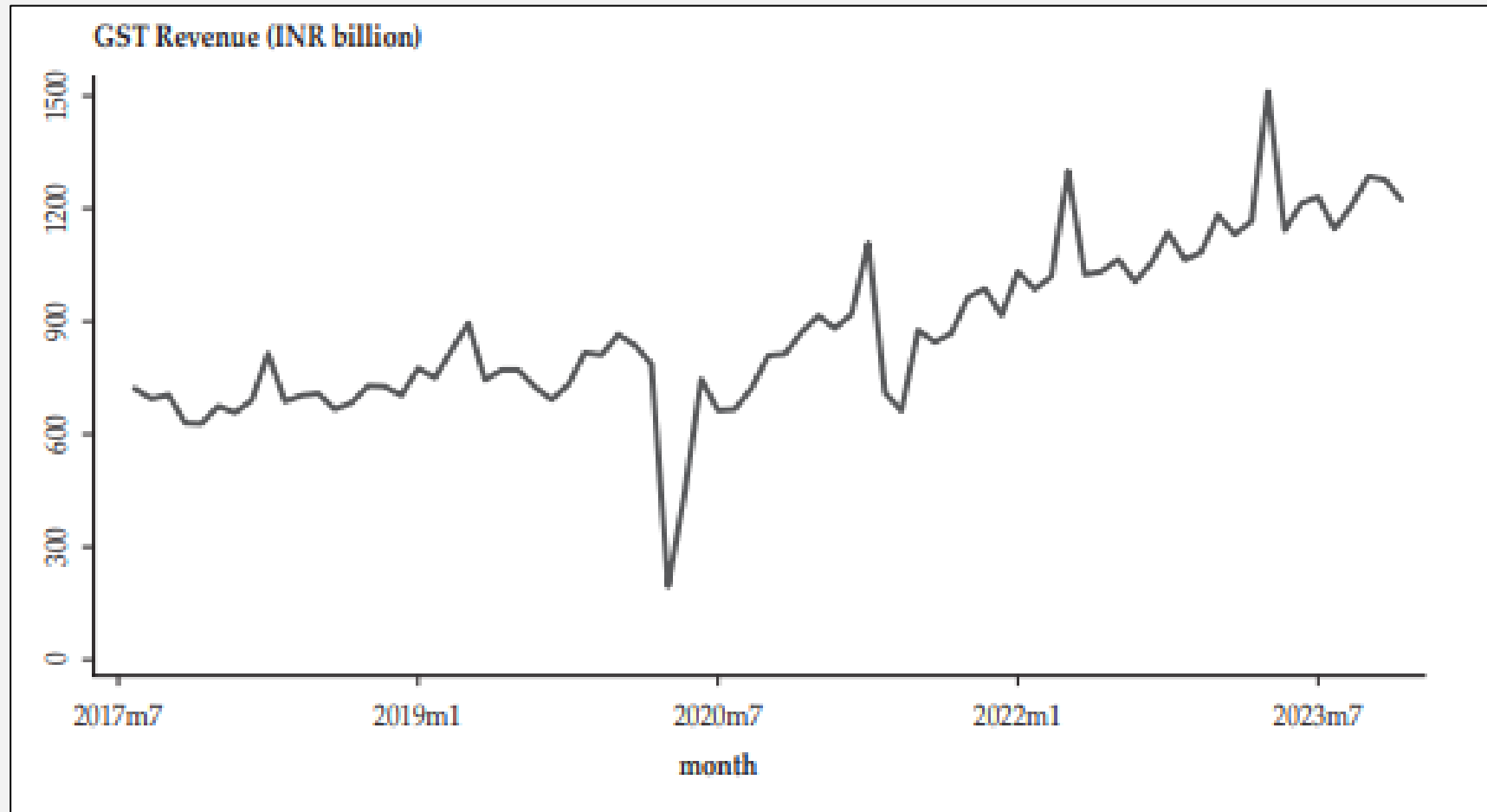
Evolution of Digital Transactions in India

- ❑ Digital payment system in India has experienced a paradigm shift over the last decade,
- ❑ Driven by innovations in NEFT, IMPS, UPI, NACH, and card payments.

- ❑ Retail transactions surged from 18.84 billion in July 2017 to 148.76 billion in December 2023
- ❑ Transaction value rose from INR 196.92 trillion to INR 575 trillion in the same period.



Evolution of GST Revenue in India



Recommendations for the SAARC Countries:

Recommendations Based on EU and Advance Tax Regimes Practices:

- Implement an electronic tax filing system with real-time monitoring.
- Develop a centralized digital platform for tracking public expenditures & identifying discrepancies.
- Deploy machine learning algorithms to analyze tax data and detect anomalies.
- Use predictive analytics to forecast revenue and make policy adjustments.
- Establish regular dialogue forums between tax authorities and business communities.
- Introduce carbon taxes and green investment incentives for sustainable development.
- Introduce AI-based tools for efficient audit and compliance monitoring.
- Countries should adopt balance sheet-based PFM practices of advanced economies to strengthen fiscal transparency and sustainability..



**THANK
YOU**

