SINGLE SUB-NATIONAL REVENUE COLLECTING AUTHORITY: A CASE OF BALOCHISTAN

Noor ul Haq Baloch and Zia ur Rehman

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ABSTRACT

The province of Balochistan exhibits a significant reliance on federal transfers to fulfill its fiscal obligations. The objective of this study is to analyse the governance, technological, and enforcement challenges, along with the feasibility and potential benefits associated with the consolidation of tax collection functions under the Balochistan Revenue Authority (BRA). A mixed-methods approach was employed to scrutinise tax agency consolidation in Balochistan. The findings of the study reveal operational inefficiencies, governance challenges, and technological shortcomings, which have adversely affected taxpayer compliance, revenue collection, and overall taxpayer satisfaction. The results indicate that consolidation under the BRA holds promise but necessitates reforms to address operational, governance, technological, and stakeholder engagement issues. Furthermore, the findings suggest that such consolidation has the potential to mitigate redundancies and enhance efficiency; however, its success is contingent upon incremental implementation and active stakeholder participation. The study recommends that the consolidation of tax functions under the BRA could effectively address systemic issues, thereby enhancing local revenue and reducing dependence on federal resources. Furthermore, this study advocates for the improvement of Balochistan's tax administration by tackling existing challenges and implementing best practices.

PREFACE

This study aims to assess the feasibility of transferring Capital Gains Tax on Immovable Property (CVTIP), Urban Immovable Property Tax (UIPT), and Agricultural Income Tax (AIT) from the Excise, Taxation & Anti-Narcotics Department (ETD) and Board of Revenue (BOR) to the BRA. Despite being recognised as high-potential revenue sources in the province, these taxes have not been fully realised. This initiative serves as a test case for achieving economic efficiency and integrating provincial revenue departments into a unified authority. The research involves in-depth interviews, surveys, and analysis of financial data from relevant revenue departments (Excise and BOR) and the respective sectors where these taxes are applied.

In Balochistan, where development is a challenge, tapping into its revenue potential is crucial. This move is not just about collecting more money; it is like planting seeds for a better future in Balochistan. With increased revenue, people's lives can improve, services can get better, and the province can manage its own expenses. This shift towards financial independence means Balochistan will not have to rely as much on the national government, lightening the financial load for everyone.

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ABBREVIATIONS

AI	Artificial Intelligence
AIT	Agriculture Income Tax
BDMIC	Balochistan Development and Maintenance of Infrastructure Cess
BMTA	Balochistan Mass Transit Authority
BOR	Board of Revenue
BRA	Balochistan Revenue Authority
BSTS	Balochistan Sales tax on Services
BTEB	Balochistan Traffic Engineering Bureau
CMS	Complaint Management System
CPR	Computerized Payment Receipt
CRM	Compliance Risk Management
CVTIP	Capital Value Tax on Immoveable Property
ED	Energy Department
ETD	Excise, Taxation & Anti-Narcotics Department
EU	European Union
FBR	Federal Board of Revenue
FGDs	Focused Group Discussions
GDP	Gross Domestic Product
GIS	Geographic Information Systems
GOB	Government of Balochistan
GSTS	General Sales Tax on Services
HTV	Heavy Transport Vehicle
KE	Karachi Electric
KPIDC	Khyber Pakhtunkhwa Infrastructure Development Cess
KP	Khyber Pakhtunkhwa
KPRA	Khyber Pakhtunkhwa Revenue Authority
KPSTS	Khyber Pakhtunkhwa Sales Tax on Services
LRMIS	Land Records Management Information System
MIS	Management Information System
MVT	Motor Vehicle Tax
PIDC	Punjab Infrastructure Development Cess
POS	Point of Sale
PRA	Punjab Revenue Authority
PRAL	Pakistan Revenue Automation Limited
PSID	Payment Slip ID
PSTS	Punjab Sales Tax on Services
PTA	Provincial Transport
PWWF	Punjab Workers Welfare Fund
QESCO	Quetta Electric Supply Company
RCS	Revenue Collection Strategy
RIMS	Revenue Invoice Monitoring System
ROD	Registration of Deeds
RTA	Regional Transport Authority
SARAs	Semi-Autonomous Revenue Authorities
SBP	State Bank of Pakistan
SDCs	Service Delivery Centers
SRB	Sindh Revenue Board
SSTS	Sindh Sales Tax on Services

STS	Sales Tax Services
SWPF	Sindh Companies Profit (Workers' Participation) Fund
SWWF	Sindh Workers Welfare Fund
TD	Transport Department
UIPT	Urban Immoveable Property Tax
VAT	Value Added Tax
XEN	Executive Engineer
ETO	Excise and Taxation Officer
AC	Assistant Commissioner
DD	Deputy Director
AS	Assistant Secretary
QCCI	Quetta Chamber of Commerce and Industry
COC	Chamber of Commerce
LIEDA	Lasbela Industrial Estates Development Authority

INTRODUCTION

1.1. Background

The Balochistan government struggles to generate sufficient revenue, relying unsustainably on federal transfers, with only Rs. 33.8 billion in provincial tax receipts versus Rs. 481.17 billion from federal transfers in FY 2023-24 (GoB, Budget White Paper, 2024-25). Taxation is central to social policy, affecting resource distribution and welfare state politics (Ruane et al., 2020). It is a key tool for governments to achieve social and economic reforms, impacting human development and poverty reduction (Shettigar et al., 2023). While tax revenue challenges such as weak tax administrations and tax avoidance hinder their full potential (McCoy et al., 2017).

Pakistan's largest province, Balochistan, faces significant socioeconomic challenges, with 71% of the population living below the poverty line. The province is both underdeveloped and impoverished (Iqbal & Ahsan, 2024). Balochistan possesses the highest rate of multidimensional poverty, as evidenced by the Multidimensional Poverty Index (MPI) values of 0.39 (Saddique et al., 2023; Haq et al., 2024). Apart from poverty, socioeconomic issues like low education, healthcare, and infrastructure hinder productivity and economic growth (Bashir et al., 2022).

Balochistan's revenue collection is divided among five agencies: the BRA, BOR, ETD, Transport Department (TD), and Energy Department (ED). Despite this fragmented framework, tax collection remains insufficient to meet provincial needs (Finance Department, Domestic Tax Revenues of Balochistan, 2024). Despite the five agencies, the province has a revenue shortfall, which needs to be integrated into a single revenue agency, at least in potential taxes. However, no significant research has addressed tax integration at the provincial level in Pakistan. Globally, such as EU has made efforts to combat tax competition and harmonise corporate tax systems, with some success in driving down and converging corporate tax rates (Klofat, 2017; Stutzenberger & Bräutigam, 2019). However, unanimous decision-making requirements have hindered further integration (Jaakkola, 2023). Tax integration in the USA has been a topic of significant research and debate. Integration of corporate and shareholder taxes could reduce distortions and address concerns about income shifting and corporate inversions (Graetz & Warren, 2016). Carbon tax integration with fiscal reform, particularly through reducing capital income tax rates, has been proposed as an effective policy for economic and environmental benefits (Jorgenson et al., 2015).

Similarly, regional examples from South Asia further emphasise the transformative potential of tax reforms. Tax integration in India has been a focus of reform efforts to address fiscal imbalances and improve revenue collection (Jain, 2016). The introduction of the Goods and Services Tax (GST) has been a significant step towards harmonising the tax structure and reducing cascading effects, potentially enhancing revenue efficiency (Khoja & Khan, 2020). Moreover, (Su, 2024) examines the impact of the merger of national and local tax bureaus in China on corporate tax evasion, finding that the merger improved tax transparency and reduced corporate tax evasion.

For Balochistan, provincial tax revenues predominantly derive from the Sales Tax on Services (STS), Balochistan Development and Maintenance of Infrastructure Cess (BDMIC), Motor Vehicle Tax (MVT), and Property Tax. Additionally, non-tax revenues are generated through regulatory functions and charges for certain social and economic services (GoB, Budget White Paper, 2024-25). Similarly,

the revenue assignment of provincial governments can also be analysed, according to the constitutional scheme, as given in Table 1.

Table 1: Provincial Revenue Assignment as per Constitutional Provision

Provincial Taxes	Constitutional Scheme
Direct Taxes	
Property Tax	Residuary but there is bar in the Federal List (subject 51)
Capital gains	Assigned through bar on the federation in the Federal List (subject 50)
Agriculture Income Tax	Through bar on the federation in the federal List (subject 47)
Indirect Taxes	
Excise Duty on Alcohol/Liquor/Narcotics	Assigned to province by bar on the federation in the Federal List (subject 44)
Sales tax on services	Residuary assignment
Tax on professions	Article 163 of the constitution
Motor Vehicle Tax	Residuary assignment
Stamp Duty	Residuary assignment
Registration Fee	Residuary assignment
Mutation Fee	Residuary assignment
Natural Gas Excise Duty	Article 161 of the constitution
Hydro profits	Article 161 of the constitution
Electricity Duty	Article 157(2) (b) of the constitution

Source: Constitution of Pakistan.

However, taxes such as CVTIP, UIPT from the ETD, and AIT from the BOR exhibit sluggish growth despite having significant potential (GoB, Budget White Paper 2023-24). Based on 2017-18 GDP estimates, Salam (2022) projected crop income tax revenues of Balochistan (Rs. 4-5 billion). But Balochistan's 2017-18 agricultural revenue was only Rs. 17 million. It highlighted differences in agricultural tax rates across provinces, as presented in Table 17 of the appendix. Additionally, in 2018 and 2019, Balochistan collected Rs. 25 million in agricultural income and land-based taxes due to low tax rates and large exemptions (Rana et al. 2021). However, low population density and high service delivery costs pose challenges. Water scarcity limits agricultural productivity across districts (Safi et al., 2014). Agriculture accounts for 42.3% of employment and 19.2% of GDP, but only 0.6% of tax revenue, according to the SBP report (2017–18). Salman & Shah (2023) reported that Balochistan's GDP in 2020-21 was Rs. 3,899 billion, with livestock as the largest agricultural contributor. Agricultural tax collections were only Rs. 39.25 million despite significant government expenditures. The province's expenditure on both non-development and development in the agriculture sector is significant, as shown in Table 18 of the appendix. Suriya Nauman Rehan & Co. (2020) highlighted that a 5% agriculture income tax should not be less than Rs. 4.75 billion in Balochistan. Whereas agriculture land base tax is in Table 19 of the appendix, similarly, UIPT potential is in Table 20 of the appendix.

Regarding the UIPT, Pasha (2011) analysed that UIPT, and capital value tax are the most revenue-generating property taxes. In Phase III of the 18th Amendment, Food and Agriculture were devolved, among others. According to Bukhari & Haq (2015) in the Business Recorder, Balochistan often fails

to meet budget targets, with the ETD underperforming in revenue collection due to significant limitations. Many affluent property owners evade taxes. In 2013-14, the actual collection was Rs. 48.3 million, far below the budgeted Rs. 86 million. Lopez-Calix & Touqeer (2013) found that despite urbanisation and rising property values, low UIPT revenue is due to exemptions, property undervaluation, rate differentials encouraging evasion, and ineffective administration. Rana (2020) found that the 18th Constitutional Amendment significantly impacted decentralisation in Pakistan. Among 18 federal ministries: duties on property succession, estate duty, capital gains, and the general sales tax on services were devolved to provinces. However, most functions were reassigned to federal ministries, with only 11 devolved to provinces, while many remained unchanged. Rumi et al. (2014) estimated the 18th amendment devolution expense at Rs. 363 billion, with Rs. 80 billion in unresolved issues related to the former Ministry of Labour. Despite initial challenges, Balochistan effectively communicated and managed power transfer responsibilities, similar to other provinces.

The primary aim of this study is to explore the viability of consolidating various high-potential taxes—specifically, the CVTIPT, UIPT, and AIT—under the umbrella of the BRA. Legally, the BRA can assume responsibility for taxes from other departments.

1.2. Research Gap

Previous research has explored taxation challenges in developing economies and the impact of fiscal decentralisation on provincial autonomy. However, little attention has been given to the specific challenges faced by Balochistan in consolidating tax functions under a single authority. While studies have addressed the general inefficiencies in Pakistan's tax administration, there is a clear gap in the literature when it comes to assessing the effectiveness of consolidating tax collection at the sub-national level within the unique context of Balochistan. This research aims to fill this gap by examining the feasibility and potential benefits of consolidating taxes under BRA.

1.3. Research Objectives

1. To assess the inefficiencies in tax collection among Balochistan's main tax agencies (BRA, ETD, BOR).
2. To evaluate the feasibility and potential advantages of consolidating tax collection operations under the BRA.
3. To examine the governance, technological, and enforcement hurdles that could hinder the consolidation process.
4. To present policy recommendations aimed at enhancing tax collection efficiency and provincial revenue.

1.4. Research Questions

This study seeks to answer the following key research questions:

1. What are the existing inefficiencies in Balochistan's tax collection systems, specifically regarding CVTIP, UIPT, and AIT?
2. In what ways could the consolidation of taxes under BRA enhance revenue generation and tax compliance?
3. What are the key challenges (e.g., governance, enforcement, political) associated with consolidating taxes under an authority?

1.5. Significance of the Study

This research is important as it addresses an important policy concern in Balochistan—its reliance on federal transfers and its underutilised provincial tax resources. This study aims to examine the potential advantages of consolidating tax functions under BRA, offering practical recommendations to enhance fiscal autonomy, governance, and tax compliance in Balochistan. Beyond the provincial level, this study may also contribute to broader discussions regarding sub-national tax reform and fiscal decentralisation in developing economies. If implemented successfully, the proposed reforms may exemplify a framework for other provinces in Pakistan encountering similar challenges in tax administration.

Finally, the study is structured as follows: The next section delves into a comprehensive review of the literature on related themes and analyses of revenue agencies, provincial authorities and respective collections. Section 3 describes the methodology and data, including both quantitative and qualitative approaches. Section 4 presents the results and discussions, offering insights into the performance of the revenue authorities. Lastly, Section 5 concludes the study by discussing its limitations, presenting policy recommendations based on the research findings, outlining implications for future research, and offering final thoughts.

REVIEW OF LITERATURE

2.1. Introduction

The literature review explores taxation and revenue systems both conceptually and empirically, emphasising subnational governance, tax integration, and revenue mobilisation. Integrating research on tax compliance, digitisation, the informal economy, and the political economy of reform presents an effective framework for evaluating the potential advantages of merging high-potential taxes under a single authority. The research will examine structural and administrative challenges in essential revenue-generating departments to enhance tax collection efficiency in Balochistan, informed by existing literature.

2.2. Subnational Taxation and Revenue Integration

Research on subnational taxation and revenue integration indicates several significant findings. Introducing a subnational value-added tax can enhance sales tax collection in underdeveloped nations (Sen & Wallace, 2022). Regional economic integration enhances tax in the presence of effective institutions (Nnyanzi et al., 2016). Increased revenue decentralisation correlates with enhanced budget balances for subnational governments (Asatryan et al., 2015; Van Rompuy, 2016). Subnational tax sovereignty and vertical transfers can facilitate regional convergence in GDP per capita; nevertheless, the efficacy of transfers declines with more dependency (Van Rompuy, 2020). Regional integration can yield varied impacts on a small jurisdiction's fiscal revenue and GDP per capita, reliant upon its initial efficacy in delivering public inputs (Han & Song, 2017). The development of a new fiscal framework for regional public finance must incorporate concepts of equity, openness, and efficacy alongside the potential for regional secession (Bell et al., 2020).

2.3. Performance of Revenue Authorities

Recent studies have analysed the results of revenue authorities and tax administration in multiple nations. The establishment of semi-autonomous revenue authorities (SARAs) in developing nations has not markedly enhanced government revenues (Sarr, 2016), although tax audits have demonstrated a positive effect on taxpayer compliance (Mebratu, 2016). The South African Revenue Service has effectively implemented a balanced scorecard methodology for performance management (Kumar et al., 2022). A cross-country examination indicates the possibility of enhanced efficiency in tax revenue collection (Nguyen et al., 2020). Determinants influencing tax revenue performance including tax evasion, psychological egoism, tax education, and technology adoption (Mu et al., 2023; Mu et al., 2022). Furthermore, tax incentives, shown by China's Income Tax Revenue Sharing Reform, have had a beneficial effect on firm financial performance (Fang et al., 2022).

2.4. Challenges and Barriers to Tax Integration

The integration of tax systems and economic policy encounters various impediments in different situations. In Africa, barriers to economic integration comprise benefits of polarization, weak political will, and legislative anomalies (Pasara, 2020). Corporate tax integration has challenges due to distortions and the movement of worldwide income (Graetz & Warren, 2016). The adoption of integrated reporting systems is impeded by their flexibility and absence of prescriptive guidelines (Dumay et al., 2017). The adoption of modular integrated creation encounters intellectual, financial, and technological obstacles (Wuni & Shen, 2020). The effect of regional economic integration on tax

collection is reliant on the quality of institutions (Nnyanzi et al., 2016). The development of global software faces integration difficulties stemming from incompatibilities and complexities (Zafar et al., 2018). In Ghana, the incorporation of blockchain into tax policy for the digital economy has obstacles related to institutions, technology, and stakeholder involvement (Anomah et al., 2024).

2.5. Tax Compliance

Tax compliance is affected by numerous economic, social, and institutional elements. Economic elements such as trade liberalisation, foreign direct investment, and the development of the banking sector exhibit a favourable impact on tax collection (Chettri et al., 2023). Confidence in the government and attitudes toward its authority influence voluntary compliance (Inasius et al., 2020). Perceptions of corruption adversely affect taxpayer conduct (Rosid et al., 2018). For small and medium enterprises, referral groups, audit possibility, tax understanding, and views of system equity substantially influence compliance (Inasius, 2019). Tax fines and e-filing systems are also significant factors (Kushwah et al., 2021). Tax education can enhance compliance by improving perceptions of system fairness and moral views (Kwok & Yip, 2018). Furthermore, the easiness of tax compliance, choices of government expenditure, and tax morale affect voluntary compliance behaviour (Hassan et al., 2021).

2.6. Informal Economy and Taxation

The informal sector and taxation exhibit complicated issues. Research indicates that parameters such as the rule of law, the complexity of the tax system, and labour market restrictions affect informal economic activity (Nagac, 2015). In South Asian nations, trade openness, life expectancy, and foreign direct investment have a beneficial effect on tax income (Chettri et al., 2023). In contrast to neoliberal viewpoints, increased regulation and government involvement might decrease informal employment (Williams, 2017). The tax gap in informal sectors can be significant, influenced by firm-level components that impact tax compliance (Danquah & Osei-Assibey, 2018). Cross-national disparities in informalization are associated with economic and social factors (Williams, 2015). Furthermore, tax morale significantly impacts informal entrepreneurship, driven by components including perceived tax equity and political stability (Williams & Bezeredi, 2018).

The informal economy in Pakistan presents considerable obstacles to tax compliance and revenue generation. Research shows that institutional quality, fiscal policies, and tax rates affect the magnitude of the informal sector and tax evasion (Qamar et al., 2020; A. Khan et al., 2020). Taxing the informal sector is considered difficult due to low revenue potential and high collection costs; however, recent studies highlight additional advantages, including economic growth and better governance (Joshi et al., 2012 and 2014). Strategies to improve tax compliance include reducing compliance costs, strengthening the advantages of formalisation, and utilising trade associations as agents for tax collection (Akeju, 2018; Somuah, 2011). Nonetheless, substantial tax hikes may result in income shifting, a transition to informal employment, and diminished revenue collection (Waseem, 2018). Better tax enforcement may augment revenues, diminish informality, and elevate GDP (Ilzetzki & Lagakos, 2017). Additionally, it is estimated that 70% of Quetta City's economy in Balochistan operates within the informal sector (Shahzad, 2023). Addressing taxation in the informal economy necessitates a holistic strategy that takes into account both technical aspects and wider developmental consequences.

2.7. Tax Digitisation and Automation

Recent studies underscore the increasing significance of tax digitalisation and automation in South Asia. Although digitalisation might enhance tax administration and inclusion, it may result in premature formalisation, negatively impacting vulnerable individuals (Roy & Khan, 2021). Countries such as China, India, and Korea have used diverse strategies to digitise their tax systems (Olowska et al., 2020). The digitisation of trade brings issues for policymakers, as South Asian nations may incur revenue losses from the restriction on digital trade tariffs (Choudhury, 2020). Taxation is considered an effective means for distributing the benefits of automation and AI, while it entails adjustments to contemporary corporate practices (Merola, 2022). Elements such as trade liberalisation, foreign direct investment, and the advancement of the banking sector substantially influence tax revenue in South Asian nations (Chettri et al., 2023). Collaborative efforts in Industrial Revolution 4.0 technologies could lead to inclusive growth for South Asian nations (Mukherjee & Satija, 2020).

In a nutshell, Sen & Wallace (2022) and Nnyanzi et al. (2016) highlight the transformative potential of regional integration in improving fiscal balances and GDP growth, underlining the need for institutional reforms in Balochistan. Similarly, Mebrahtu, (2016) and Nguyen et al. (2020) emphasise the importance of semi-autonomous structures, tax audits, and incentives to enhance revenue mobilisation—concepts that directly support the study's objectives. Furthermore, Inasius et al. (2020) and Kushwah et al. (2021) underscore the role of taxpayer behaviour, e-filing systems, and education in improving compliance—key considerations for modernising tax systems in Balochistan. However, Williams & Bezeredi (2018) and Danquah & Osei-Assibey (2018) highlight the complexities of addressing informal sector dynamics, a significant challenge for the province. Lastly, Olowska et al. (2020) and Roy & Khan (2021) emphasise the need for technological advancements to improve transparency and efficiency, supporting the study's emphasis on integrating modern systems under a single authority. These findings collectively provide a compelling rationale for consolidating CVTIP, UIPT, and AIT under one authority, aligning with the broader goal of enhancing governance, compliance, and revenue generation in Balochistan.

2.8. Analysis of Revenue Agencies

A detailed review of their websites and collections, along with revenue authorities, was conducted to assess the performance of the BRA, ETD, BOR, TD, and ED. This provided insights into their operational efficiencies and revenue capabilities. Moreover, the tax definitions of each department can be seen in Table 21 of the appendix. However, a comparative analysis of revenue departments explores each of the strengths and challenges, as shown in Table 22 of the appendix. These insights can help with the reforms needed for consolidation.

2.8.1. Revenue Departments Analysis

The establishment of the BRA in 2015 marked a significant advancement in modernising tax administration in Balochistan. As shown in Figure 2 of the appendix, STS collection grew under BRA compared to FBR. As SARA, BRA exemplifies the potential benefits and challenges of integrating tax operations within a single institution, such as expanded scope and new regional offices Table 22 of the appendix. This study's findings confirm that conventional tax collecting agencies in Balochistan demonstrate inherent deficiencies that compromise their efficacy, with challenges and growth shown in Table 22 of the appendix. Complications such as intricate tax systems, limited tax bases, antiquated

legislation, and insufficient technology integration hinder their capacity to conform to contemporary tax administration requirements (Negatu, 2019; Mtasiwa, 2013). Moreover, tax evasion, avoidance, and the improper use of exemptions persist widely, further reducing revenue collection capacity (Mtasiwa, 2013). Furthermore, institutional challenges, including inadequate resources, underqualified personnel, and corruption, are prevalent (Kyoma et al., 2022). These factors have decreased operational efficiency and eroded public trust, thereby complicating the achievement of voluntary compliance. Adverse taxpayer perceptions, insufficient comprehension, and cultural resistance further exacerbate these difficulties (Tegegn & Kebede, 2016).

The BRA's collection of Rs. 27034 million in 2024, as presented in Figure 1 —substantially surpassing the revenues generated by traditional departments—demonstrates its ability to function as a more efficient and effective tax-collection entity. This significant performance disparity highlights the feasibility of consolidating tax operations under BRA, which is more proficient in mobilising revenue resources and streamlining processes. Taliercio (2004) argues that SARAs, such as the Brazil Revenue Authority, benefit from increased autonomy, enabling them to operate independently of bureaucratic constraints. Similarly, the enhanced autonomy of the BRA in Balochistan has also facilitated prompt decision-making, reinforced accountability, and fostered the attraction and retention of skilled professionals through competitive compensation. However, evidence suggests that these advantages necessitate continuous political support and a strong organisational framework (Mann, 2004). Moreover, consolidation under BRA would enable centralised monitoring, minimising duplication among several tax-collecting organisations and promoting a more cohesive strategy for tax policy and administration. Comparable achievements have been seen in other areas where SARAs efficiently optimised procedures and enhanced compliance (von Haldenwang, 2010). BRA has the capacity to rectify technological inefficiencies seen in conventional departments. By using contemporary IT systems and incorporating digital platforms for taxpayers, BRA has minimised manual processing mistakes and enhanced taxpayer satisfaction (Nisar, 2006). This necessitates significant investment in infrastructure and personnel training to address current limits. Although SARAs initially enhance performance, they frequently encounter difficulties in maintaining these improvements over time (Therkildsen, 2004). Political meddling, insufficient ongoing support, and organisational complacency might diminish their efficacy. BRA must aggressively mitigate these risks to guarantee long-term sustainability and success.

The consolidation under BRA presents a strategic opportunity to rectify structural flaws within Balochistan's tax system. By consolidating tax activities, BRA may simplify regulations, minimise administrative redundancies, and provide a singular point of responsibility, therefore enhancing transparency and confidence among taxpayers. The consolidation process must incorporate comprehensive taxpayer education initiatives to improve awareness and promote voluntary compliance. Studies indicate that public confidence in tax authorities markedly rises when taxpayers view the system as equitable and transparent (Tegegn & Kebede, 2016; Levi, 1988). The BRA must streamline tax procedures and offer accessible e-governance tools to promote engagement.

Additionally, consolidation in Balochistan requires robust political backing and an organisational structure emphasising autonomy and effectiveness. Mann (2004) and Taliercio (2004) underscore that these criteria are essential for the success of SARAs. Protecting BRA from excessive political intervention will allow it to preserve operational autonomy and concentrate on meeting its revenue

objectives. Consolidation should adopt a staged strategy to reduce interruptions and provide incremental enhancements. Pilot projects may be executed to evaluate the integration of functions, enhance procedures, and resolve difficulties prior to comprehensive implementation. This conforms to optimal methodologies for administering intricate organisational transformations (Bird & Zolt, 2011). Finally, BRA must implement systems for ongoing monitoring and review to maintain the advantages of consolidation. Performance metrics, routine evaluations, and stakeholder feedback mechanisms will guarantee accountability and promote adaptive management. Moreover, their collection from FY2015-16 to FY2022-23 can be seen in Figure 1. It demonstrates each ability in provincial tax revenue.

Figure 1: Collection of Tax Revenues by Each Department from FY 2015-16 to FY2022-24 in PKR Million
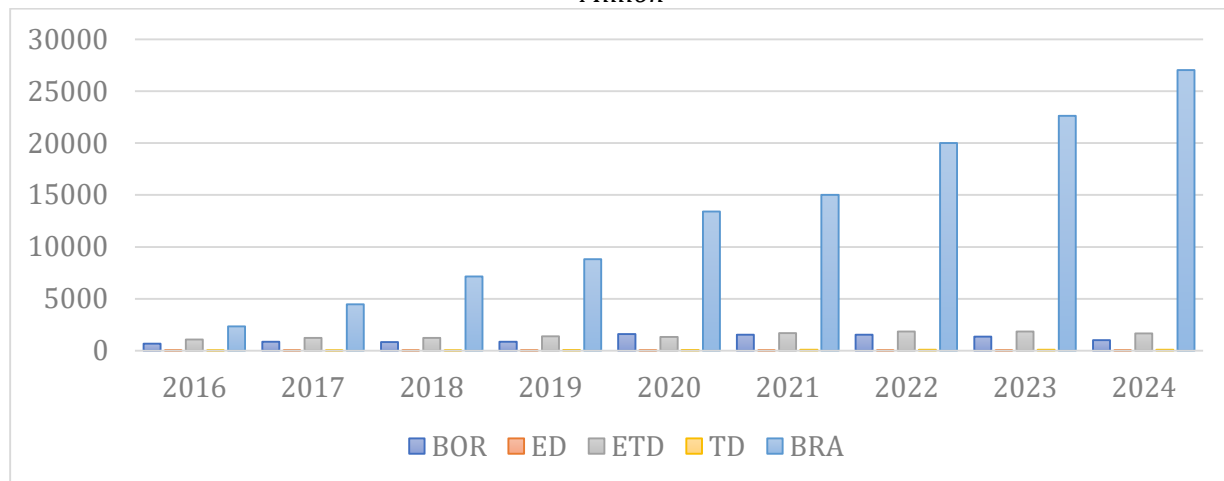
Source: Finance Department, Domestic Tax Revenues of Balochistan, 2024

Moreover, the consolidation of tax departments within a revenue authority entails complex power dynamics and possible opposition. Research indicates that coercive and legitimate power can affect tax compliance, with legitimate power typically resulting in more favourable outcomes (Hofmann et al., 2013; van Dijke et al., 2019). Opposition to reforms may arise from established political interests, elite resistance, and bureaucratic entities (Jibao & Prichard, 2015; Boon & Verhoest, 2018). Departments, including ETD, BOR, and finance, may oppose consolidation due to concerns regarding diminished authority and resource distribution. Nonetheless, elements like ethnic diversity and electoral competition can occasionally promote reform by fragmenting opposition (Jibao & Prichard, 2015). Power analysis frameworks facilitate the understanding of resistance strategies, yet they predominantly emphasise agency-based and coercive power rather than structural dimensions (McGee, 2016). Small states may utilise diverse resistance strategies in reaction to new tax regulations, contingent upon their affiliations with the financial sector and international organisations (Crasnic, 2020). Effective reform implementation necessitates meticulous attention to power dynamics, resistance, and context-specific variables (Winkler-Titus & Crafford, 2022; Noda, 2016).

2.8.2. Comparative Analysis of Provincial Revenue Authorities

Moreover, Pakistan's fiscal decentralisation led to the establishment of provincial revenue authorities, such as SRB, KPRA, PRA and BRA to manage service-based tax collection. This analysis

explores their structures, performance, and advancement to provide insights into improving revenue authorities, which can better examine the BRA performance for consolidation, as shown in Table 2.

Table 2: Comparative Analysis of Revenue Authorities

Category	Sindh Revenue Board (SRB)	Punjab Revenue Authority (PRA)	Khyber Pakhtunkhwa Revenue Authority (KPRA)	Balochistan Revenue Authority (BRA)
Establishment Year	2010	2012	2013	2015
Legal Framework	Sindh Revenue Board Act, 2010, SSTS Act, 2011, SWWF Act, 2014, SWPF Act, 2015	Punjab Revenue Authority Act, 2012 PSTS Act, 2012 PIDC Act, 2015 PWWF Act, 2019	KP Finance Act, 2013 KPSTS Act, 2022 KPIDC Act, 2022	BSTS Act, 2015 BDMIC Act, 2019 WPPF Act, 2022 WWF Act, 2022
Regional Offices	Hyderabad, Sukkur, Mirpurkhas, Larkana, Shaheed Benazirabad	Bahawalpur, Gujrat, Sargodha, Sialkot, Rahim Yar Khan, Sahiwal, Multan, Rawalpindi, Faisalabad, Gujranwala, Lahore (2)	Dera Ismail Khan, Kohat, Bannu, Abbottabad, Mardan	Gwadar, Hub, Panjgur, Turbat, Taftan, Chaman
Revenue Performance (FY 2023-24)	Rs. 236.8 billion Overall Growth[1]: 27.8% SSTS: 44% SWWF: 35% SWPPF: 78%	Rs. 239 billion Overall Growth: 20% PSTS: 17% PWWF: 92% PIDC: 55%	Rs. 35 billion Overall Growth: 37% KPIDC: 50% KPSTS: -12.54%	Rs. 27 billion Overall Growth: 22.73% BSTS: 30% BDMIC: 33.3% WWF & WPPF: Rs. 0.1 billion
Advancements	Online tax payment, e-registration, CRMs[2], PRAL[3] integration, PoS[4] system, tax workshops, annual reports, Sindh Institute of Fiscal Management, Tax Policy Wing	Online tax payment, e-registration, CMS[5], MIS[6] Information Centre, PRAL integration, PoS system, tax workshops, SARA[7] approach for tax evasion	Online tax payment, e-registration, CRMs, PRAL integration, PoS system, tax workshops, RCS[8] for compliance, RIMS for transparency, Citizen Portal, annual reports	Online tax payment, e-registration, CMS, MIS Information Centre, PRAL integration, PoS system, tax workshops, VAT self-assessment, IT capability building

Notes: 1: w.r.t FY 2022-23. 2: Compliance Risk Management. 3: Pakistan Revenue Automation Limited. 4: Point of Sale. 5: Complaint Management System. 6: Management Information System. 7: Management Information System. 8: Revenue Collection Strategy.
Sources: Authors' computations based on information on websites of Finance Division & Provincial Revenue Authorities.

The analysis identifies significant inefficiencies in Balochistan's tax collection and potential reform opportunities through integration under the BRA. Comparative analysis identifies deficiencies in structures, operations, and technology, highlighting opportunities to improve financial efficiency, accountability, and governance in accordance with the study's aims.

METHODOLOGY

3.1. Design

This study used a mixed methods approach to examine tax agency consolidation in Balochistan, combining qualitative and quantitative research for a comprehensive analysis of local issues. This design allows for triangulation, validating results across different sources, and captures a thorough understanding by merging qualitative depth with quantitative breadth. We employed an explanatory sequential design, where quantitative findings inform qualitative research. Creswell & Clark (2018) note that case study design enhances mixed methods, providing insights into experiences. Creswell & Clark (2018) argue that integrating both forms of data improves understanding of perceptions that could be overlooked when analysed separately. The qualitative component utilised thematic analysis to identify patterns, while the quantitative component applied descriptive statistics to describe stakeholder perspectives. Focus group discussions (FGDs) gathered stakeholder insights, laying the groundwork for the quantitative instrument. Creswell (2022) emphasises FGDs in developing research questions from experiences. FGDs in taxation have explored attitudes toward corporate tax and revaluation practices. Following FGDs, we conducted semi-structured interviews with stakeholders, including tax department directors and experienced taxpayers, gathering diverse insights into the tax system, addressing institutional resistance, and making collaboration recommendations. Merging these insights with survey data enhances validity and counters biases. A structured questionnaire survey targeting active taxpayers identified significant patterns regarding redundancies and satisfaction, with stratified sampling ensuring representation. Data synthesis through "meta-inferences" combines results, enriching mixed methods research. This approach improves understanding of tax agency consolidation, offering actionable recommendations for policymakers. Overall, the mixed-methods approach ensures scientifically robust and practically relevant conclusions (Strijker, 2020).

3.2. Participants

Participants included a convenience sample from key stakeholder groups in tax administration in Balochistan. Key stakeholders were officials from the BRA, the ETD, the BOR, and the Finance Department. Taxpayers included individuals and businesses, while private sector and civil society stakeholders had interests in taxation. The research team approached the participants directly and informed them about the study's objectives. Most were not proficient in English, so interviews and questionnaires were conducted in Urdu to minimise misunderstandings and ensure accurate responses. Subsequently, interview recordings were transcribed and translated into English for analysis. This adaptation ensured that data was collected reliably and inclusively. However, some focus group participants and individual respondents were uncomfortable with being recorded, so their comments were documented verbatim during the sessions.

3.3. FDG Data Sampling

We used qualitative focus group discussions to gather in-depth insights on "tax consolidation under BRA" and the challenges and opportunities in Balochistan's tax system. This method involves collecting data from a small group of respondents chosen from a larger population. We conducted four discussions: two in April/May and two in September/October 2024 (Table 3). With 6-9 participants each, sessions typically lasted 60-120 minutes, guided by general questions. Initial

questions focused on personal experiences with tax departments, helping participants to identify key challenges. Discussions then shifted to broader concepts of "tax consolidation" and its outcomes, aiming to capture diverse views. We included a cross-section of officials and taxpayers from various backgrounds, such as BOR, ETD, BRA, and taxpayers from agriculture and property (Table 3). We aimed for homogeneity within groups regarding relationships with tax departments while ensuring diversity in age and education. Ultimately, 26 participants aged 32-60 participated in groups.

Table 3 shows the focus group composition. The group codes in the results section relate to their corresponding focus groups conversations.

Table 3: Composition of Focus Groups

Group and Place	Group code	Number of participants	Age range
Quetta			
Tax officials (BOR, BRA, TA, ETD and ED) Excise & taxation officer Assistant commissioner Additional secretary Deputy director Assistant secretary	Q-1	7	32-60
Quetta			
Taxpayers (Agriculture, Property, QCCI, BRA taxpayer)	Q-2	5	35-65
Hub			
Tax officials (Treasury, ETD, BRA) Officials (LIEDA, COC)	H-1	7	35-70
Gwadar			
Tax officials (Treasury, ETD, BRA) Officials (XEN irrigation, XEN C&W, COC)	G-1	7	32-60

Source: Prepare by Authors.

3.4. Qualitative Data Collection Procedure

We conducted semi-structured interviews with officials, taxpayers, and stakeholders to gain insights into their perspectives on operational challenges, governance gaps, technological inefficiencies, and taxpayer engagement in Balochistan's tax administration. The interviews, conducted in Urdu to ensure accessibility, allowed participants to express themselves comfortably. They were transcribed verbatim and translated into English to retain meaning. Each session lasted 35 to 50 minutes, balancing guided questions with open discussions on key themes. Audio recordings, made with consent, captured nuances for better analysis and were securely stored to protect confidentiality. The transcriptions were meticulously created to reflect participants' precise words and intent, adhering to ethical guidelines for robust thematic analysis of Balochistan's revenue systems system. However, some comments were documented verbatim during the sessions.

3.5. Quantitative Data Collection Procedure

To complement the qualitative component, a structured questionnaire was administered to gather numerical data on stakeholder perceptions, attitudes, and trends regarding tax administration in Balochistan. This quantitative face-to-face survey was conducted between October and November 2024, employing a systematic approach to ensure data validity and reliability.

The questionnaire was designed to capture comprehensive insights across four thematic areas: General Information – demographic details, including age, gender, education level, etc. Current Tax Experiences – questions addressing respondents' interactions with tax authorities, challenges faced, and perceptions of tax processes Finally, opinions on Consolidation – respondents' views on the proposed consolidation of tax functions under the BRA. The questionnaire was made available in both Urdu and English to mitigate potential language barriers, ensuring inclusivity and minimising the risk of misinterpretation. This bilingual approach aimed to enhance participants' comprehension and comfort when responding.

Prior to full implementation, the study was piloted with a sample of 24 respondents from the target population. The pilot study tested the clarity, relevance, and structure of the questionnaire. Feedback from the pilot respondents was used to refine the questions and improve the overall design, ensuring that the instrument effectively captured the desired data while minimising ambiguity.

3.6. Sampling and Data Collection

A random sampling strategy maximised representativeness by distributing 500 questionnaires to individual taxpayers from various tax department directories in Quetta and Hub Districts, capturing diverse urban and semi-urban perspectives in Balochistan. However, only 203 respondents completed the questionnaires, yielding a response rate of about 40.6%. After review, 190 questionnaires were validated for analysis, excluding those with incomplete data or inconsistencies.

The study faced challenges due to the low response rate, attributed to a reluctance to participate in sensitive tax discussions, time constraints for completing the survey, and general mistrust in tax-related research. Mitigation efforts included clarifying the study's purpose, ensuring confidentiality, and offering bilingual questionnaires, but these did not significantly improve the response rate.

Data underwent rigorous review for reliability. Responses were screened for completeness and consistency, with incomplete or contradictory questionnaires excluded. The remaining data were cross-checked against pilot study results to validate the refined questionnaire's effectiveness. The validated sample of 190 responses supported quantitative analysis, laying a strong foundation for statistical examination and adhering to strict ethical standards.

3.7. Data Analysis

3.7.1. Qualitative data Analysis

The qualitative interviews were analysed using thematic analysis, guided by the framework developed by Braun & Clarke (2006). Themes were identified inductively, capturing recurring patterns and unique insights from participants. The analysis was conducted using ChatGPT, an AI language model increasingly recognised for its ability to facilitate dynamic and context-sensitive qualitative analysis.

In the vibrant environment of modern research, the amalgamation of new technologies has modernised the research methodologies used for data analysis (e.g., Hariri, 2023; Morgan, 2023; de Zúñiga et al., 2023). Among these technologies, ChatGPT, a front-line language model introduced by OpenAI, stands out as a distinct instrument capable of managing and producing human-like content (Hariri, 2023; Lingard, 2023). Analogously, N-Vivo is a prevalent program for qualitative data analysis, including benefits such as effective data management, transparency, and visualisation

capabilities (Vignato et al., 2022; Mozzato et al., 2017). It accommodates several kinds of data and analytical techniques, including thematic content analysis (Oliveira et al., 2015; Phillips & Lu, 2018). Nevertheless, N-Vivo presents several drawbacks, such as elevated expenses, insufficient tutorials, and a significant learning curve (Andrade et al., 2020; Vignato et al., 2022). Scholars contend that excessive dependence on coding characteristics can detract from more profound analysis (Vignato et al., 2022). Although N-Vivo can improve consistency and rigour in qualitative research (Bergin, 2011), it does not supplant the researcher's responsibility in coding and interpretation (Oliveira et al., 2015). The program's efficacy is contingent upon the researcher's proficiency in content analysis techniques (Oliveira et al., 2015). Taking into account its disadvantages, recent studies have investigated the potential applications of ChatGPT in qualitative thematic analysis, highlighting the advantages of this tool in terms of both efficiency and data handling capabilities. Lee et al. (2023) and Turobov et al. (2024) have established that ChatGPT can assist with the coding of transcripts, the generation of themes, and the preprocessing of quotes. ChatGPT not only enhances efficiency but also provides additional insights. ChatGPT has the potential to considerably minimise the time required for analysis in comparison to human coders (Prescott et al., 2024; Şen et al., 2023), along with its capability to swiftly process vast amounts of data (Marchandot et al., 2023). Researchers have developed frameworks for designing effective prompts (Zhang et al., 2023) and noted that ChatGPT's performance in theme discovery often corresponds with human researchers. Precisely, the performance of ChatGPT in detecting themes frequently aligns with that of experienced researchers (Wachinger et al., 2024). Overall, ChatGPT offers considerable advantages (Shoufan, 2023). However, while ChatGPT possesses the potential to serve as a supplementary tool in qualitative research, human supervision remains essential to ensure accuracy and contextual comprehension (Lee et al., 2023; Morgan, 2023). Despite being in the early stages of its application in thematic analyses, ChatGPT has received significant recognition from researchers and remains an effective tool for qualitative data analysis. Consequently, considering the recommendations presented in the literature, we prioritised supervision to ensure both accuracy and comprehension of the context.

3.7.2. Quantitative Data Analysis

Quantitative data were analysed using Stata-17 statistical software. Descriptive statistics is a fundamental method for summarising and presenting data in a meaningful way (Baffoe-Djan & Smith, 2019; Downie & Starry, 2019). It involves analysing quantitative or qualitative data to describe patterns and characteristics of a sample group (Delaney, 2010; Sharma et al., 2018). Common descriptive measures include central tendency, dispersion, and distribution, which can be presented through tables, graphs, and numerical summaries (Cleff, 2013; Dong, 2023). While descriptive statistics do not allow for conclusions beyond the analysed data, they provide a foundation for further statistical analysis and hypothesis testing (Downie & Starry, 2019; Dong, 2023). Descriptive analyses are widely used in research, appearing in nearly 70% of nursing research articles (Berndt, 2009). Understanding descriptive statistics is crucial for researchers, decision-makers, and consumers of research to interpret and evaluate data effectively across various fields, including business, economics, and applied linguistics (Baffoe-Djan & Smith, 2019; Cleff, 2013).

A normality test was performed prior to statistical analysis to ensure the appropriate use of descriptive methods. This analytical approach was selected because descriptive statistics are

particularly effective in capturing the central tendencies and variability within the data, providing a clear and accessible overview of key patterns.

The integration of these analytical methods—qualitative thematic analysis via ChatGPT and quantitative descriptive analysis via Stata —ensured a comprehensive examination of the research questions. By combining the depth of qualitative insights with the breadth of quantitative trends, the study provided a well-rounded and robust understanding of the issues at hand.

3.8. Justification for Methods

The methodological choices were driven by the study's objectives and the nature of the research questions. A mixed-methods design was essential to explore the complex and multifaceted challenges in tax administration, combining the exploratory power of qualitative research with the generalizability of quantitative data. The use of thematic analysis was justified for its ability to provide a systematic framework for interpreting qualitative data (Braun & Clarke, 2006). Leveraging ChatGPT for thematic analysis was a novel and effective choice, supported by emerging research recognising its capacity to replicate and enhance traditional qualitative methods (Hariri, 2023; Morgan, 2023; Jalali & Akhavan, 2024).

Stata was selected for quantitative analysis because of its reliability and comprehensive statistical capabilities, particularly for descriptive analysis. The combination of thematic analysis for qualitative data and descriptive statistics for quantitative data allowed for a holistic understanding of the research problem, ensuring that findings were both deep and broad.

3.9. Ethical Considerations

Ethical principles were strictly adhered to throughout the study. Participants were informed of their rights, including the ability to withdraw, and their data was kept confidential and anonymous. Data were stored securely, with all identifiers removed during analysis.

RESULTS AND DISCUSSION

This chapter presents a result of the study using a mixed methods approach to investigate the consolidation of tax agencies in Balochistan, integrating both qualitative and quantitative methods analyses. By adopting a triangulated mixed-methods approach, the research ensures that findings are robust, validated, and capable of informing evidence-based recommendations for policy and operational improvements.

4.1. Qualitative Thematic Results

This section analyses qualitative findings from semi-structured interviews and focus groups with key stakeholders, including officials from Balochistan's Finance Department, BRA, BOR, ETD, and various taxpayers.

The inquiry used a thematic framework to explore participants' perspectives on operational inefficiencies, governance issues, technological needs, the potential for consolidating tax services under BRA, and taxpayer compliance. The data is categorised into five main themes: operational challenges, governance gaps, technological inefficiencies, perceptions of consolidation, and taxpayer engagement. The themes and corresponding observations are summarised in Table 4, followed by analyses contextualising the results in the broader research aims.

Table 4: Codes and Themes Derived from the Thematic Analysis

Themes	Codes	Frequency
Operational Challenges	Insufficient staffing	8
	Over-reliance on contract and deputation employees	1
	Manual processes	20
	Delays due to outdated workflows	11
Governance Gap	Lack of comprehensive performance metrics	6
	Weak internal audit mechanisms	5
	Corruption vulnerabilities due to manual processes	5
	Political interference	3
	Minimal inter-departmental coordination	14
Technological Inefficiencies	Limited adoption of IT tools	30
	Outdated infrastructure	
	No professional training in IT or modern systems	22
Perception on Consolidation	Mixed perceptions of tax consolidation under BRA	9
	Potential to streamline processes and enhance revenue	21
	Concerns about BRA's capacity and resource limitations	5
	Legal and administrative hurdles	6
	Need for phased implementation	3
Taxpayer engagement and Compliance	Low tax awareness among the public	32
	Resistance to compliance	12
	Mistrust in authorities	17
	Poor taxpayer engagement	13
	Lack of visible public benefits linked to tax revenue	40
	Inconsistent engagement with other revenue departments	14
	Limited taxpayer education initiatives	49
	No structured feedback channels for stakeholders	24

4.1.1. Operational Challenges

Participants expressed significant operational challenges, highlighting inadequate staffing, poor training, and reliance on manual processes. Most felt that insufficient staffing, contract overreliance, manual workflows, and delays from outdated processes are major issues for tax-collecting institutions in Balochistan. A respondent brought up the problem:

"We are severely understaffed. Our sanctioned strength is 80, but we are currently working with less than half that, and most of these are temporary appointments. This creates ambiguity and limits our ability to plan for the long term" [TA2[1]]

Another respondent highlighted the ramifications of inadequate staff, uttering:

"The understaffing issue is not just about numbers but also about quality. Many positions remain vacant because we cannot find qualified and skilled candidates. Many of our staff lack the technical expertise to deal with complex cases. Without proper training, the system cannot deliver." [TA4]

Concerns regarding manual procedures were more widespread. Across all departments, manual procedures are a pervasive problem, as disclosed by a respondent:

"Every time there's a mistake in my property tax records, it takes weeks to resolve because everything is done manually. It's frustrating and completely avoidable if the system were digitised." [TP2]

Interviewees commonly viewed technological skill deficiencies as a systemic issue affecting the productivity of tax departments, resulting from insufficient training and limited access to modern technology. This gap in skills has reduced efficiency and hindered efforts to modernise tax administration.

An interviewee acknowledged:

"Our staff lacks expertise in modern tax administration practices. They rely heavily on outdated methods, which limits their capacity to deliver efficient services". [TA2]

Additionally, a respondent added:

*"Employees are not trained to handle complex IT systems or analyse taxpayer data effectively. This is a major bottleneck in modernising our processes." [*TA1]

One interviewee argued that noted:

"Technical expertise is minimal across most departments. Employees are still following decades-old practices, which are no longer viable in today's environment." [TA4]

Another interviewee argued that:

"Many staff members struggle with technical knowledge, especially when it comes to property tax valuation or using basic IT tools." [TA6]

An informant stated:

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[1] group code, see Table 23 in appendix

"The (tax) process is handled by inexperienced officers, and often, they have irrelevant degrees, making it inaccurate and prone to errors, further impacting taxpayers unfairly". [TP2]

Findings show staff lack technical and soft skills, restricting their ability to engage with taxpayers and handle administrative tasks effectively. A number of informants acknowledged the need for skill development:

"While some staff are competent in manual tasks, they lack the analytical and digital skills required for advanced tax administration." [TA2]

One participant accentuated:

"The problem is not just technical skills; employees also lack interpersonal skills, which are critical when dealing with taxpayers." [TA7]

Another voiced dissatisfaction:

"The staff don't seem to have the skills to answer basic questions. They always refer me to their seniors or ask me to come back later." [TP3]

Participants agreed that while tax collectors meet basic educational requirements, their qualifications often fall short of specialised demands job. A respondent indicated that:

"Many of our staff meet the basic qualifications on paper, but they lack the specialised knowledge needed for tax-related work." [TA4]

This view was echoed by another informant who overwhelmingly commented:

"Political influence during recruitment often results in hiring underqualified individuals, which reduces the overall competence of the department." [TA5]

Talking about this issue, an interviewee said:

"Even employees with academic qualifications are not given practical training, so their skills remain underdeveloped." [TA3]

Participants agreed that corruption in revenue authorities stems from systemic inefficiencies and discretionary powers, not from employees misconduct. As one interviewee put it:

"Manual processes create loopholes that can be exploited for corruption. It's not widespread, but it happens due to a lack of oversight." [TA1]

One participant commented:

"Corruption is more common in property valuation, where discretion plays a big role. Without transparency, it's hard to ensure fairness." [TA6]

Other responses to this question revealed:

"The services provided are not satisfactory. Bribery is common: for example, if the official tax is 10,000, they suggest paying 3,000 and taking an amount like 2,000 for themselves. Despite such practices, the tax amount officially recorded remains 10,000, and these visits by tax officials do not result in better service delivery". [TP2]

Talking about this issue an interviewee remarked:

"I have not encountered corruption so far, but I believe that processes could be streamlined and simplified to enhance transparency". [TP3]

Moreover, from FDGs at Hub, Gwadar and Quetta, participants highlighted:

"Major challenges include fragmented tax systems, inadequate staff, manual operations, and weak enforcement mechanisms. Additionally, Industries often lack proper documentation, which complicates registration." [H-1[2]]

"Taxpayers highlighted that lack of awareness regarding AIT, unfair valuations and sudden tax hikes. Compliance costs and reliance on tax experts due to system inefficiencies. Similarly, concerns about bribery, particularly in property valuation processes and excessive documentation are the obstacles faced." [Q-2]

"Low rates, exemptions, and outdated valuation mechanisms fail to unlock the full revenue potential [Q-1]. The outdated valuation systems do not reflect current market conditions, severely undermining revenue potential." [G-1]

Operational challenges were prominent in the interview data, indicating they are ingrained in Balochistan's tax authorities. These challenges hinder efficiency, frustrate taxpayers, and undermine confidence, leading to low compliance. Addressing them requires a comprehensive strategy with better staff recruiting, regular capacity-building, and new automated technologies to enhance operations and taxpayer trust compliance.

4.1.2. Governance Gaps

Most respondents noted that governance gaps are a significant issue, citing challenges like political interference, poor accountability, inadequate inter-agency cooperation, and a lack of transparency. These deficiencies seriously undermine Balochistan's tax authority's effectiveness and credibility, negatively impacting internal operations and stakeholders confidence. Several informants elucidated the issue clearly:

"Policy decisions are often influenced by political agendas rather than operational priorities. This creates inconsistencies in implementation and reduces the credibility of the system." [TA7]

One of the participants underlined:

"Political interference often dictates recruitment and exemptions, creating inefficiencies and reducing staff morale." [TA6]

Another participant stressed:

"Political pressure leads to the issuance of unjustified exemptions, which not only reduces revenue but also erodes public confidence in the system." [TA4]

These results indicate that accountability issues in tax departments hinder their performance management and reform efforts. Establishing performance goals and conducting self-appraisals regularly is vital for enhancing productivity and engaging stakeholders' trust in Balochistan. An interviewee elaborated on this, stating:

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[2] group code, see Table 3.1

"There is no clear mechanism to hold departments accountable for their performance. This lack of accountability leads to inefficiencies and, in some cases, corruption." [TA5]

A participant commented:

"Without accountability frameworks, underperformance is rarely addressed, which perpetuates a culture of complacency." [TA7]

One of the interviewees was on opinion:

"When there is no accountability, taxpayers feel like their money is being wasted. This perception directly affects compliance." [TP2]

Several respondents' concerns were the absence of formal communication among revenue authorities. As a respondent was particularly critical of the issue:

"We have minimal interaction with other departments like ETD or BOR. There is no formal platform for sharing data or aligning strategies, which often leads to duplication of efforts." [TA2]

Talking about this issue, an interviewee shared:

"We work in silos. There is no structured system for inter-agency data sharing or joint strategy formulation." [TA6]

One informant reported that:

"Inconsistent communication between departments often leads to overlapping responsibilities, confusing staff and taxpayers." [TA4]

These results suggest that poor communication among tax-collecting institutions has led to fragmented procedures and inefficiencies. A standardised data exchange platform could enhance collaboration and efficiency among tax bodies.

Transparency results indicate a significant demand for improvement obstacle. Commenting on this question, one of the interviewees said:

"The lack of transparency in policy-making and revenue allocation creates scepticism among taxpayers and staff alike." [TA1]

Another remarked:

"When decisions are made behind closed doors, it creates an environment where corruption can thrive. Transparency is essential to restoring trust." [TA6]

One participant showed concern by expressing that:

"I do not know how my taxes are being utilised. It would motivate people to comply if the government were more transparent." [TP3]

Many interviewees believe that internal and external communication transparency issues have eroded public trust and fuelled perceptions of inefficiency and corruption. Consequently, poor governance of tax-collecting institutions has led to taxpayer mistrust, according to their perspective:

"I do not feel confident that my taxes are being used effectively. There's a general perception that funds are mismanaged or diverted." [TP4]

Lastly, FDGs at Hub and Gwadar, participants highlighted:

"Tax revenue from major industries is being diverted to Sindh due to their head office locations." [H-1]

"Commercial properties leased out in Gwadar, especially in emerging trade zones, are underreported and undertaxed. The tourism industry in Gwadar remains largely untaxed." [G-1]

Overall, findings indicate that governance and administrative issues have weakened the effectiveness of Balochistan's tax-collecting agencies. Political engagement has further diminished institutional autonomy, while lack of accountability and transparency has increased inefficiencies and decreased taxpayer trust. Inadequate inter-agency communication has also reduced operational efficiency, underscoring the need for improvements. Respondents noted the necessity for better accountability, transparent evaluations, and structured collaboration to address these deficiencies. Therefore, reducing political interference and establishing clear accountability lines are crucial for rebuilding taxpayer trust. Addressing these deficiencies requires rebuilding administration, restructuring governance, improving supervision, and engaging key stakeholders inclusion.

4.1.3. Technological Inefficiencies

From the interview conducted with the participants, technological inefficiencies have surfaced as a significant barrier to the modernisation and efficiency of tax administration. The informants consistently underlined outdated IT systems, inadequate infrastructure, and limited digital literacy among employees as significant issues. A stated:

"Our reliance on PRAL and Excel sheets is unsustainable. These tools are not designed for the volume or complexity of data we manage. We need integrated systems that can handle modern tax administration requirements." [TA1]

Other responses to this question included:

"We cannot identify patterns of tax evasion or conduct detailed audits without advanced analytics tools, which are currently unavailable to us." [TA2]

According to interviews, the infrastructure issues have further compounded these challenges. As shared:

"Even when we have the tools, poor internet connectivity and frequent power outages make it difficult to use them effectively. These are basic issues that need to be resolved before we can talk about modernisation." [TA3]

Further, acknowledged:

"We rely on manual systems for most processes, which makes even simple tasks like updating property tax records incredibly time-consuming." [TA4]

Another interviewee alluded to the notion of the deficiencies of current digital networks. As elucidated:

"I tried to file my taxes online, but the portal kept crashing. I eventually had to visit the office, which defeated the purpose of having an online system." [TP2]

One of participants recommended:

"Tax processes should be digitised and streamlined to reduce delays and bureaucratic hurdles". [TP3]

Another interviewee brought attention to:

"We need dedicated IT specialists, but such roles are rarely prioritised in recruitment. Without proper expertise, even the best systems will fail to deliver." [TA6]

Inadequate internet connectivity and persistent power outages have intensified these problems, as told by respondents:

"Our internet and power systems are frequently down, which delays processes and frustrates taxpayers." [TA3]

In answering the interview questions, informants also mentioned the necessity for more sophisticated technologies to facilitate audits and investigations. A respondent commented:

"Without dedicated software for data analysis, we cannot effectively identify patterns of tax evasion or streamline our investigations." [TA1]

Additionally, the interviewee identified that the deficiency of IT integration was principally frustrating for taxpayers, who confronted challenges with online services that were sometimes inaccessible. Taxpayer provided feedback:

"The online portals are slow, and there is no support if you face an issue while filing taxes. It feels like the system is designed to discourage compliance." [TP2]

Additionally, from FDGs at Quetta, Gwadar and Hub participants commented:

"Expanding GIS-based property mapping to all urban centres would help in identifying unregistered properties [Q-1]*. A centralised database accessible by all tax authorities could enhance coordination and ensure consistency in property tax evaluation."* [G-1]

"While we've adopted a single portal for some services, many areas still operate manually." [H-1]

The interview findings emphasise the importance of investing in modern IT infrastructure, staff training, and digital platforms. Respondents noted that technological inefficiencies hinder detecting tax fraud trends and speeding up compliance. Therefore, tax authorities must upgrade IT systems, set up specialised data centres, and provide personnel training. Using advanced technologies can improve processes, reduce errors and biases, and speed up the decision-making process.

4.1.4. Perceptions on Consolidation

The interview findings revealed mixed responses to the unification of tax institutions under BRA. While BRA's potential to streamline operations and improve efficiency is acknowledged, concerns about its readiness to assume additional responsibilities persist responsibilities. Talking about this issue an interviewee remarked:

"Consolidation could be transformative for the province's revenue system, but it requires careful planning. Right now, we don't have the capacity or resources to take on such a large-scale reform." [TA1]

Commenting on consolidation, one of the interviewees made the observation:

"Consolidating specific taxes under BRA is expected to boost provincial revenue and reduce redundancies". [TA2]

Nonetheless, doubts over BRA's capacity and preparedness to undertake more substantial responsibilities remained prevalent. indicated:

"The success of consolidation will depend on addressing existing inefficiencies within BRA. If these issues are not resolved first, consolidation could end up magnifying the problems rather than solving them." [TA4]

A small number of those interviewed firmly opposed the consolidation:

"The Finance Department does not support transferring these taxes to BRA due to human resource capacity issues. BRA lacks the capacity to effectively assess and collect these taxes. Additionally, there are legal complexities associated with such a transfer. Tehsildars remain the most suitable option for tax collection". [TA7]

As another interviewee, when asked, suggested:

"Tax system should be integrated into a single tax system/unit. In my opinion, it will improve efficiency and tax collection, reduce taxpayer confusion, and increase compliance, whereas a negative impact would be mandate of tax agencies that will compromise". [TE1]

As one participant expressed dissatisfaction with the consolidation under BRA:

"We do not support consolidating agricultural income tax collection under the BRA. We are not satisfied with BRA based on our experience with the Balochistan Sales Tax on Services (BSTS) for contractors. Initially, when BSTS was not enforced, the system worked better. Under BRA's supervision, contractors are now required to pay an additional percentage of tax directly to BRA, which has significantly increased costs. As a result, contractors have started using low-quality materials in government projects such as tubewells, roads, and infrastructure, directly impacting landowners. This has led to a decline in work standards, creating challenges for agricultural productivity". [TP1]

Other taxpayers exhibited cautious optimism on the proposal. As one interviewee put it:

"If consolidation reduces the burden of dealing with multiple tax departments, it would be a great reform, but only if the system is transparent and user-friendly". [TP2]

One informant reported that:

"I do not have specific concerns (about consolidation under BRA) but I do emphasise that the system must be made transparent and user-friendly. I anticipate an improvement in service delivery, optimisation of processes, and a decrease in bureaucratic delays. Additionally, a significant proportion of the personnel within all tax departments lack relevant academic qualifications and skills, which I expect these issues would be considered while consolidating tax departments." [TP3]

 However, from FDGs at Hub, Quetta and Gwadar, participants commented:

"The major challenge would be the redistribution of roles and potential conflicts over authority. [H-1]. The legal framework for transferring AIT to BRA is unclear and may require amendments to existing laws." [Q-1]

"Consolidation would streamline tax processes, enhance compliance through a unified system, and improve revenue collection." [G-1]

These results provide insights, revealing interviewees' ambivalence and concerns about implementation. Comparing the findings highlights the need for a gradual consolidation strategy focused on capacity-building and stakeholder engagement for a smooth transition. Reforming institutions, like establishing a centralised revenue authority for tax and social contributions, typically spans 4 to 5 years (World Bank, 2008). The results indicate that while consolidation can reduce redundancies and improve efficiency, its success depends on incremental implementation and stakeholder involvement. Transparent communication on the objectives and benefits of consolidation is crucial to build public trust. Many governments have considered merging tax departments and agencies into one cohesive entity.

4.1.5. Taxpayer Engagement and Compliance

In the survey's final part, respondents addressed taxpayer engagement and compliance. These elements are vital for effective tax administration; however, informants in Balochistan raised concerns about the lack of initiatives to boost awareness, trust, and voluntary compliance. The analysis revealed primary challenges, including inadequate taxpayer education, distrust of authorities, poor engagement, complex procedures, and weak feedback mechanisms. These problems lead to low compliance rates and reluctance to meet obligations. Most participants noted that insufficient engagement and education are significant barriers to compliance, indicating areas needing urgent improvement that:

"We've tried to conduct awareness sessions, but these efforts are sporadic and underfunded. Most taxpayers still don't understand their obligations or how to comply." [TA1]

Another interviewee expressed this sentiment:

"I've never received any guidance or communication from tax authorities. It feels like they expect us to figure everything out on our own." [TP1]

In response to question one participant affirmed:

"Most people don't even know their tax obligations or the benefits of paying taxes. The government needs to do more to create awareness." [TP2]

The respondents were of the opinion that people are unaware of their tax obligations and the benefits that taxation brings to society due to the absence of organised taxpayer education and awareness campaigns. They recommended that, it is necessary to implement comprehensive public awareness initiatives, especially in rural areas where tax literacy is low.

When the participants were asked about the trust in the tax collection revenue authorities, the majority commented that there is also a lack of trust in the tax system which is another factor significantly hindering compliance. One participant stated:

"Taxpayers often perceive revenue authorities as corrupt or inefficient. This mistrust stems from a lack of transparency and visible results." [TA7]

An interviewee explained:

"People resist paying taxes because they feel the money is not being used effectively or for public welfare. There's a perception that the money is wasted or mismanaged by the government. There's no accountability or reporting on how funds are allocated. There's no visible return on what we pay." [TP3]

Another interviewee added:

"It's hard to comply when you feel like the system is not working in your favour. The perception of corruption makes people reluctant to pay." [TE1]

The majority of those who responded to this item felt that restoring public adherence and encouraging people to voluntary compliance requires demonstrating taxation's real benefits and transparency about how it works. In this regard a participant remarked:

"Our procedures are outdated and overly complicated. Taxpayers often must make multiple trips to the office to complete a single transaction." [TA1]

This view was echoed by another informant who shared:

"Many people find the tax filing process intimidating and confusing. Simplifying the system is essential to encourage compliance." [TA6]

One of the respondents explained:

"The process is so complex that it feels easier to avoid it altogether. If they made it simpler, more people would participate." [TP2]

It was discovered from the interview that intricacies and ineffective processes have discouraged taxpayers from voluntary compliance. On the other hand, reforming processes, digitising operations, and offering intuitive online platforms may significantly reduce compliance barriers in future.

An informant conveyed that:

"We do not have a formal mechanism for taxpayers to provide feedback or voice their concerns. This creates a disconnect between the authorities and the public." [TA1]

Another interviewee remarked:

"There is no way to communicate directly with the authorities. If we have a problem, we must go through bureaucratic hurdles to resolve it." [TP3]

Whereas FDGs respondents from Hub, Quetta and Gwadar mentioned:

"The lack of awareness among industrialists and individuals regarding tax laws creates a significant hurdle [H-1]*. Limited taxpayer education and lack of trust in the system are major barriers to compliance."* [Q-1]

"Small businesses frequently complain about insufficient awareness campaigns and the lack of guidance on tax filing requirements." [G-1]

The lack of feedback mechanisms has distanced taxpayers and limited authorities' ability to address complaints effectively. Establishing formal channels for taxpayer feedback can improve compliance, engagement, and trust in revenue authorities. Taxpayer adherence is crucial for increasing tax revenue in Balochistan. However, the absence of effective educational initiatives, along with distrust

towards tax institutions and complex systems, presents significant barriers. Addressing these issues requires a comprehensive strategy focused on transparency, simplicity, and taxpayer-centric programs. Enhancing trust and encouraging voluntary compliance will improve revenue collection and strengthen the social contract between Balochistan's government and its citizens.

4.2. Quantitative Results

Table 5 presents the findings of the tax collection survey in Balochistan, providing insights into the educational backgrounds of the respondents. While 27.9% have only completed secondary school, the majority, 57.9%, hold higher education qualifications. Additionally, 3.2% possess no formal education, and 11.1% have only completed primary school. Out of the 190 respondents in the sample, the vast majority have advanced qualifications degrees.

Table 5: Education Level

Education	Frequency	Percent
Primary education	21	11.1%
Secondary education	53	27.9%
Higher education	110	57.9%
No formal education	6	3.2%
Total	190	100%

Table 6 indicates that the majority of respondents fall within the age categories of 18 to 30 years (38.9%) and 31 to 40 years (36.8%). A mere 3.7% of participants are aged over 50, while a lesser percentage, 20.5%, fall within the age range of 41 to 50 years. The total number of respondents in the sample is 190, with the predominant age groups being those in their 30s and 40s.

Table 6: Age

	Frequency	Percent
18-30	74	38.9%
31-40	70	36.8%
41-50	39	20.5%
Above 50	7	3.7%
Total	190	100%

The results displayed in Table 7 indicate that 3.2% of respondents were female and 96.7% were male. This suggests that the majority of taxpayers were male.

Table 7: Gender

	Frequency	Percent
Female	6	3.2
Male	184	96.8
Total	190	100.0

According to a survey conducted in Balochistan, 15.8% of respondents hail from the Hub district, whereas 84.2% originate from Quetta. The entire sample comprises 190 individuals, as detailed in Table 8.

Table 8: District

	Frequency	Percent
Hub	30	15.8
Quetta	160	84.2
Total	190	100.0

The results indicate that respondents from each sector are represented in Table 9. The share of respondents from each sector is as follows: Agriculture and Food accounts for 2.6%, Medical and Pharmacy represents 36.3%, Banking comprises 3.2%, Business constitutes 13.2%, Corporate stands at 3.7%, Petrol Stations contribute 11.1%, Restaurants and Hotels account for 19.5%, Information Technology is at 3.2%, and Transportation is at 4.2%. Notably, the medical and pharmacy sector exhibits the highest percentage representation followed by restaurants and hotels industry.

Table 9: Sectors

	Frequency	Percent
Agriculture and food	5	2.6
Medical and Pharmacy	69	36.3
Banking Sector	6	3.2
Business sector	25	13.2
Corporate sector	7	3.7
Petrol Pumps	21	11.1
Restaurant and Hotels	37	19.5
IT Sector	6	3.2
Transportation Sector	8	4.2
Others	6	3.2
Total	190	100.0

The results presented in Table 10 indicate that the business sector contributes the most, accounting for 56.3% of the total, as per the tax collection figures of Balochistan. Contributions from individuals comprise 20%, while government agencies contribute 8.4%. Additionally, 15.3% is accounted for by other sources.

Table 10: Type of Taxpayer

	Frequency	Percent
Business	107	56.3
Government Entity	16	8.4
Individual	38	20.0
Other	29	15.3
Total	190	100.0

The sales Tax on Service is the most frequently paid tax, accounting for 39.5% of the total shown in Table 11. Other significant taxes include excise duty (3.7%), land taxes (5.8%), and property taxes (8.9%). Smaller portions consist of additional taxes, such as hotel, professional, and transport-related taxes. Nonetheless, 14.7% of respondents indicated they paid other taxes.

Table 11: Which Taxes Do You Currently Pay?

	Frequency	Percent
Electricity Duty	30	15.8
Excise Duty	7	3.7

	Frequency	Percent
Hotel tax	6	3.2
Land Taxes	11	5.8
Professional Tax	8	4.2
Property Tax	17	8.9
Sales Tax on Service	75	39.5
Transport-Related Taxes	8	4.2
Other	28	14.7
Total	190	100.0

Table 12 revealed that the method by which taxes are typically paid shows that many taxpayers (34.7%) engage a tax consultant, followed by in-person payments at tax offices (23.7%) and online payments (20%). Additionally, 21.6% utilise alternative strategies. There were 190 responses in all.

Table 12: How Do You Typically Pay Your Taxes?

	Frequency	Percent
In-Person at Tax Office	45	23.7
Online	38	20.0
Through a Tax Consultant	66	34.7
Other	41	21.6
Total	190	100.0

Table 13 summarises overall experiences with tax collecting departments. Responses for the Excise Taxation and Anti-Narcotics Department were mixed: 10.5% very dissatisfied, 31.1% dissatisfied, 31.6% neutral, 26.3% satisfied, and 0.5% very satisfied. There is a notable challenge in improving overall service satisfaction since many respondents are dissatisfied or indifferent. Regarding the Balochistan Revenue Authority, 2.1% reported very low satisfaction, while 7.9% were low. Most respondents, 44.2%, were satisfied, and 40.5% were neutral, with 5.3% highly satisfied. This suggests satisfactory operations, though enhancing neutral perceptions is crucial. The Board of Revenue had varied responses: 23.2% dissatisfied, 3.2% extremely dissatisfied, 42.1% neutral, 28.9% pleased, and 2.6% very satisfied. The substantial neutral response highlights a need to increase satisfaction among dissatisfied and neutral individuals. Dissatisfaction seems to grow with the Transport Authority, where 33.2% expressed dissatisfaction and 2.6% extreme dissatisfaction. Only 2.1% were extremely satisfied, with 37.9% neutral and 24.2% satisfied. This indicates a need to address transportation service issues. The Energy Department received poor ratings: 11.1% very dissatisfied, 38.9% dissatisfied, 28.9% neutral, 20.5% satisfied, and 0.5% very satisfied. This reflects significant dissatisfaction, indicating a necessity for improvements to meet public expectations general.

Table 13: Overall Experience with the Tax Collecting Departments

S. No	Statements	Very Dissatisfied	Dissatisfied	Neutral	Satisfied	Very Satisfied
1	Excise Taxation and Anti-Narcotics Department	20 10.5%	59 31.1%	60 31.6%	50 26.3%	1 0.5%
2	Balochistan Revenue Authority	4 2.1%	15 7.9%	77 40.5%	84 44.2%	10 5.3%
3	Board of Revenue	6 3.2%	44 23.2%	80 42.1%	55 28.9%	5 2.6%

4	Transport Authority	5 2.6%	63 33.2%	72 37.9%	46 24.2%	4 2.1%
5	Energy Department	21 11.1%	74 38.9%	55 28.9%	39 20.5%	1 0.5%
6	"How satisfied are you with the current tax payment process?	14 7.4%	72 37.9%	42 22.1%	58 30.5%	4 2.1%

The challenges of the current tax system are noted in Table 14. About 36.3% of respondents find tax laws complex, 23.2% find them somewhat complex, while only 16.8% feel it is very challenging. Additionally, 18.9% are neutral, and 4.7% do not see complexity as an issue. This shows many struggles with understanding tax legislation. Respondents also mentioned several departments handling these complexities. Many, 44.2%, find it challenging, and 17.9% find it somewhat difficult, while 1.6% say it's not difficult at all. This indicates that dealing with multiple agencies creates significant burdens for taxpayers. Regarding clarity in tax rules, 40% find the lack of clarity difficult, while 24.2% are neutral. Conversely, 13.7% classify it as quite difficult, and 16.8% as difficult. This underscores the need for clearer tax guidance and communication.

Compliance costs are a major concern, with 19.5% finding compliance somewhat difficult, 42.6% considering it difficult, and 14.2% labelling it difficult. Only 1.6% viewed compliance costs as unproblematic, highlighting the financial strain on taxpayers whatsoever.

A significant portion of respondents (30%) indicated that they regarded the issues of corruption and bribery as exceedingly challenging. The majority, anticipated 31.6%, regarded them as difficult, while 9.5% perceived them as rather difficult. Conversely, a small minority (5.8%) maintained that bribery and corruption did not pose a problem, whereas 23.2% remained neutral. This indicates a prevailing apprehension among the populace regarding corruption within the tax collection system and its implications for taxpayers.

Table 14: The Challenge of the Current Tax System

S.no	Statement	Challenging	Slightly Challenging	Neutral	Very Challenging	Not Challenging at All
1	Complexity of Tax Laws	69 36.3%	44 23.2%	36 18.9%	32 16.8%	9 4.7%
2	Multiple Departments to Deal With	84 44.2%	34 17.9%	25 13.2%	44 23.2%	3 1.6%
3	Lack of Clarity in Tax Requirements	76 40%	26 13.7%	46 24.2%	32 16.8%	10 5.3%
4	High Compliance Costs	81 42.6%	37 19.5%	42 22.1%	27 14.2%	3 1.6%
5	Corruption and Bribery	60 31.6%	18 9.5%	44 23.2%	57 30%	11 5.8%

A significant finding from the results is that consolidation under a single entity shows strong perceptions of tax reforms (see Table 15). Regarding the tax payment procedure, 53.7% considered it useful, 15.3% very useful, 19.5% neutral, 6.8% slightly useful, and 4.7% least useful. For reduced compliance costs, 43.7% found it helpful, 20% very helpful, 22.6% neutral, 11.6% somewhat helpful,

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and 2.1% not helpful. In terms of enhanced tax administration, 46.3% deemed it helpful, 24.7% very helpful, 17.4% neutral, 10% somewhat helpful, and 1.6% not helpful. Lastly, improved taxpayer services were positively received: 52.1% found it beneficial, 21.6% very beneficial, 15.8% neutral, 7.9% slightly beneficial, and 2.6% not beneficial. These findings support the qualitative results, indicating a generally positive attitude toward tax reforms and consolidation, with many respondents acknowledging their benefits effects.

Table 15: Opinion on Consolidation

S. No	Statement	Beneficial	Very Beneficial	Neutral	Slightly Beneficial	Not Beneficial at All
1	Simplified Tax Payment Process	102 53.7%	29 15.3%	37 19.5%	13 6.8%	9 4.7%
2	Reduced Compliance Costs	83 43.7%	38 20%	43 22.6%	22 11.6%	4 2.1%
3	Improved Tax Administration	88 46.3%	47 24.7%	33 17.4%	19 10%	3 1.6%
4	Better Taxpayer Services	99 52.1%	41 21.6%	30 15.8%	15 7.9%	5 2.6%

Table 16 outlines public perceptions of tax consolidation under the BRA. The results show that 52.1% agree and 14.7% strongly agree that tax procedures would simplify with BRA's consolidation. Regarding corruption reduction in tax collection, 46.3% agreed, 33.2% were neutral, and 9.5% disagreed. A singular revenue administration under BRA received 54.2% positive responses for increased transparency, while 10.5% disagreed. Improved taxpayer services through consolidation garnered 62.6% agreement, with 10% strongly affirming better services. Agreement on consolidating tax responsibilities under BRA for compliance reached 51.6%, and 32.6% were neutral. Technology adoption by the BRA was supported by 52.1%, including 21.1% strongly supporting it. Digital systems for agricultural taxation saw 45.8% support, with 22.6% neutral and 14.2% strongly agreeing. Additionally, 56.3% agreed on the need for educational programs to boost taxpayer awareness and compliance. Furthermore, 51.1% believe consolidation improves tax collection efficiency, and 60.5% strongly advocated for simplified tax laws to encourage compliance. There is also a notable demand for accountability, with 53.7% agreeing that the government ensuring BRA's accountability to mitigate abuses. The survey reflects strong public backing for BRA's tax simplification and accountability measures in education. These findings significantly reinforce the qualitative insights findings.

Table 16: Consolidation under BRA

S. No		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
1	Consolidating tax administration under the BRA will simplify the tax process.	1 0.5	13 6.8	49 25.8	99 52.1	28 14.7
2	BRA has the potential to reduce corruption in tax collection	2 1.1	18 9.5	63 33.2	88 46.3	19 10.0

No.	Statement					
3	A unified revenue administration under BRA will improve transparency in tax collection.	2 1.1	11 5.8	54 28.4	103 54.2	20 10.5
4	Consolidation will lead to better taxpayer services.	1 0.5	15 7.9	36 18.9	119 62.6	19 10.0
5	"Moving tax responsibilities to BRA will lead to increased tax compliance among taxpayers.	0 0	9 4.7	62 32.6	98 51.6	21 11.1
6	BRA's adoption of technology-driven processes will enhance efficiency.	3 1.6	8 4.2	40 21.1	99 52.1	40 21.1
7	Digital systems (e.g., online tax filing and payment) should be implemented for agriculture tax.	10 5.3	23 12.1	43 22.6	87 45.8	27 14.2
8	Taxpayer education programs are necessary to increase awareness and compliance.	1 0.5	11 5.8	23 12.1	107 56.3	48 25.3
9	Tax collection efficiency will improve if revenue functions are consolidated under a single authority like BRA.	2 1.1	13 6.8	42 22.1	97 51.1	36 18.9
10	"Simplifying tax laws and procedures will encourage me to comply with tax obligations.	3 1.6	10 5.3	35 18.4	115 60.5	27 14.2
11	"The government should ensure accountability mechanisms to prevent misuse of authority by BRA.		9 4.7	29 15.3	102 53.7	50 26.3

4.3. Discussion

This section elaborates on the implications of the results, contextualising them within existing literature and their relevance to tax system reforms in developing economies. The findings reveal a complex interplay of operational, governance, technological challenges, consolidation under a single entity, and taxpayer compliance, and they are consistent with global studies on tax administration in developing economies (Hidayat & Defitri, 2024; World Bank, 2008).

The findings revealed significant operational inefficiencies in Balochistan's revenue agencies due to resource constraints, understaffing, and manual processes, echoing Bird & Zolt (2004). These inefficiencies result in tax processing delays and taxpayer dissatisfaction, particularly due to outdated manual record-keeping, aligning with Martinez-Vazquez & McNab (2000). Governance issues like political interference and lack of accountability hinder effective tax administration, as noted by Fjeldstad & Moore (2008), stressing the need for governance reforms. Performance benchmarking and inter-agency collaboration are weak, leading to mistrust, reflecting Prichard's (2016) arguments for transparent governance. Technological limitations, like poor connectivity and power outages, complicate tax operations, corroborating Bahl & Bird (2008)'s findings on the importance of modernisation. Taxpayers reported frustrations with slow online portals and fragmented workflows due to lack of IT integration, underscoring previous research on digital

platforms' efficiency. While digital transformation offers potential, it also presents challenges, as discussed by Hidayat & Defitri (2024).

Participants generally support tax function consolidation under the BRA to reduce redundancies despite concerns about capacity. Optimism exists that consolidation can simplify interactions if transparency is maintained, reflecting Slemrod & Gillitzer (2014)'s views on centralised systems' benefits. Previous studies highlighted fragmentation's burdens, with Mikesell (1981) advocating for consolidation to enhance resource use. Participants are cautiously optimistic about BRA's consolidation potential but stress the need for careful planning, in line with World Bank (2008). Inadequate education initiatives and distrust hinder taxpayer compliance, aligning with Torgler's (2007) findings on education's role. Transparency in revenue use is crucial for rebuilding trust, as argued by Levi (1989). Simplifying procedures and employing user-friendly digital tools are vital steps. Overall, solutions must address both substantive and procedural complexities while leveraging technology, as per Bhat et al. (2021). World Bank (2008) recommends an approach focusing on risk management, large taxpayer services, client orientation, IT centralisation, electronic filing incentives, and a thematic emphasis on staffing and process functions.

CONCLUSION AND RECOMMENDATIONS

5.1. Conclusion

This study aimed to investigate the complexities of tax administration in Balochistan by exploring operational challenges, governance gaps, technological inefficiencies, stakeholder perceptions of consolidation, and taxpayer engagement and compliance. Employing a mixed methods approach that integrated qualitative thematic analysis and quantitative descriptive statistics, the research provided a comprehensive understanding of the systemic issues and opportunities within the province's tax system. The findings underscore the need for fundamental reforms to enhance efficiency, build trust, and facilitate a successful consolidation of tax functions under the BRA.

The study revealed significant operational challenges stemming from resource constraints, understaffing, and reliance on manual processes. These inefficiencies hinder the ability of revenue authorities to meet their revenue collection targets and create frustration among taxpayers. Consistent with existing literature, the findings highlight that capacity-building measures, including recruitment, training, and automation, are critical to improving operational performance.

Governance gaps were another dominant theme, with participants emphasising political interference, lack of accountability, and weak inter-agency coordination. These deficiencies undermine the credibility of tax institutions and erode public trust. The absence of clear performance benchmarks and transparent decision-making exacerbates inefficiencies, leaving stakeholders sceptical about the effective use of tax revenue.

The research also identified significant technological inefficiencies, with outdated systems and inadequate infrastructure limiting the effectiveness of tax administration. The reliance on tools like PRAL and Excel for data management creates delays and inaccuracies, while poor internet connectivity and frequent power outages in rural areas further impede progress. The findings align with global best practices that emphasise the transformative role of integrated IT systems in modernising tax administration.

Stakeholders expressed optimism about the consolidation of tax functions under BRA, viewing it as an opportunity to reduce redundancies and streamline processes. However, concerns about BRA's capacity to manage additional responsibilities highlighted the importance of phased implementation and preparatory measures. Stakeholders noted that transparency and engagement would be critical for gaining public support and ensuring the reform's success.

Finally, the study highlighted low levels of taxpayer engagement and compliance, driven by inadequate education, mistrust of authorities, and complex procedures. Many taxpayers lacked awareness of their obligations and were sceptical about how their taxes were utilised. Simplifying processes and launching targeted education campaigns emerged as critical strategies to foster voluntary compliance and rebuild trust.

Overall, the findings demonstrate that while consolidation under BRA holds promise, it must be supported by comprehensive reforms addressing operational, governance, technological, and engagement challenges. This research contributes to the broader discourse on tax administration in developing regions by providing actionable insights into the specific context of Balochistan.

5.2. Limitations

The accuracy and completeness of the secondary data used in this study rely on the quality of reporting by the Finance Department of Balochistan and the websites of provincial revenue departments. At the same time, the primary analysis covers the period from 2016 to 2024. The surveys were conducted with a limited sample of 190 participants due to resistance stemming from the sensitive nature of the topic and a lack of tax education. Additionally, the study could not fully account for the informal economy, a significant factor in Balochistan, due to a lack of accessible data. Moreover, less literature was available on this study, specifically in Balochistan.

5.3. Recommendations

To achieve an efficient and trustworthy tax administration system in Balochistan, this study offers a series of recommendations that address the identified challenges and align with global best practices.

First, addressing operational challenges requires a strategic focus on capacity building. Revenue authorities should prioritise the recruitment of qualified personnel, offering permanent contracts to reduce turnover and build institutional knowledge. Training programs should be implemented to equip staff with the skills needed for modern tax administration, including technical and interpersonal competencies. Transitioning from manual processes to automated systems is essential to improve efficiency, reduce errors, and enhance taxpayer satisfaction.

Governance reforms are critical to rebuilding trust and improving institutional credibility. Political interference must be minimised through the enforcement of merit-based recruitment and decision-making processes. Clear accountability frameworks should be established, incorporating performance benchmarks and regular evaluations to ensure transparency. Strengthening inter-agency coordination by introducing centralised platforms for data sharing and collaboration would address duplication of efforts and streamline workflows.

The modernisation of technology is indispensable for overcoming the limitations of outdated systems. Significant investments in IT infrastructure, including integrated software solutions and reliable internet connectivity, especially for industries and rural areas, are necessary. Specifically, it includes digitising land records and tax processes across all districts, implementing GIS for property and agricultural tax assessments, and creating centralised, user-friendly platforms for taxpayers. Upgraded real-time monitoring tools and mobile applications can address technological inefficiencies, while tailored tax compliance tools and automated systems improve transparency and reduce manual errors. Establishing a centralised revenue database, integrating inter-departmental data-sharing platforms, and launching grievance redressal mechanisms further streamline operations. Implementing user-friendly digital platforms for taxpayers would simplify compliance processes and encourage greater participation. A phased rollout of these technologies, supported by comprehensive training for staff, would ensure a smooth transition to a digitised tax system.

This study demonstrates that consolidating tax functions under BRA offers an opportunity to address many of the systemic issues identified in this study. For example, consolidating tax functions under BRA presents a significant opportunity to improve Balochistan's tax collection system. By reducing administrative inefficiencies, adopting modern technologies, and strengthening enforcement mechanisms, the province could significantly increase its revenue generation and reduce its reliance

on federal transfers. However, the success of these reforms will need to address the resistance to consolidation under BRA. Early and transparent stakeholder engagement is crucial, focusing on addressing concerns and highlighting benefits like efficiency and reduced redundancies. Transparent communication, participatory decision-making, and capacity-building initiatives can foster trust and support. Influential stakeholders, including BRA leadership, government officials, and political actors, should drive reforms through advocacy and policy alignment. A phased approach with pilot testing in smaller towns can minimise disruptions, allowing for system refinement and smoother implementation.

Finally, fostering taxpayer engagement and compliance requires a multi-faceted approach. Public awareness campaigns should be launched to educate taxpayers about their obligations and the benefits of paying taxes. These campaigns should utilise accessible media platforms and include localised, culturally relevant messaging. Simplifying tax procedures and providing clear, step-by-step guidance will reduce barriers to compliance. Building trust through transparent reporting on the utilisation of tax revenues and visible public investments will further encourage voluntary compliance. The path to tax reform in Balochistan is not without challenges, but the potential rewards—both in terms of fiscal autonomy and improved public services—make it a goal worth pursuing.

5.4. Implications for Future Research

This study outlines challenges and opportunities in Balochistan's tax administration while highlighting areas for future research. Longitudinal studies are needed to assess the long-term impacts of BRA consolidation on revenue collection, taxpayer satisfaction, and institutional efficiency. Further research should investigate socio-cultural factors affecting tax compliance behaviour, as these insights could improve engagement strategies. Additionally, future studies might explore integrating advanced technologies like AI and machine learning to enhance tax administration processes.

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APPENDIX
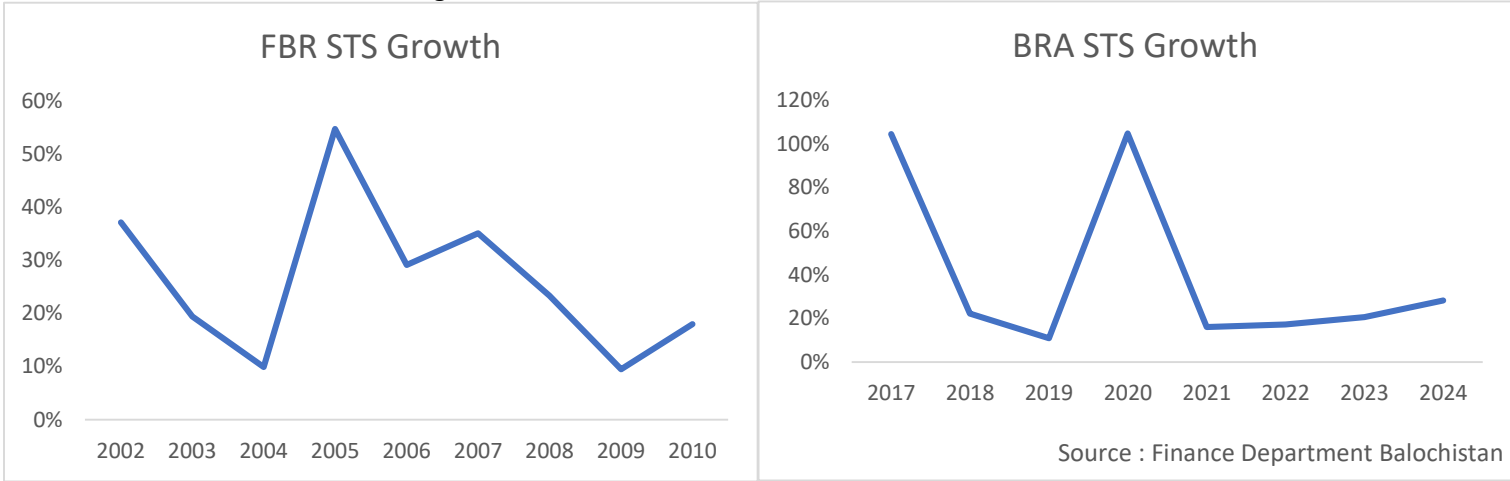
Figure 2: STS Collection Growth Rate in PKR Billion

Source : Finance Department Balochistan

Table 17: Land-based Taxes in Pakistan

Category	1 acre	1 to 12.5 acres	12.5 to 25 acres	25 to 50 acres	50 acres and above	Orchards
Rs. / Acre						
Balochistan	50	50	50	50	50	200
Sindh	200	200	200	200	200	700
KP	0	225	340	340	340	900
Punjab	0	0	300	400	500	600

Source: Salam (2022)

Table 18: Agriculture share in the Total GDP of Balochistan

Agriculture sectors	Share in PKR billion	% share of GDP	Development expenditure PKR million	Non-development expenditure PKR million	Agriculture income tax PKR million
Major and Minor Crops	460	11.81	3,889.19	9,377.54	39.25
Livestock	840	21.53	808.203	3,639.09	
Fisheries	34	0.88	178.268	1,102.64	
Forestry	51	1.31	336.464	1,249.31	

Source: (GoB, Budget White Paper 2021-22)& Salman and Shah, 2023

Table 19: Agriculture Land Base Tax

Description	Amount (in million)
Total Agricultural land in Balochistan (1,060,000 hectors x 2.47105)	2.619 Acers
Irrigated matured orchard (211,8 00 hectors x 2.74105)	0.523 Acers
Tax @ 200 per Acer (A)	104.63
Irrigated land Other than Orchard (848,200 hectors x 2.47105)	2.096 Acers
Tax @ 50 per Acer (B)	104.797
Total Revenue potential under existing tax structure (A+B)	209.47

Source : Suriya Nauman Rehan & Co. (2020)

Table 20: Potential of UIPT

Description	Data
Population of Balochistan	12,344,408
Average household size	7.84
Number of Houses	1,574,542
Assume 50% of houses are exempt (less than 5000 sq. feet)	787,290
Average expenditures on house rent per annum	57,508
Gross Annual Rental Value (in million)	45,433
Net ARV (90%) of GARV	40,890
Tax @ 15% PKR million	6,133.4

Source: Suriya Nauman Rehan & Co. (2020)

Table 21: Tax Definitions

Tax Definitions	Department
UIPT is a tax levied on the annual value of buildings and lands in designated urban areas, assessed and collected by the government. (Balochistan Urban Immovable Property Tax Act, 1958)	Excise, Taxation and Anti-Narcotics Department
CVTIPT is a tax on the capital value of immovable property payable on acquisition by purchase, gift, inheritance, or lease renewal, as specified by law. (Balochistan Finance act ,2013)	Board of Revenue
Agricultural income includes revenue from land used for agriculture, income from cultivating or processing produce for market, and income from buildings on or near such land used by cultivators or rent receivers. (Balochistan tax on land and agricultural income ordinance, 2000)	Board of Revenue
Sales Tax on Services is a tax levied on the value of taxable services provided, rendered, initiated, received, originated, executed, or consumed in specific area, whether by a resident or non-resident person, in the course of an economic activity, including its commencement or termination. (Balochistan Sales Tax on Services Act, 2015) Cess is a tax on goods transported via government-provided infrastructure, based on value, weight, and distance. (Balochistan Infrastructure Cess Act, 2021)	Balochistan Revenue Authority
Land tax is a levy charged annually on cultivable land owned by individuals, assessed and collected by the provincial government as per prescribed rates. (Balochistan tax on land and agricultural income ordinance, 2000)	Board of Revenue
The Balochistan Companies' Profits (Workers Participation) Act, mandates companies to allocate a portion of their annual profits into a Workers Participation Fund to benefit eligible workers, ensuring their participation in company profits. [Balochistan Companies' Profits (Workers Participation) Act, 2022]	Balochistan Revenue Authority
Stamp duty is a provincial tax on legal and financial instruments, collected on property and share transfers, registrations, and power of attorney, as per Balochistan e-Stamp Rules, 2021. (Balochistan Stamp Act, 1899)	Board of Revenue
The Balochistan Motor Vehicle Tax is a provincial levy on motor vehicles, payable annually or quarterly, based on vehicle type, weight, and use. (Balochistan Motor Vehicle Taxation Act, 1958)	Excise, Taxation and Anti-Narcotics Department
Entertainment tax is a duty levied on payments for admission to entertainment events, including cinemas, exhibitions, and performances. (Balochistan Entertainment Duty Act, 1958)	Excise, Taxation and Anti-Narcotics Department
The act, establishes a fund to support worker welfare through contributions from industrial establishments and other sources, governed by the Balochistan Revenue Authority. (Balochistan Workers' Welfare Fund Act, 2022)	Balochistan Revenue Authority
A tax levied on the value of goods imported or exported under licenses issued as per the Imports and Exports (Control) Act, 1950, with rates determined by the value of the transactions. (The Balochistan Finance act, 1963)	Excise, Taxation and Anti-Narcotics Department
Cinema Tax is a levy on cinemas in Balochistan, imposed on payments for admission to exhibitions or shows, and varies based on cinema classification and seating capacity. (Balochistan Entertainments Duty Act, 1958).	Excise, Taxation and Anti-Narcotics Department
Capital Gains Tax is a levy on profits or gains arising from the sale, exchange, or transfer of immovable property in specified urban areas of Balochistan. (The Balochistan Finance act, 1963)	Excise, Taxation and Anti-Narcotics Department

Tax Definitions	Department
A tax levied on individuals engaged in specific professions, callings, or trades, such as legal practitioners, contractors, and income tax practitioners, with amounts determined by classifications. (The Balochistan Finance act, 1963)	Excise, Taxation and Anti-Narcotics Department

Table 22: Comparative Analysis of Balochistan Revenue Agencies

Department	Established	Responsibilities	Key features	CAGR[3]	Challenges
BRA	2015	Balochistan Sales tax on services. Balochistan Development and Maintenance of Infrastructure Cess. Balochistan Companies' Profits (Workers Participation). Workers' Welfare Fund.	Digitisation (e-registration, filing, payment systems). Use of PRAL and fiscal devices for POS data. Regional offices in Gwadar, Hub, Panjgur, Turbat, Taftan, and Chaman.	38%	Limited taxpayer education. Revenue leakage to other provinces. Strengthen of staff.
BOR	1972	Agriculture Income Tax Capital Value Tax on Immovable Property Stamp Duty Land Revenue Transfer of Property-Registration	Digitised land records in some districts. E-stamping and computerised Registration of Deeds. Online tax calculators.	11%	High exemptions. Staff R&D limitations. Manual records.
ETD	1972	Urban Immovable Property Tax. Motor Vehicle Taxes Provincial Excise. Hotel and Business Tax. Profession, Trade & Calling.	Digitize vehicle registration	8%	Underdeveloped IT and record system. Manual management of Land records. Staff expertise.
ED	2013	Electricity duty	Focuses on exploration and development of oil, gas, renewable, and alternate	8%	Minimal collections. Low recovery of duties. Record Management gaps

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[3] Compounded annual growth rate

Department	Established	Responsibilities	Key features	CAGR[3]	Challenges
			energy resources		
TD	2006	Vehicle Route Permit Fee	Regulations, Permits, Safety		Manual system. Record management Gaps.

Sources: Authors' computations based on information on websites of Finance Division & Provincial Revenue Authorities.

Table 23: Interview respondents

Sr. No.	Code	Affiliation	Designation	Qualification	Experience	Round	Interview Duration (minutes)	Industry
1	TA1	Tax Authority	Member Operation	MBBS	24 Years	First Round	45	BRA
2	TA2	Tax Authority	Member HR	MS	20 Years	First Round	35	BRA
3	TA3	Tax Authority	Secretary Revenue	MS	19 Years	First Round	40	BOR
4	TA4	Tax Authority	Legal officer	LLB	25 Years	First Round	45	BOR
5	TA5	Tax Authority	Director General	MA	16 Years	First Round	45	ETD
6	TA6	Tax Authority	Assistant director (Admin)	BA	06 Years	First Round	45	ETD
7	TA7	Tax Authority	Additional Secretary	MBA	20 Years	First Round	50	Finance Department
8	TP1	Taxpayer	Agriculture taxpayer	B. A	18 Years	First Round	45	Private sector
9	TP2	Taxpayer	Property taxpayer	M.A	20 Years	First Round	40	Private sector
10	TP3	Taxpayer	Sales tax services taxpayer	M.A	10 Years	First Round	40	Private sector
11	TE1	Tax expert	Tax agent	MS	12 Years	First Round	40	Private sector
12	TP4	Taxpayer/ tax consultant	Sr. Member Quetta Chamber of	LLB	25Years	First Round	45	Private sector

Sr. No.	Code	Affiliation	Designation	Qualification	Experience	Round	Interview Duration (minutes)	Industry
			Commerce and Industry					

Source: Prepare by Authors.