Pakistan Kissan Rabita Committee
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Press Conference

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Dear Journalists,
We welcome you at this press conference,

This is to bring into your notice that the rich elite in Pakistan is receiving all sort of tax exemptions while the poorest sections are on the receiving end. Rich elite does not pay taxes and then uses the courts and the political influence to get the exemptions through presidential ordinances and general amnesties. Most glaring example is the sugar factory owners. This year, The Federal Board of Revenue (FBR) demanded Rs 469 billion tax from 81 sugar mills, among them were the sugar factories of Industrial tycoon Jahangir Tareen with 7 billion Rupees tax demand. All that is now put in cold store as the matter is hushed up in media and government circles.

The Competition Commission of Pakistan's (CCP) decision to impose Rs 44 billion fine on 81 sugar mills and the Pakistan Sugar Mills Association (PSMA) on charges of manipulation of market and looting consumers in 2019 has not been materialized.

Various sectors including fertilizer companies, government power companies, IPPs, K-Electric, general industry, gas companies owe Rs523.60 billion Gas Infrastructure Development Cess (GIDC). Following the Supreme Court of Pakistan decisions to collect GIDC from various sectors, the industrialists went from one corner to another to put pressure on the courts and got the government to waive over Rs 300b GIDC dues, thus the PTI govt writes off half of liabilities of industrialists, late payment surcharge

The amount waived in favor of the industrialists, mainly Karachi-based, was more than the total loans written off from 1971 to 2019 that stood at Rs 256 billion.

Similar to Pakistan, an international The "Deal of the Rich" agreed by G7 countries on 1st July 2021 will not benefit the developing countries. The proposals in the OECD-led Inclusive Framework's statement for new global tax rules, do not address the fundamental problems of the current international tax architecture. It is designed to accommodate the recent deal of the G7 on a global minimum corporate tax rate of 15%, and disregards the suggestions, proposals and reservations that a number of developing countries have put forward throughout many years of work.

The Global Alliance for Tax Justice, and many in the global tax justice movement were critical regarding the leadership role of the OECD, which is a club of the rich to reform international tax rules. To give its leadership the veil of legitimacy it created an Inclusive Framework (IF) which has so far barely gone beyond rubberstamping the Group of Seven (G7) "deal of the rich".

The COVID-19 pandemic and its impacts present a historical opportunity to reform global corporate taxation and transform our tax systems to make them more responsive to the needs of people and the planet. It is unconscionable that the solutions offered by the world's elite countries only serve to reinforce inequalities in the global tax regime that have long excluded the voice and interests of developing countries and peoples in the Global South. The agreed global minimum tax rate of 15% is far lower than the world corporate income tax rate average of approximately 25% and closer to the 12.5% proposed by some low/no tax jurisdictions.

The case of Pakistan is even worst. Economic privileges accorded to Pakistan's elite groups, including the corporate sector, feudal landlords, the political class and the country's powerful military, add up to an estimated 2958 billion Rupees, or roughly 6 percent of the country's economy, a new United Nations report has found.

The biggest beneficiary of the privileges which are normally in the form of tax breaks, cheap input prices, higher output prices or preferential access to capital, land and services was found to be the country's corporate sector, which accrued an estimated 799 billion Rupees in privileges.

The 1% richest Pakistani own 9 percent of the country's overall income, and the 1.1 percent feudal land-owning class, owns 22 percent of all arable farmland. One percent rich in Pakistan owns 53,448 billion Rupees while the poorest 1 percent held just 0.15 percent. Overall, the richest 20 percent of Pakistanis hold 49.6 percent of the national income, compared with the poorest 20 percent, who hold just 7 percent.

Instead of taxing the rich, the present government is always ready to exempt the capitalist and feudal class from paying the due amount. Pakistan announced forgiveness to tax evaders if they invest black money in Imran's govt housing scheme. The regime's primary growth-stimulating policy since March 2020 has been to encourage investors to direct illicitly gained money into the construction sector. While some short-term employment is generated by such investment, construction workers generally get hired by subcontractors on a job-to-job basis, which effectively equates to zero long-term employment effects.

Internationally, a solution agreed in a politically biased and opaque process, outside the UN system and the related accountable country representation, cannot have the legitimacy to be a binding international agreement. A fair global deal is only possible in an open, fully inclusive and transparent intergovernmental process, in which the public and civil society can hold negotiators to account for proposals and decisions, and in which the draft agreements are open to public scrutiny. Such a process is only possible within the framework of a UN based intergovernmental negotiation in which countries can participate as equals.

We therefore reiterate our call for the establishment of a universal, intergovernmental UN tax commission and negotiating a UN Tax Convention to comprehensively address tax havens, tax abuse by multinational corporations and other illicit financial flows.

We call upon countries to overcome the blockage to bring reform of international tax rules into the UN and work together for a truly inclusive and transparent negotiation process.

Press Conference by

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