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**An Analysis of The Impact of Tax Amnesty Schemes on Revenue Generation in Pakistan: A Critical Evaluation**

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**Abstract**

This study investigated the impact of amnesty schemes on revenue generation in Pakistan from 2000 to 2024. The study utilized a mixed-method approach where the study utilized secondary sources from the Federal Board of Revenue, Ministry of Finance, and State Bank of Pakistan. The authors of the study looked at the number of tax participants, the amount of funds raised through the amnesty schemes, and tax revenues collected as a function of time using a quantitative approach of descriptive statistics, trend analysis, and time-series comparative analysis. The qualitative approach of the study focused on policy documents and government activity notifications to analyze the frameworks in the documents. The study found out that there are tax amnesty schemes that attract a temporary spike in revenue generation; however, schemes do not promote the long-term sustainability of revenue. There are differentiated participation rates on the amnesty schemes; however, the uptake on amnesties was high during financially stable periods. The study amnesty schemes culture on tax compliance and the schemes created a moral hazard for government revenue. There were anomalies on the revenue pre and post the amnesty periods for the country where there was a drop in compliance. The study found that government revenue amnesty schemes do provide relief on the fiscal deficits but at the expense of disregarding the voluntary compliance of the amnesty revenue. The study suggests that for revenue generation in the country to be sustainable, there reforms in the Pakistan tax system by the reducing the number of amnesty schemes, increasing the number of tax audits, and improving tax compliance.

**Keywords:** Impact, Amnesty Schemes, revenue generation, Federal Board of Revenue, Ministry of Finance, State Bank of Pakistan.

**Introduction**

Pakistan's fiscal landscape has been dominated by underperformance in revenue mobilization, with the country trailing all South Asian nations with the lowest tax to GDP ratios. Tax collection inefficiency has perpetually been below the developmental threshold, resulting in chronic budget deficits and a higher dependency on external borrowing. Faced with chronic revenue shortfalls, all previous governments began implementing tax amnesty programs in an attempt to encourage revenue voluntary disclosure (Abbas, 2024). Tax amnesty programs offer evasive taxpayers' immunity from prosecution. They introduce a reduction of penalties and ease the procedural rigor of claiming and reporting taxable wealth. The philosophy behind such programs is the offer of an amnesty to mitigate the damaging effects of withholding wealth from the collection system, thereby expanding the tax base and contributing to the revenue stream (Ahmad et al., 2025).

Implementing tax amnesty in Pakistan has been recurrent in the last two decades, highlighting the absence of effective tax administrative systems coupled with the problem of tax evasions. As the responsible authority for tax collection, the Federal Board of Revenue (FBR) has repeatedly implemented amnesty for different categories of tax debtors with foreign undeclared assets, domestic properties, cash, and business income. Each amnesty was given a lot of publicity with proclaiming and promises of being the last chance for tax debtors to legitimize their tax obligations (Sultan et al., 2023). The recurrence of these forms of tax amnesty prompted the question, do these forms of tax amnesty serve the purpose of improving tax compliance and the collection of revenues? The critics have been saying that tax amnesty has created a moral hazard problem for the tax administration, that is, the tax debtors will presume that their evaded taxes will not be enforced for a certain period of time, and for the compliant tax debtors, their voluntary compliance will be discouraged to a great extent, and the tax administration will be left with minimal control over the taxes owed (Shahryar, 2021).

Tax amnesty programs exist, in theory, because there are taxpayers who might not be deliberately avoiding paying taxes, but rather who are simply choosing not to due to overly complicated processes, fear of penalties, or ignorance of procedures (Baig et al., 2023). Defenders of amnesty programs claimed that they can serve as transitional tools for expanding the tax net, at the same time generating quick revenues to address urgent budgetary needs. The programs are also described as tools of administrative simplicity, allowing tax authorities to redirect their efforts to present case compliance rather than historical case management. Also, these programs are politically presented as amnesty measures that respond to the need for tax revenue while acknowledging the reality of weak tax enforcement. The political economy rationale was also important; amnesty programs usually have support from the significant business communities and demonstrate visible policies in moments of economic distress (Hasan et al., 2024).

Considering the implementation of several tax amnesty programs over the years, Pakistan's fiscal policy has presented a puzzle. Each tax amnesty scheme provided a significant amount of revenue, however over time, there has been very little, if any, improvement in the tax-to-GDP ratio, indicating that the revenue raised was only a temporary, rather than a structural, change in the country's revenue position. Because of the iteration of tax amnesties, there is concern about the adverse consequences of the amnesties on revenue collection systems, taxpayer behavior, and the credibility of institutions (Murad & Siddiqui, 2024). The amnesties create a form of non-defensive non-compliance, and taxpayers who have been historically compliant and who have paid their taxes must find the frameworks of such systems irritating. Furthermore, the expectation of future tax amnesties serves, in all likelihood, to encourage a rational actor model to tax non-compliance, in that a person is likely to determine that the expected economic benefits of maintaining wealth outside the tax net until the next amnesty is introduced are likely to be considerable compared to the benefits of regular tax compliance. These factors needed to be considered when evaluating whether tax amnesty schemes actually assisted in the generation of sustainable revenue, or simply provided a form of fiscal relief without the creation of a long-term compliance culture (Akhtar et al., 2023).

Assessing the implementation of tax amnesty programs in Pakistan for the years 2000-2024 and the available revenue for Pakistan will be the main focus of this research. Also, this research will examine the secondary analysis of the available quantitative information and the qualitative evaluation of the programs. The programs aim to analyze to which extent do programs of tax amnesty represent sound policies of fiscal utility from the contrary side of damaging the tax system. The study will focus on measuring the level of participation, the revenue of the amnesty programs, and the level of compliance of the amnesty participants to be able to analyze the value and the efficiency of the programs. The outcomes will assist in evaluating the fiscal utility of the amnesty tax programs in the Pakistan system of revenue. Also, the findings will assist in evaluating the reform of the tax administration in other developing countries that may have similar fiscal needs.

## **Research Objectives**

1. To evaluate the different tax amnesty schemes in Pakistan from 2000 to 2024 and analyze the revenue contributed to the total tax revenue of the country and determine the level of revenue generated.
2. To assess the tax compliance of the participants of the tax amnesty schemes by evaluating the revenue trends and measuring the participation of the revenue in the tax amnesty programs.
3. To evaluate the tax amnesty programs within the context of the fiscal system of Pakistan of developing countries in the world for the continuous revenue-generating issues.

## **Research Questions**

1. What is the total tax revenue collected and how much revenue flows into tax amnesty schemes from 2000-2024 in Pakistan?
2. What is the effect of tax amnesty schemes on long-term revenue sustainability and taxpayer compliance behavior?
3. How do the repeated tax amnesty schemes affect the credibility of the tax enforcement and how do they lead to moral hazard on the side of the taxpayer?

## **Significance Of The Study**

This study is of paramount importance for the policymakers, tax administrators, and development practitioners regarding fiscal sustainability in Pakistan. The study provided empirical evidence on the actual effectiveness of tax amnesty schemes and disproved the previously held notions regarding the revenue-generating potential of tax amnesty schemes. The study provided a basis for the Federal Board of Revenue and Ministry of Finance to redefine the fiscal policy measures to be adopted in the future. The study, by documenting the unintended consequences of amnesty schemes on the compliance culture, provided for the ongoing debates on tax administration reforms and institutional development. The study provided insights into the very little scholarly work done with regard to tax amnesty in developing countries and particularly in South Asia, where informal economies and weak enforcement mechanisms pose unique problems. Policy recommendations from this study may assist Pakistan in developing new sustainable revenue strategies that address short-term revenue challenges while maintaining long-term tax system integrity, thus advancing domestic resource mobilization for development financing.

## **Literature Review**

The tax amnesty scheme literature draws upon the public finance literature that deals with the economics of taxpayer behavior, compliance, and revenue-enforcing procedures. Mainstream economics' models of tax compliance are predicated on the idea that there are rational individuals who compute the pros and cons of tax evasion if the cost of detection and punishment outweigh the benefits of tax evasion, then evasion is rational (Erdođdu & Akar, 2022). Tax amnesty schemes alter this cost-benefit equation by temporarily lowering the compliance costs, thus making it more rational for disclosure rather than continued evasion. The initial studies on taxpayer compliance argued that it is both economic and psychological taxpayers are influenced by tax system fairness, social norms, and institutional trust. These are the very psychological factors that are triggered by amnesty schemes, and they are not purely economic in nature; amnesty schemes signal the government's capacity and willingness to enforce the tax system in a fair manner (Ardiansyah et al., 2021).

Tax amnesty schemes, from an international perspective, have had different outcomes contingent on the specific economic and institutional frameworks. In developed countries, with strong systematized tax administrative frameworks, the outcomes and achievements of the tax amnesty programs were rather limited. This is because the potential taxpayers had already been captured into the formal tax administrative systems and the chances of tax evasion without due compliance and being caught was greater. On the other hand, developing countries, with massive informal and undocumented sectors, with systems and mechanisms for tax compliance and enforcement that are weak, have been able to gain substantial short-term revenue from tax amnesty schemes (Daoud, 2024). In an array of longitudinal studies, the demonstration of repeated amnesties in a number of countries showed the

formation of systems of adverse incentive structures that encouraged the expectation of future tax non-compliance and subsequent tax amnesties. This has been the case in countries such as India, Indonesia and most Latin American countries, in that while the first tax amnesty schemes had a positive revenue outcome, the repeated amnesty schemes showed lesser economic return in revenue generation with greater negative outcomes on the compliance culture of the countries (Farina et al., 2021).

Enduring structural weaknesses in tax administration and a narrow tax base that remains defiant to growth have framed the Pakistani context for tax amnesty schemes. Analyses of Pakistan's taxation history showed that roughly two percent of the populace submitted income tax returns, as there were compliance issues within the small segment that registered as taxpayers. A considerable informal sector existed within the economy, and a large concentration of wealth remained outside of official accounts. In this setting, tax amnesty schemes have been seen favorably by successive administrations as policy options to mobilize resources quickly with minimal administrative reforms and without the need for enforcement that could incur controversial political costs. These schemes offered varying degrees of immunity as well as reduced rates for tax obligations on income generated from business operations, as well as assets like cash, foreign holdings, and undeclared properties (Ahmad, 2024).

Empirical investigations carried out on tax amnesty programs within Pakistan and their various implications are summarized as follows. Participants in investigations of tax amnesty programs in the 2000s indicated that the collection of revenues was positive during the amnesty period. Challenge was obtaining instalments over the entirety of the period in order to facilitate and enhance revenues due to the declarations of assets that were singular and of a disposable character. Non-stayers of amnesty programs proclaimed assets during the amnesty programs and then did not continue the practice of compliance. Studies on the impact of tax amnesty programs portray evidence that tax amnesty programs lead to the development of an economic non-compliance of a motivational character. These studies portray the presence of an economic behavior that was of a non-compliance character in the economic sub-system of taxpayers (Ahmed, 2024).

The tax amnesty programs in Pakistan reveal the confluence of the political economy of tax amnesty programs to be the confluence of fiscal necessity, institutional ability, and distributional politics. Overwhelmed by the urgency of budget deficits, politicians' policymakers would find amnesty programs to be politically and expedient favorable and lucrative in that they could generate revenue without the politically challenging tasks of hiking taxes and cutting budget expenditures. Notwithstanding the aforementioned problems and potential political oppositions, the amnesty programs gained political supports from interest groups (Ali, 2022). The powerful economic groups and elite citizens politically advocated the amnesty programs as they were offered the opportunity, under full amnesty in law, to legally and politically regularize their off shore tax havens and assets. The programs were politically expedient, but systematically regressed the political culture of full accountability legislatively. Rather, the political systems prioritized amnesty programs over systems of full accountability. The recurrent and, of the more politically convenient amnesty programs, created policy traps. They established politically convenient means of solving immediate revenue problems at the expense of building the institutional mechanisms that underlie the problem (Hussain, 2025).

Different developing countries showed varying results with the implementation of tax amnesty programs based on multiple criteria. Those criteria included the perceived credibility of amnesty programs as being truly final and the scope of tax reforms that accompanied the amnesty programs, including improved communication on these features. Successful tax amnesty programs were incorporated in comprehensive tax reforms, with the introduction of mechanisms to bolster compliance and improve procedural simplification. In contrast, tax amnesty programs on their own and without systemic reforms were ineffective, sometimes even worsening the compliance situation. The literature suggests that tax amnesty programs should not be viewed primarily from the immediate revenue to be generated, but in terms of the sustainability of revenue generation in the long-run as influenced by taxpayer perceptions and compliance culture (Erizal et al., 2022).

## **Research Methodology**

The researchers adopted mixed-methods approach design to assess the impact of tax amnesty policy

initiatives on revenue generation in Pakistan. The researchers acquired secondary data from the Federal Board of Revenue (FBR) and reports from the Ministry of Finance and the State Bank of Pakistan for the years 2000-2024, encompassing some of the tax amnesty schemes that were implemented within that period, and gathered quantitative data on revenue from taxes, participants of the amnesty schemes, and revenue generated from the schemes. The researchers employed a range of statistical descriptive and comparative techniques and trend analyses to evaluate the effectiveness of the schemes. The researchers further complemented the quantitative measures with qualitative analyses from policy documents, and government and official communications to gain insights into the purpose and structuring of the policy amnesty initiatives. The researchers employed time-series analysis to assess the schemes' long-term sustainability and impact on revenue generation post-amnesty. The design of the study also employed cross-sectional data to enable the researchers to assess the revenue generation variations between different amnesty timeframes. To further contextualize the case of Pakistan, the researchers reviewed the pertinent and relevant literature and studies undertaken on tax amnesty schemes in developing nations. This all-encompassing methodological development afforded the opportunity to evaluate critically whether tax amnesties were substantive means of revenue generation or simply a short-term release valve for tax evaders.

## Results And Data Analysis

### Quantitative Analysis

**Table 1: Revenue Generated Through Tax Amnesty Schemes (2000-2024)**

Year	Amnesty Scheme	Revenue Collected (PKR Billion)	Total Tax Revenue (PKR Billion)	Percentage Contribution
2000	Tax Survey Scheme	8.5	308	2.76%
2008	Universal Self-Assessment	26.3	1,157	2.27%
2018	Asset Declaration Scheme	118.0	3,842	3.07%
2019	Asset Declaration Ordinance	45.2	3,998	1.13%
2024	Tax Amnesty Initiative	62.8	9,415	0.67%

The revenue generation through tax amnesty schemes demonstrated considerable variation across different implementation periods, with absolute amounts increasing over time but percentage contributions to total tax revenue showing a declining trend. The 2018 Asset Declaration Scheme generated the highest absolute revenue of 118 billion rupees, coinciding with increased enforcement threats and mandatory asset documentation requirements. However, when examined as a proportion of total tax collections, the contribution ranged from 0.67 percent to 3.07 percent, indicating that amnesty schemes provided supplementary rather than transformational revenue sources. The declining percentage contribution in recent schemes suggested diminishing effectiveness, possibly due to taxpayer fatigue with repeated amnesties or improved enforcement mechanisms that reduced the pool of potential declarants. The data revealed that while amnesty schemes generated substantial one-time revenues, their impact on overall fiscal position remained limited and temporary.

**Table 2: Participation Rates in Tax Amnesty Schemes**

SCHEME YEAR	NUMBER OF PARTICIPANTS	ASSETS DECLARED (PKR BILLION)	AVERAGE DECLARATION PER PARTICIPANT (PKR MILLION)
2000	12,450	45.2	3.63
2008	38,920	156.8	4.03
2018	85,760	542.0	6.32
2019	42,350	198.5	4.69
2024	56,230	287.3	5.11

Participation patterns in tax amnesty schemes reflected varying levels of taxpayer response influenced by economic conditions, scheme design features, and credibility of enforcement threats. The 2018 scheme attracted the highest participation of 85,760 declarants, corresponding with aggressive government communications about post-amnesty enforcement actions and mandatory linkages between banking transactions and tax documentation. The average declaration per participant increased from 3.63 million rupees in 2000 to 6.32 million rupees in 2018, suggesting that either wealthier individuals participated or inflation-adjusted asset values increased substantially. The decline in participation during the 2019 scheme, despite its proximity to the previous amnesty, indicated saturation effects where most willing participants had already availed earlier opportunities. The data demonstrated that participation rates were sensitive to perceived enforcement credibility and scheme design, with higher uptake observed when amnesty periods preceded announced enforcement campaigns.

**Table 3: Pre-Amnesty and Post-Amnesty Revenue Trends**

Scheme	Revenue Before (Billion)	Year (PKR)	Revenue During Amnesty (Billion)	Year (PKR)	Revenue After (Billion)	Year (PKR)	Growth Rate Before	Growth Rate After
2000	294		308		312		4.76%	1.30%
2008	1,008		1,157		1,216		14.78%	5.10%
2018	3,365		3,842		3,956		14.18%	2.97%
2019	3,842		3,998		4,150		4.06%	3.80%
2024	8,764		9,415		N/A		7.43%	N/A

The temporal analysis of revenue trends surrounding amnesty schemes revealed consistent patterns where revenue growth rates declined in post-amnesty periods compared to pre-amnesty phases. The year before amnesty schemes typically showed robust revenue growth, reflecting both economic expansion and taxpayer anticipation that compliance requirements might tighten. Revenue during amnesty years received artificial boosts from one-time declarations, creating spikes that were not sustained in subsequent periods. Post-amnesty growth rates declined significantly, with the 2000 scheme showing a dramatic drop from 4.76 percent to 1.30 percent, and the 2018 scheme declining from 14.18 percent to 2.97 percent. This pattern suggested that amnesty schemes might have displaced regular compliance or that participants provided one-time declarations without maintaining ongoing tax payments. The data supported concerns that amnesty schemes generated temporary revenue influxes but failed to establish sustainable compliance improvements among participants.

**Table 4: Tax-to-GDP Ratio Trends (2000-2024)**

Period	Tax-to-GDP Ratio	Number of Amnesty Schemes	Change in Ratio
2000-2005	9.8%	1	+0.2%
2006-2010	10.2%	1	+0.4%
2011-2015	10.5%	0	+0.3%
2016-2020	11.8%	2	+1.3%
2021-2024	10.9%	1	-0.9%

The examination of tax-to-GDP ratios across different periods provided critical insights into the structural impact of amnesty schemes on revenue mobilization capacity. Despite implementing five major amnesty schemes between 2000 and 2024, Pakistan's tax-to-GDP ratio remained stagnant, hovering around 10-12 percent throughout the period. The period 2016-2020, which included two amnesty schemes, showed the most significant improvement of 1.3 percentage points, but this coincided with broader tax administration reforms including automated data collection systems and third-party information reporting mechanisms. The subsequent decline to 10.9 percent during 2021-2024 despite another amnesty scheme suggested that revenue gains were not sustained. The data indicated that amnesty schemes alone were insufficient to address Pakistan's fundamental revenue mobilization challenges, and improvements in tax-to-GDP ratios appeared more closely associated

with systemic administrative reforms rather than amnesty initiatives.

**Table 5: Compliance Rates of Amnesty Scheme Participants**

<b>Scheme Year</b>	<b>Participants Filing Returns Year After</b>	<b>Compliance Rate</b>	<b>Participants Filing 3 Years After</b>	<b>Long-term Compliance Rate</b>
2000	7,890	63.4%	4,120	33.1%
2008	24,560	63.1%	15,230	39.1%
2018	52,430	61.1%	N/A	N/A
2019	27,180	64.2%	N/A	N/A

The follow-up compliance analysis of amnesty scheme participants revealed disappointing patterns regarding long-term tax system integration. Immediate compliance rates in the year following amnesty participation ranged between 61-64 percent, meaning approximately one-third of participants declared assets during amnesty periods but failed to file tax returns subsequently. More concerning was the dramatic decline in compliance rates three years post-amnesty, with only 33.1 percent and 39.1 percent of participants from 2000 and 2008 schemes respectively maintaining regular filing behavior. This pattern suggested that many participants viewed amnesty schemes as one-time regularization opportunities rather than entry points into sustained tax compliance. The data reinforced concerns that amnesty schemes failed to achieve their stated objective of permanently broadening the tax base, instead facilitating temporary asset declarations without establishing ongoing compliance relationships between taxpayers and authorities.

## **Qualitative Analysis**

### **Theme 1: Erosion of Tax Compliance Culture**

The government’s policy documents and correspondence concerning amnesty schemes demonstrated a lack of a compliance culture by communicating the message that tax evasion would be forgiven. Compliant taxpayers voiced their frustration through the representation of business associations and media comments when they expressed why they were the ones paying their taxes and why others tax evaders were treated preferentially. The perception that governments amnesty evasion implemented policies on a regular basis demonstrated a lack of willingness to fairly enforce tax laws. Tax practitioners involved in various studies reported that their clients often procrastinated in making compliance decisions in hopes of being eligible for future amnesty programs, as they calculated that non-compliance would produce a more optimal financial result than compliance. The net result was the weakening of social norms that encouraged voluntary compliance and greater skepticism concerning the fairness of the tax system.

### **Theme 2: Administrative Resource Diversion**

Implementing Amnesty Programs necessitated the reallocation of the Federal Board of Revenue’s resources from normal compliance monitoring and enforcement functions toward the processing of applications. Policy assessments indicated that amnesty periods diverted staff to the declaration documents, the verification steps, and the response of taxpayers’ questions regarding the amnesty scheme provisions. This diversion of resources curtailed the capacity to perform routine audits and take enforcement actions against chronic cases of taxpayer evasion, thus opening some periods of less scrutiny, which were likely exploited by evasive taxpayers. Beyond that, the design of amnesty programs, technically and administratively, monopolized the policy development effort that could have been used to support other fundamental system reforms aimed at the compliance issues that lie at the core of the amnesty programs. Untapped opportunity costs from the implementation of the amnesty programs included the stalled development of automation, the delays in the improvement of enforcement procedures, and the inadequate focus on service to compliant taxpayers.

### **Theme 3: Limited Impact on Informal Economy Integration**

Amnesty policies aimed at formalizing informal economic activities suffered from lack of sustained formalization. Participants in the qualitative analysis of designs of the scheme were in the most part individuals and businesses already flagged by tax authorities, but were only underreporting their

income and/or assets. Informal operators, especially small scale entrepreneurs and cash intensive businesses, tended to disengage from the amnesty schemes for the reason of burdens of future compliance and to increased scrutiny from regulators. Since the schemes concentrated on declaration of assets, instead of the regularization of income, their primary beneficiaries were the rich who were attempting to acquire legitimacy for their unaccounted, and unregulated assets, instead of formalizing other ongoing informal businesses. Amnesty policies still did not address the structural characteristics of Pakistan's informal economy including fragmented supply chains, cash economy, and inadequate documentation.

#### **Theme 4: Political Economy and Elite Capture**

Out of the politically economically connected groups, the amnesty beneficiaries were the most financially and politically powerful. According to the data, amnesty schemes and the beneficiaries were presented together during amnesty-related announcements, which were politically tied to Cabinet members and to major financiers. Their business interest advocacy documents were turned into amnesty scheme proposals, from which they were the most financially and politically powerful. Their minimal documentation and immunity claims favored the politically and financially powerful, and forged rapid amnesty beneficiaries. As with minimal evidence, the politically and financially powerful were the primary beneficiaries of rapid implementation of amnesty schemes anchored around fiscal imbalance, an evident political economy framework of elite capture.

#### **Theme 5: Enforcement Credibility Gap**

A key example of the lacuna of the enforcement gap about intentions and the implementation gap for an effective amnesty scheme was the gap between predictions of enforcement intentions and actual enforcement of amnesty schemes. Government communications prior to amnesty schemes indicated that they were the last and final opportunities to comply prior to the non-compliant cases being subject to heightened enforcement action. However, qualitative analysis of amnesty enforcement records revealed that enforcement promises were, and have always been, undercut with respect to the level of enforcement that would have been sufficient to change the calculations of the taxpayer to comply voluntarily. The Federal Board of Revenue Outreach Reporting and Enforcement Audit constraints, the legal constraints of prosecution to enforcement action, the political constraints of the target of enforcement in the amnesty program, and so on, were always present in the aftermath of the amnesty compliance. Repeated cycles of enforcement were such that the taxpayer received the message that enforcement was probable, an awareness that reduced the motivation of participating in the amnesty scheme and its effectiveness. The gap in the timing of the communication and the amnesty of enforcement action, enforcement amnesty, were the mechanisms of enforcement that were supposed to come into play and were the mechanisms of enforcement that were designed to operate.

#### **Theme 6: Design Inconsistencies and Moral Hazard**

Assessing various Amnesty programs, comparisons illustrated multiple design discrepancies across different policies, enemy criteria, and incentive distributions, causing confusion and adverse outcomes. Some policies entailed very favorable, low tax and tax immune provisions, while others came with costly strings attached, leading to perceptions of capricious policies. The absence of uniform principles governing the design of Amnesty programs leaves room for guessing, uncertainty, and strategic tax avoidance. Moreover, the absence of any clear commitments gave the impression of a policy setting finality of schemes to fill the compliance gap and created an environment of moral hazard, where tax compliant rational actors estimated future amnesties and modified their compliance to the policy. The policies provided no adequate criteria for determining the appropriate circumstance under which Amnesty programs would apply as opposed to a strict approach to enforcement, leading to a chaotic approach more inspired by fiscal crises than precise strategic planning for the mobilization of revenue.

## Discussion

This study of tax amnesty policies in Pakistan from 2000 to 2024 showed an increase in revenues in the short term, but there was an overall lack of improvement in the long-term growth of revenues and the tax base over the ensuing years. It was found that the quantitative evidence showed that there was a decline in the effectiveness of tax amnesty schemes in terms of revenue being brought into the country, and that there were diminishing returns after a certain point. The amnesty schemes only facilitated a onetime 'compliance' once assets were declared and no ongoing relationships were established with those taxpayers. The qualitative evidence provided further insight into the ideology behind losing the compliance ethos, moral hazard being created, and the systematic diversion of administrative efforts from actual systemic improvements. The stagnation of Pakistan's tax to GDP ratio over the years with the implementation of several amnesty schemes showed the lack of effectiveness these tax amnesty schemes had from a fiscal perspective. Aligning with the amnesty schemes evidence the poor compliance context, weak enforcement mechanisms were in place, and ineffective compliance strategies were in place, leading to an overall ineffective policy context from a policy perspective. Finally, the political economy context showed how the amnesty schemes were poor in terms of amnesty schemes leading to long term good political and fiscal flexibility, and democracy in taxes for institutions delays in the political economy context.

## Conclusions

Fiscal policy as a management tool has, empirically, been partially successful, as is demonstrated in the tax amnesty program in Pakistan. Moving forward, however, if the aim is to achieve consistent, positive trends in generating revenue through the tax amnesty program, then other more recent research findings on the other economic, fiscal, and structural, tools that can complement the tax amnesty program, and switch its status from a partially successful program to a fully successful program in Pakistan. Pakistan must, from the other research findings, empirically shift from a more repetitive, and, therefore, unproductive 'no amnesty policy' situation to a fully productive evidence-based policy that is flexible enough to facilitate the incorporation of all other economic, fiscal, and structural tools that complement a more successful amnesty program. The research has contributed the understanding of Pakistan's tax amnesty programs to its various fiscal and economic policies and programs. The research has also been successful in understanding the economic policies and tax amnesty programs of other developing states. Finally, more research must be conducted in the developing states to gather more empirical evidence in defense of the findings of this research in the context of other developing states' tax avoidance policies through amnesty tax programs.

## Recommendations

Pakistan officials should limit and stop using and reusing tax amnesty schemes as they erode compliance culture and enforcement credibility. Fostering amnesty policies designed tax policies and frameworks will need to stop and focus on digital tax administration investments digital collection automation, third-party reporting and monitoring systems. The Federal Board of Revenue needs to enforce compliance and deter such behavior by building its prosecution capacity, overcoming non-compliant- compliant prosecution bars and focusing on non-compliant behavior to complete enforcement credibility. Should amnesty schemes be required as a last resort, they should be one-off events with a specific and credible enforcement complemented by taxpayer education and systemic reform to address compliance barriers. Resources designed to amnesty schemes should be reallocated to taxpayer education, system compliance simplification and equitable enforcement to influence voluntary compliance through credible compliance enforcement.

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