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Shehbaz Sharif Approves Overhaul of Tax System with New Digital Ecosystem and Supports Overseas Remittances Incentive

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Prime Minister Shehbaz Sharif has greenlit a plan to modernize the Federal Board of Revenue's (FBR) tax infrastructure by creating a cutting-edge digital ecosystem designed to centralize data and monitor the entire value chain in real time. Alongside this, he has reaffirmed support for the incentive program that encourages overseas Pakistanis to send remittances home, recognizing their vital role in the country's economic stability.

In a recent meeting reviewing the progress of FBR reforms, the prime minister emphasized the importance of building not just basic digitization but a comprehensive digital framework.

This system will integrate all relevant information, from the production of raw materials and imports to manufacturing processes and consumer purchases, into one centralized platform. The goal is to ensure transparency, improve tax compliance, and strengthen the economy by expanding the tax base and reducing the informal sector.

Sharif stressed that real-time digital monitoring would enable more effective economic decision-making. By collecting and analyzing data across the entire supply chain, policymakers can craft strategies that promote growth and accountability. The prime minister believes that lowering tax burdens on ordinary citizens depends on broadening the number of taxpayers and curtailing tax evasion.

In addition to tax reforms, Shehbaz Sharif reiterated the government's commitment to the Workers' Remittances Incentive Scheme, which provides financial rewards to Pakistanis working abroad who send money back home. The Ministry of Finance has been ordered to promptly release funds to sustain this program. The prime minister highlighted that remittances from overseas Pakistanis reached a record \$38.3 billion in fiscal year 2025, a key factor in Pakistan achieving a current account surplus for the first time in 14 years. These inflows have been crucial in managing the import bill and boosting foreign currency reserves.

By prioritizing these reforms, Sharif's administration signals an intent to modernize Pakistan's financial infrastructure while acknowledging the indispensable contribution of the diaspora. However, given the ongoing challenges faced by the government, the success of these initiatives will depend on effective implementation and genuine commitment to reducing corruption and inefficiency in tax collection.