Regional Civil Society Organisation Capacity-Building & Parliamentary Forum on Fair Taxation

10-11 December 2025 | Colombo, Sri Lanka

LDC Watch | L'Observatoire PMA

South Asia Alliance for Poverty Eradication SAAPE

Background

South Asia is facing a deep and multifaceted economic crisis marked by prolonged stagflation, rising poverty, increasing unemployment, and widening inequality. Sri Lanka's debt-to-GDP ratio has surpassed 100 percent, while nearly half of Pakistan's annual budget is consumed by debt servicing obligations. Despite growing reliance on international financial institutions, austerity measures such as subsidy cuts and restrictions on public expenditure have failed to stabilize national economies and have instead deepened economic hardship for millions across the region.

This crisis is further compounded by an acute shortfall in financing for essential public services and universal social protection. According to the *Financing for Sustainable Development Report 2024*, developing countries face an annual financing gap of USD 2.5–4 trillion to achieve the Sustainable Development Goals (SDGs). The escalating climate crisis—highlighted by the devastating floods in Pakistan in 2022—has intensified the need for sustained, predictable, and justice-oriented financing, particularly for climate adaptation and disaster resilience.

At the same time, Official Development Assistance (ODA) continues to decline. OECD data show that ODA from DAC countries fell by 7.4 percent in real terms in 2024 compared to the previous year, with a significant portion redirected toward geopolitical priorities, including the Russia–Ukraine conflict. As external financing becomes increasingly constrained, domestic revenue mobilization has become a critical pillar for financing public services, social protection systems, and climate action. However, many South Asian countries face shrinking tax bases, illicit financial flows, and regressive tax systems that rely heavily on consumption-based taxes such as VAT and GST. Progressive tax measures, particularly the taxation of high-net-worth individuals, remain underdeveloped and politically contested.

Addressing revenue leakages and strengthening domestic fiscal systems require not only reforms to national tax laws but also transformative changes to the global tax architecture. The adoption of the Terms of Reference for the United Nations Framework Convention on International Tax Cooperation (UNFCITC) in August 2024 marked an important step toward establishing a more inclusive, democratic, and UN-led framework for global tax governance. While the G20 has acknowledged the need to tax ultra-high-net-worth individuals, continued support for the G20/OECD-led Inclusive Framework on Base Erosion and Profit Shifting (BEPS) reflects ongoing efforts to dilute progress achieved under UN processes.

These developments are taking place amid major geopolitical shifts. The withdrawal of the United States from key multilateral processes, including FfD4 and COP29, and the strengthening of Global South alliances—particularly through the G77—have deepened fractures in the multilateral system. The adoption of the UNFCITC Terms of Reference through a vote rather than consensus shows that global agreement is no longer a prerequisite for advancing reforms. However, the risk of bilateral pressure from Global North countries remains significant, as they may attempt to fragment the Global South's collective position to maintain the status quo.

In this context, while many civil society groups have successfully advocated for their governments to support the UN Tax Convention, it is evident that many of these same governments continue to maintain regressive domestic tax policies. At the same time, Northern countries often reframe demands for a fair international tax system as merely an issue of domestic capacity limitations in the Global South. By focusing on administrative weaknesses, they divert attention from structural and international dimensions of tax injustice, shifting the burden onto Southern countries and undermining their negotiating position. Governments in the Global South must therefore pursue reform on two fronts: introducing progressive domestic tax legislation and challenging systemic bias in international tax negotiations.

National governments and parliaments are key institutions in driving such change. In this spirit, the South Asia Parliamentary Forum on Fair Taxation aims to bring together parliamentarians from across the region to exchange insights on domestic tax reform, advance legislative change, and build support for a democratic and progressive overhaul of domestic and international taxation systems.

To enhance meaningful engagement between civil society actors and policymakers, the event also integrated a dedicated capacity-building session for CSOs, think tanks, and opinion leaders on fair taxation in Asia. This session provided participants with knowledge and a platform for strategizing to engage critically with domestic tax policies and global tax governance, equipping them to influence public discourse and policy decisions. The capacity-building session took place on the first day, focusing on tax justice, global tax governance reforms, and advocacy strategies at national and international levels. The second day featured the Parliamentary Forum, where CSOs continued engaging alongside Members of Parliament to advance equitable tax reforms.

The two-day event was held on 10–11 December 2025 at the Colombo, Sri Lanka, and was jointly organized by LDC Watch, the South Asia Alliance for Poverty Eradication (SAAPE), and Rural Reconstruction Nepal (RRN). Participants included parliamentarians, civil society representatives, women's, farmers', workers', and youth federations, journalists, and other key stakeholders committed to advancing tax justice in South Asia.

I. Reclaiming Public Wealth through an Equitable Tax System in South Asia

The first day of the event, themed Reclaiming Public Wealth through an Equitable Tax System in South Asia**,** was held on 10 December 2025. The event aimed to build a foundational understanding of tax justice and progressive taxation, and to examine how current tax rules shape inequality, public service delivery, and broader development outcomes. The workshop provided practical tools for advocating fairer tax policies and emphasized the need for stronger regional cooperation in fiscal justice campaigns. Participants also discussed the significance of the proposed UN Tax Convention and the urgent need to shift the tax burden away from low-income groups and towards the super-rich, reinforcing the principle that equitable taxation is central to reclaiming public wealth in South Asia.

1. SAAPE Statement of Solidarity with the People of Sri Lanka

Sushovan Dhar, SAAPE Advisor from India, opened the event, delivering a message of solidarity to the people of Sri Lanka on behalf of SAAPE following Cyclone Ditwah and the catastrophic floods that have devastated the country. He conveyed condolences to families who lost loved ones and expressed support for those displaced, injured, or left without shelter, livelihoods, or basic security. Sushovan stated that the disaster has struck at a moment when Sri Lankan communities are already burdened by economic hardship, debt distress, and weakened public services. He noted that the cyclone has exposed longstanding gaps in public infrastructure and disaster preparedness, especially in working-class, plantation, and marginalised rural and urban areas—revealing how deeply inequality and systemic vulnerabilities shape these impacts.

He further expressed appreciation for the tireless efforts of local communities, workers, CSOs, rescuers, and public-sector employees who have responded with courage and compassion, often under challenging conditions. He mentioned that their commitment reflects the strength of Sri Lanka's collective spirit and resilience. Reinforcing SAAPE's solidarity with Sri Lankan civil society, Sushovan echoed calls for immediate and coordinated relief for all affected people without discrimination; transparent and needs-based allocation of resources that prioritises the most vulnerable; and urgent strengthening of public infrastructure and disaster-preparedness systems, especially in working-class, plantation, and flood-

prone areas. He also stressed the importance of regional and international support grounded in principles of equity, climate justice, and respect for Sri Lanka's sovereignty.

Sushovan stressed that Cyclone Ditwah underscores the alarming escalation of the climate crisis in South Asia. Despite contributing minimally to global emissions, countries such as Sri Lanka are facing some of the highest human and economic costs, particularly from climate-induced disasters. In this context, SAAPE reiterates the critical need for debt justice, climate finance, and equitable economic policies that enable governments to invest effectively in social protection, climate adaptation, and long-term resilience. He concluded by stating that the people of Sri Lanka should not be forced to bear the consequences of a climate crisis they did not create, reinforcing the call for systemic reforms and global accountability.

2. Why Tax Justice Matters in South Asia?

Dr. Arjun K. Karki, the Session Chair, warmly welcomed the participants and expressed gratitude for their engagement and commitment to advancing tax justice in South Asia. He emphasized that the workshop is part of a broader effort to build the capacity of social movements in the region to advocate for justice-oriented, people-centered, and progressive taxation systems. He highlighted the paradox of South Asia's socio-economic reality, stating that the region has become one of the richest in the world in terms of capital accumulation, hosting some of the largest numbers of billionaires globally, while at the same time remaining home to some of the world's poorest populations. This coexistence of two extremes, immense wealth alongside profound poverty, raises fundamental questions about how such contrasting realities are produced and sustained, and why they persist side by side. He urged the participants, stating, *"We must question how these two worlds were created, and why they continue to coexist."*

Dr. Karki then elaborated on SAAPE's role in this struggle and how the alliance emerged from a history of political organizing. He explained that SAAPE was initiated by social activists in South Asia, beginning from discussions held in Manesar and later expanded through meetings in South India on the politics of poverty. These conversations evolved into a continuous movement seeking to understand how poverty is structurally created and perpetuated, and ultimately led to the formation of a regional alliance to challenge these systems of exploitation.

Today, SAAPE's legal host is LDC Watch, a registered entity based in Nepal that works with 92 vulnerable countries across the categories of Least Developed Countries (LDCs), Landlocked Developing Countries (LLDCs), and Small Island Developing States (SIDS). Through this institutional base, SAAPE links regional grassroots struggles with global advocacy spaces.

Connecting this history to the present agenda of the workshop, Dr. Karki emphasized why tax justice is central to the fight against inequality. He underscored SAAPE's active engagement in the Global Alliance for Tax Justice (GATJ), where the network represents Asian civil society in collective efforts to advance global tax reforms. He stressed that the session is ***"****not only about capacity building, but also about building solidarity and connecting regional struggles to global campaigns for systemic transformation****."*** Tax justice, he argued, must be understood and claimed by every section of society, especially communities at the grassroots, because the concentration of capital in the hands of a few is a predictable outcome of weak or absent progressive tax policies. Responding to state narratives that argue there is "no money" to invest in essential public domains such as development, climate resilience, and rights-based social protection, he stated, ***"****The argument that there is 'no money' for financing development, social protection, gender equality, and climate action is a convenient excuse. Wealth is there, just concentrated in the hands of a few."* He concluded with a call to action, emphasising that ***"****progressive taxation can unlock those resources for justice and human dignity."*

Session 1: Tax Justice and Progressive Taxation in South Asia

Moderating the session, Balasingham Skathakumar opened with reflections from Sri Lanka, framing the urgency and relevance of tax justice in the wake of Cyclone Ditwah and the devastating floods. He noted that the disaster has intensified the country's existing crises, making social protection and public investment an immediate necessity, from cash transfers and livelihood support to rebuilding essential infrastructure such as roads, railways, hospitals, and schools. ***"****Employment is not just an economic issue now; it is about putting people back on their feet****,"*** he remarked, emphasizing that resources are urgently required for Sri Lanka's socioeconomic recovery. Highlighting the constraints of the ongoing IMF program, he explained that the country's fiscal space has drastically narrowed, with a significant share of revenue diverted toward servicing external debt. This raises key questions about how governments can expand revenue through fair and progressive taxation**.** He emphasized *"Taxation is not only an instrument of fiscal policy, but it is also a tool of social policy,"* arguing that regressive tax regimes over the past four decades have eroded equity and desensitized the public to widening inequalities. He observed that

while the richest 10% of Sri Lankans hold nearly 40% of the national income, the bottom 40% continue to struggle, and around 25% now fall below the poverty line.

With this context, he welcomed the next speaker, Dr. Dilli Raj Khanal, a former MP and former Member of the National Planning Commission, to provide a high-level framing of tax justice in South Asia, its links to public services and inequality, and the role of progressive taxation in addressing structural injustices.

Dr. Dilli Raj Khanal began his presentation by questioning the structural roots of inequality in South Asia, asking, *"Why do we have so few rich and so many poor?"* He linked this directly to tax justice, explaining that the structural inequality in South Asia is closely connected to the failure to implement fair and progressive taxation. Dr. Khanal highlighted that the benefit principle of taxation, which once guided the creation of fair and equitable tax systems, has been diluted over time and largely left out in the predominant era of neoliberalism. He stated that this dilution has undermined tax justice and prevented the establishment of a sustainable society in which resources are mobilized to reduce inequality and ensure social justice. He emphasized that achieving equality and social justice through tax justice requires both domestic and international measures, noting that tax evasion, transfer of money to tax havens, and abuse by multinational corporations are critical issues in the global tax system.

Dr. Khanal further discussed the impact of financial globalization and modern Information Technology systems that allow individuals and corporations to hide the sources of their wealth, describing this as the "crux of the issue" in perpetuating inequality. He linked this to the broader civil society movement, noting that ensuring wealthy individuals and corporations pay taxes is a fundamental tool for creating a just society grounded in human rights. He underscored the necessity of structural solutions, stating that governments must implement policies that promote justice and environmental sustainability. Dr. Khanal noted that the roots of the Marxist principle are linked to tax justice. He stated that the current system disproportionately concentrates resources and profits among the richest segments at the expense of the working people, tolerating some degree of inequality to allow wealth accumulation.

Highlighting the dominant neoliberal perspective, Khanal explained that policymakers often argue that taxing the rich more heavily would disincentivize investment, and economic growth depends on lower taxes for the wealthy. He criticized this stance, noting that proponents argue "*because of larger investment, benefits will trickle down to the people,"* a justification for lower tax rates on the rich. However, he pointed out that tax evasion and low tax rates have been granted to the rich at the cost of working people, allowing billionaires to accumulate wealth without creating jobs or investing in public services. He stressed that the parallel civil society movements since 2009 and during COVID-19 have brought tax justice to the forefront, highlighting how inequality has increased as policies have been manipulated to favor the wealthy. Dr. Khanal also linked the issue to international platforms, including the G20, which have also emphasized that inequality and tax justice are directly connected.

Finally, Dr. Khanal emphasized that tax justice is essential to reduce inequality and mobilize resources for social protection and public services. He asserted *"If the wealthy paid what they truly owe, our governments would no longer say 'we have no money.' We do have money; it is simply escaping through the cracks of tax injustice."* He linked sustainable tax justice to broader crises, including climate change and outstanding debts in countries such as Sri Lanka and Pakistan, and highlighted the irony that even supposedly progressive parties often adopt regressive policies, resulting in a zero-sum approach. Concluding his presentation, Dr. Khanal stated that breaking this deadlock requires intensive networking and aggressive advocacy to ensure higher social protection, universal access to education, and equitable investment in public services, calling for both domestic and international efforts to address the root problem embedded in the tax injustice system.

The presentation was followed by an interactive discussion that explored structural, political, and social dimensions of tax justice. Participants raised concerns about why governments often fail to ensure fair and progressive taxation, highlighting the influence of political and economic elites in shaping tax systems. It was noted that the growing role of money in electoral processes and policymaking often leads to tax regimes that favour wealthier groups while placing disproportionate burdens on low-income populations. Strengthening transparency, accountability, and democratic oversight in fiscal decision-making was emphasized as critical to achieving tax justice.

The discussion underscored the importance of conducting comprehensive stakeholder analyses to understand who benefits from existing tax systems and who bears the costs. Participants stressed that reliance on consumption-based taxes such as VAT and GST tends to be regressive and increases vulnerability among marginalized communities. The need to recognize unpaid care work and the hidden burdens placed on caregivers within households was also highlighted, pointing to gaps in how tax policies account for social reproduction and gendered impacts.

Strong linkages were drawn between tax justice and climate justice. Participants observed that tax policies influence patterns of wealth concentration and public resource allocation, which in turn affect governments' ability to fund climate action and essential services. Environmental taxes, such as carbon taxes, were recognized as important tools to discourage harmful practices, but concerns were raised about their potential to increase living costs for low-income households if not designed equitably. The discussion emphasized the "polluter pays" principle, arguing that individuals and corporations with the highest ecological footprints should bear a fair share of environmental costs, rather than shifting the burden to ordinary citizens through indirect taxes.

National examples illustrated how tax exemptions, loopholes, and weak enforcement have resulted in significant revenue losses, undermining domestic resource mobilization and placing greater pressure on ordinary taxpayers. Such practices were seen as contributing to widening inequality and weakening governments' ability to finance social protection, public services, and climate resilience.

The open forum reinforced that tax justice is not only a technical issue but also a political and social one. Achieving it requires structural reforms, stronger democratic accountability, gender-responsive approaches, and sustained civil society engagement to advocate for progressive and equitable tax systems.

Session 2: Group Discussion- Who Bears the Burden

Monower Mostafa and Nalini Ratnarajah facilitated the group session on 'Who Bears the Burden.' The interactive session aimed to explore the nuances of direct and indirect taxation and their implications for different segments of society. Participants were divided into country groups, including Pakistan, Bangladesh, Sri Lanka, the Maldives, India, and Nepal. Each group was tasked with selecting one tax justice scenario from the morning session, such as VAT, fuel taxes, corporate tax breaks, or wealth concentration, for analysis. Groups examined the tax impact, discussed who bears the cost and who benefits, and considered why the current system might be considered unfair. Finally, each group prepared a presentation outlining their findings and proposing 1–2 fairer tax options or policy solutions designed to reduce inequality and shift the tax burden toward the wealthy.

Across South Asia, current tax scenarios reflect a common pattern: in Sri Lanka, India, and Bangladesh, indirect taxes dominate, while in Pakistan, entrenched capitalist–feudalist structures block progressive revenue systems. Sri Lanka's tax mix is skewed toward indirect taxation (historically 75%), India has recently increased indirect taxes, Bangladesh relies on over 60% indirect taxation amid corruption and weak governance, and Pakistan's tax base excludes large landowners, real-estate elites, and industrial conglomerates who contribute little despite controlling vast wealth.

As a result, the burden consistently falls on poor households, women, informal workers, rural communities, and the middle class, while small businesses face medium-to-high pressure. In contrast, corporations, multinational businesses, wealthy elites, and politically connected actors benefit from tax exemptions, weak asset monitoring, regressive consumption taxes, and systems that externalize public costs onto low-income populations. This results

in an unfair structure where tax contributions are neither gender-sensitive nor proportionate to wealth, fueling inequality while offering limited public returns in healthcare, education, housing, transport, and social protection.

Way forward and progressive solution:

- Shift from indirect to direct taxation by increasing taxes on high-income groups, corporations, and wealth holders.
- Introduce and enforce wealth, inheritance, and real-estate taxes, including taxation of offshore assets and agricultural income.
- Remove tax exemptions, privileges, and loopholes that disproportionately benefit elites, politically connected actors, and large corporations.
- Reduce or eliminate taxes on essential goods and services, including food, healthcare, childcare, menstrual products, and hygiene needs.
- Ensure gender-responsive and equity-focused tax policies that recognize unpaid care work and reduce the burden on women.
- Strengthen tax administration through digital systems, asset documentation, and transparent enforcement to prevent corruption and evasion.
- Simplify tax systems to increase public understanding and compliance, including clear social security contribution mechanisms.
- Establish effective mechanisms for taxing multinational corporations and regulating profit-shifting and capital flight.
- Reinvest tax revenue into public services (education, healthcare, housing, transport, social protection) to reduce inequality and build trust.
- Incentivize labor-intensive sectors and small businesses rather than large conglomerates, creating fairer job and market opportunities.
- Integrate climate and social justice principles into fiscal policies to address intersecting inequalities, particularly affecting marginalized communities

Country Perspectives on Tax Justice - Country Group Discussion

During the group discussion, participants from different South Asian countries analyzed their national tax systems, focusing on who bears the burden, who benefits, why the systems are considered unjust, and what progressive alternatives could be pursued.

Across countries, a common pattern emerged: heavy reliance on indirect taxation, limited contribution from wealth and corporate sectors, and disproportionate burdens placed on poor and working populations.

In Sri Lanka, participants described a tax structure historically dominated by indirect taxes, with around three-quarters of revenue coming from consumption-based taxation, though recent shifts aim to modestly increase direct taxes. Despite this, the burden continues to fall primarily on poor households, women, informal workers, rural communities, and the middle class, while corporations contribute comparatively less. Small businesses also experience a medium-to-high burden. Participants noted that such a system benefits corporations and political elites while failing to address inequality. The system was described as unfair due to unequal distribution, lack of gender sensitivity, and the way profits are extracted from labor while low-income groups shoulder the tax load. Proposed solutions included taxing the rich through wealth taxes, ensuring that public spending benefits the poor, improving tax policy design, strengthening transparency and collection mechanisms, simplifying procedures, integrating gender-sensitive provisions, and reducing taxes on pregnancy-related needs, care work, and menstrual hygiene products.

In India, participants highlighted the increasing dependence on indirect taxation in recent years. As in Sri Lanka, the heaviest burden falls on poor households, women, informal workers, rural communities, and the middle class, while corporations and wealthy individuals benefit. The system was viewed as unfair because it disproportionately affects marginalized populations. Suggested reforms included increasing the share of direct taxes, introducing wealth and inheritance taxes, exempting food and essential items from taxation, and incentivizing labor-intensive industries rather than providing concessions to large corporations.

In Bangladesh, the discussion emphasized that more than 60% of revenue comes from indirect taxes, compounded by corruption, weak governance, an ineffective digital tax system, and a very low tax-to-GDP ratio. Participants noted a weak regulatory framework and limited capacity to tax multinational corporations, while the public sector receives

insufficient priority. Poor households, women, informal workers, the middle class, and small businesses were seen as carrying the heaviest burden, whereas multinational corporations, wealthy elites, and political leaders benefit, with capital often transferred abroad. The system was considered unjust because it is not progressive and undermines multiple dimensions of justice, including climate and gender justice. Proposed solutions included increasing direct taxation, building an equitable and progressive tax system, reducing privileges and exemptions, strengthening monitoring and digital systems, and investing more in public services and social sectors.

In Pakistan, participants described a system shaped by capitalist and feudal structures, where large landowners, real estate speculators, industrial conglomerates, and politically connected elites hold significant wealth but contribute minimally to public revenue. Wage earners and consumers bear the burden through sales taxes, petroleum levies, and withholding taxes. Wealth inequality is reinforced by large unproductive landholdings, speculative real estate investment, undeclared offshore assets, weak documentation and enforcement, extensive exemptions for elites, and the absence of a meaningful wealth tax. The poor and working class pay heavy taxes yet receive limited access to healthcare, education, housing, and transport. Progressive solutions discussed included introducing a net wealth tax, progressive property and real estate taxation, inheritance and gift taxes, effective taxation of agricultural income, and stronger transparency and asset disclosure mechanisms.

In Nepal, participants noted a growing dependence on indirect taxes such as VAT, customs duties, and excise taxes, which places a heavier burden on consumers than on wealth holders. Limited expansion of direct taxes, widespread informality, and loopholes that allow businesses and wealthy individuals to minimize tax liabilities were highlighted as key challenges. Poor households, women, migrant-worker families, informal sector workers, and the lower middle class were identified as those most affected, while large businesses, politically connected groups, and those able to shift income into less-taxed sectors benefit. The system was seen as unfair because it is insufficiently progressive, weak in

enforcement, and not responsive to gendered and regional inequalities. Suggested reforms included broadening the direct tax base, introducing or strengthening wealth and property taxes, improving compliance and enforcement, reducing regressive consumption taxes on essential goods, increasing transparency, and ensuring that tax revenue is invested in social protection, public services, and employment-generating sectors.

In Maldives, participants highlighted structural constraints of a small island economy with a narrow revenue base and high reliance on indirect taxes, particularly import duties and tourism-related taxes. While tourism generates significant revenue, benefits are unevenly distributed, and rising living costs affect ordinary households, especially women, migrant workers, and lower-income groups. The burden of consumption taxes falls heavily on residents, while large businesses and higher-income groups are better positioned to absorb costs. The system was viewed as unfair due to limited diversification, vulnerability to external shocks, and insufficient mechanisms to tax wealth and profits progressively. Proposed solutions included diversifying revenue sources, strengthening direct taxation where feasible, improving transparency and accountability in public spending, protecting low-income households from regressive taxes on essentials, and ensuring that tax revenues support climate resilience, social protection, and public services in line with the country's high climate vulnerability.

The group discussions revealed a shared regional concern: tax systems that rely heavily on indirect taxation deepen inequality, shift burdens onto those least able to pay, and limit states' ability to fund social protection and climate resilience. Participants consistently called for progressive tax reforms, stronger regulation of wealth and corporate profits, gender-responsive approaches, and more transparent and accountable public finance systems.

Session 3: Country Spotlights- Wealth Tax and Progressive Options

Aminath Shazly, Researcher and SAAPE Core Committee Member, Maldives

Aminath Shazly**,** presented an overview of the taxation landscape in the Maldives. She explained that in 2015, the country's revenue system heavily relied on import duties, which disproportionately affected middle- and lower-income groups. Over the past ten years, several new taxes have been introduced, including taxes on goods and services, business profits, and tourism-related business activities. However, the tourism industry remains dominated by a handful of large corporations and private sector groups that maintain close ties with governance bodies and are largely unmonitored, resulting in significant gaps in tax collection. The Goods and Services Tax (GST), previously set at 3%, was increased to 8% in 2023, coinciding with a surge in tourism. This increase has placed a heavier burden on urban populations, exacerbating disparities between the rich and poor.

Shazly highlighted that subsidies in the Maldives are applied uniformly across income groups rather than being targeted, which further limits equity in the system. The country relies heavily on imports, and the rising global prices, combined with the 8% GST, have contributed to high inflation, making it increasingly difficult for people to meet basic needs with their salaries. Questions remain about how much revenue from these taxes actually reaches public investment and how much benefits the broader population in need. Additionally, the informal sector is largely excluded from these tax schemes, creating further disparities for those working outside formal structures. She emphasized the importance of assessing who truly benefits from these tax and subsidy policies, noting that inequitable application contributes to the widening gap between the wealthy and the working poor. Shazly concluded by asserting, *"People have the right to know how the tax money is being spent."*

Nesar Ahmad, Budget Analysis and Research Centre Trust, India

Nesar Ahmad presented on "Inequality and Fiscal Justice in India." He started his presentation by highlighting that India is one of the most unequal countries in the world, with 10% of the population owning 57% of the national income. He emphasized that high levels of inequality are evident in agricultural holdings and across caste, gender, religious identity, and other forms of marginalization. He mentioned that these disparities impact school enrollment and access to social services. Ahmad stated that to address these inequalities, there needs to be pro-poor and pro-marginalized policies with budget allocations that prioritize the needs of disadvantaged communities. He noted that investment in education currently stands at 3% of GDP in India, with a government commitment to increase it to 6%, while health expenditure remains at just 0.3% of GDP, far below the 2.5% target. Furthermore, ministries that cater to marginalized groups have seen little budget growth, with some, such as the Ministry of Minority Affairs, experiencing cuts.

Ahmad explained that increasing sectoral expenditure to support marginalized communities requires expanding tax revenue. Yet, India's tax-to-GDP ratio has remained stagnant, with 54% from taxes, 11% from non-tax revenue, and 33% from borrowing and other liabilities, mostly internal. He highlighted the regressive nature of the tax system, where the share of indirect taxes (57%) is much higher than direct taxes, disproportionately affecting the poor and marginalized. Personal income tax collections are rising, while corporate tax rates have been reduced from 30% to 22%, and the bottom two-thirds of the population contribute nearly 50% of the GST. Ahmad stressed that this imbalance worsens inequality and undermines fiscal justice.

To address these challenges, Ahmad proposed several measures, including increasing transparency in fiscal policy and the government budget, promoting broader participation throughout the budget cycle, and adopting progressive taxation to shift the burden to wealthier households. He emphasized the importance of "addressing tax evasion, avoidance, and forgone revenue, while investing in quality public services such as healthcare and education, which he described as 'great equalizers' that can put 'virtual income' into people's pockets and mitigate the impacts of today's skewed wealth and income distribution. He emphasized, *"Progressive taxation and*

transparency in fiscal policy are not just technical matters; they are tools for justice. By ensuring that the rich pay their fair share and investing in quality public services, we can reduce inequality and put 'virtual income' into the pockets of those who need it most."

Ainoon Naher, Expert on Gender, Ethnicity & Inclusive Tax Policy, Bangladesh

Ainoon Naher presented on the need for a gender-just and inclusive tax system in Bangladesh. She highlighted that the country's current tax system is heavily reliant on regressive taxes, which disproportionately burden marginalized groups. The 21.2% wage gap reduces women's purchasing power, while the informal labor sector remains unstable and exploitative. Naher emphasized that unpaid labor, which accounts for 85% of total unpaid work, is largely ignored in policy, rendering women's economic contributions invisible in the tax system. She also noted the intersectional impact, where female-headed households bear disproportionate burdens, including childcare costs and sanitary products, which are no longer considered luxuries but necessities. Inadequate childcare services further limit women's workforce participation, forcing many to leave jobs they cannot sustain. Additionally, systemic barriers affect gender minorities: over 60% of LGBTQ+ respondents report job refusals due to identity, and despite "third gender" policies, employment opportunities remain limited. She stressed, *"Our tax policies remain blind to the contributions of women. Unpaid care work, informal labor, and essential gender-specific needs are invisible in the current system, leaving women disproportionately burdened."*

Naher underscored the regressive nature of the VAT system, which applies uniformly across income and social groups, creating inequities, particularly after COVID-19, when many women started online businesses only to face a 5% tax, illustrating how fiscal policies can pressure marginalized groups. She stressed that the current system allows the affluent to evade taxes while disadvantaged populations disproportionately shoulder the burden, undermining social justice and economic equity.

Looking forward, Naher emphasized the need for a redistributive, just tax system aligned with SDGs 1, 5, 10, and 16. Key recommendations include shifting reliance from VAT to direct progressive taxation, removing taxes on essential gender-specific goods and services, recognizing unpaid care work in fiscal policy, and broadening incentives for LGBTQ+ communities beyond quota systems. She suggested that a portion of tax-exempt funds, such as microfinance, could be allocated to a "crowdfunding pool", and that tax revenues should be invested in minority-populated regions to close infrastructure gaps and strengthen social safety nets. Naher concluded that *"regressive tax policies have a direct impact on the lives and livelihoods of marginalized communities,"* emphasizing that inclusive and equitable taxation is critical for building a just society.

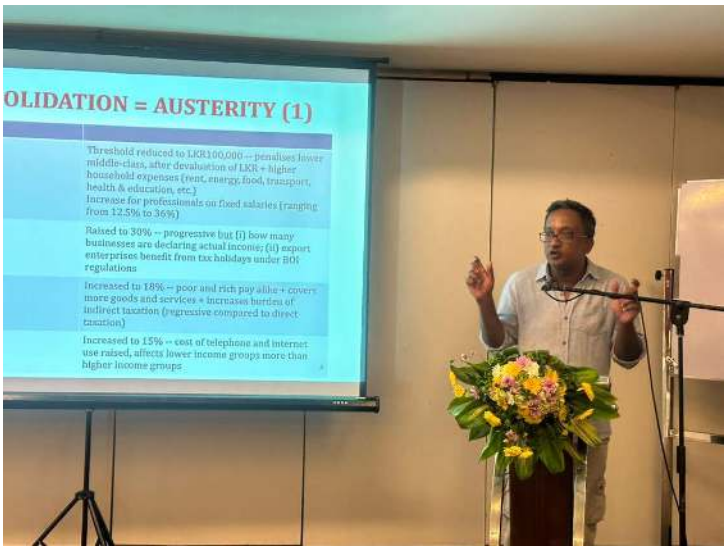
Ayesha Ahmed, Activist, Labour Rights and Social Justice, Pakistan

Ayesha Ahmed presented an analysis of Pakistan's taxation system and its impact on inequality and social protection. She highlighted that the country's tax policies have historically favored the wealthy, with elites, industrialists, feudal landowners, and tax invaders benefiting from exemptions while the majority of the population bears the fiscal burden. Large unproductive landholdings and widespread tax exemptions for privileged groups have perpetuated structural inequality. Ahmed emphasized that the tax system is rooted in injustice, tracing back from the pre-colonial and colonial eras to the current neo-colonial framework, where 60% of revenue comes from indirect taxes, while direct taxation contributes only a small share. The military and elite sectors largely evade their fiscal responsibilities, leaving the burden on the working population, particularly in agriculture and informal sectors.

Ahmed elaborated on the consequences of this unjust system, noting that it undermines social rights, deepens inequality, and results in chronic underinvestment in education, health, and social protection. She explained that the system has fostered widespread disillusionment, discontent, and distrust among citizens, as the poor struggle to meet basic needs while elites accumulate wealth with minimal accountability. The structural flaws in taxation, she argued, directly hinder the realization of social and economic rights, making reform both a moral and practical imperative.

To address these challenges, Ahmed stressed the need to redistribute tax burdens, eliminate exemptions for the rich, and strengthen social protection systems. She emphasized**,** *"We must redistribute the tax burden, eliminate exemptions for the wealthy, and strengthen social protection. Wealth taxation is a powerful tool, but its implementation depends on a strong social movement led by workers, marginalized communities, and women, to disclose the elite privileges and ensure that our policies are centered on dignity and a people-centered future."* She called for the democratization of tax policy by involving trade unions, women, and informal sector workers in decision-making processes, ensuring that fiscal policies are responsive to the needs of marginalized communities.

Ahmed concluded with a call for a people-centered future, asserting that equitable taxation is not just a matter of revenue generation, but of dignity, rights, and worker-centric policies. She stressed that a fair and progressive tax system is essential for building an inclusive society where resources are mobilized to reduce inequality and promote social justice.



Sandun Thudugala, Law & Society Trust (LST), Sri Lanka

Sandun Thudugala presented an analysis of Sri Lanka's ongoing economic crisis, highlighting the aftermath of the 2022 default, described as the country's biggest economic disaster in recent history. He explained that fiscal consolidation measures have disproportionately burdened lower- and middle-income groups. Personal income tax continues to impact the lower-middle-income population, while corporate income tax has been increased to over 30% to target businesses, although enforcement remains inconsistent. The Value Added Tax (VAT) was raised from 15% to 18%, with 19 exemptions removed, further raising prices. Telecommunications levies and other regressive measures have also shifted the fiscal burden onto ordinary citizens. As Sandun emphasized, *"Sri Lanka is facing its biggest economic crisis since the 2022 default. While the top 1% hold 31% of the country's wealth, the bottom 50% hold less than 4%. Yet, tax policies continue to burden the lower- and middle-income groups. This highlights the urgent need for tax justice."*

He outlined the severe impact of these policies on social sectors, with education and health services suffering from chronic underfunding, and poverty and malnutrition worsening among vulnerable populations. Sandun highlighted that failure to collect fair taxes from the wealthiest segments undermines the government's ability to invest in social protection and public services. He stressed, *"Without collecting fair taxes from the wealthiest, social sectors like health and education suffer, and poverty and malnutrition deepen. Grassroots movements and international reform of tax policies are essential to ensure that the burden of recovery does not fall on the poor."*

Sandun also emphasized the role of broader movements advocating for tax justice, including grassroots campaigns and traders' movements, in pressuring the government to reform both domestic and international tax systems. While acknowledging the limitations of the current movement, he called for stronger, sustained advocacy to ensure that taxation serves as a tool for equity and social protection rather than exacerbating inequality.

Laxmi Karki, Rural Reconstruction Nepal

Laxmi Karki presented on "Wealth Tax and Economic Justice in the Context of Nepal," highlighting the deep structural inequalities in the country. She noted that Nepal remains one of the most unequal countries in South Asia, with the top 10% of the population holding the majority of wealth. A significant portion of the population, approximately one-third, depends on remittances for their livelihoods, further reflecting economic vulnerability. Laxmi also emphasized the stark disparities between urban and rural areas, underscoring that economic inequality is not only about income but also about access to resources, opportunities, and social services. She stressed that addressing these inequalities requires fair and progressive taxation policies that can mobilize resources to support equitable development and social protection across the country.

Sharing from Sri Lanka on Cyclone Ditwah and Flooding

Sathivale Balakrishnan, Sri Lanka

Balakrishna presented on the devastating impact of Cyclone Ditwah in Sri Lanka, noting the unprecedented scale of the disaster. He reported 618 confirmed deaths, with over 300 individuals still missing, highlighting the lack of accurate information. The cyclone disproportionately affected marginalized communities, who were already grappling with the economic crisis and the aftermath of the COVID-19 pandemic. Critical infrastructure, including roads, railways, and 38 major bridges, was destroyed, and the country's hydroelectric dam system was heavily impacted. Despite government efforts, such as establishing the Ministry of Disaster Management and introducing early warning systems in coastal areas, these measures proved largely ineffective in mitigating the disaster's consequences.

Balakrishna emphasized the severe hardships faced by lower- and middle-income families, stating***, "COVID-19 and the economic crisis had already pushed Sri Lanka into bankruptcy. Now, with Cyclone Ditwah, lower- and middle-class families have lost nearly everything and must start rebuilding their lives from scratch, while government relief is far from sufficient to help them recover."*** He highlighted the challenges of ensuring safe relocation for affected communities. He stressed that many families must restart their lives entirely amid constrained economic conditions, with insufficient government support and limited resources to rebuild livelihoods and essential services.

Session 4: UN Tax Convention and Regional Implications

Fighting for Tax Justice: Regional and Global Perspectives

Jeannie Manipon, Tax and Fiscal Justice Alliance Asia-TAFJA Asia

Jeannie Manipon shared an overview of the ongoing efforts in South and Southeast Asia to tackle tax abuses, including the work of the Asian Peoples' Movement on Debt and Development (APMDD) and TAFJA Asia. She highlighted the growing problem of illicit financial flows, noting that billionaires often hire high-priced accountants to minimize or evade taxes, effectively passing the burden onto ordinary consumers through indirect taxes like VAT. During COVID-19, governments lowered taxes on the wealthy rather than ensuring that high-income groups contributed fairly, reflecting systemic inequities. Jeannie emphasized, “Tax injustice is an issue of the globe,” and underscored that in South and Southeast Asia, half of the population earns below the world average income, highlighting the stark disparities between the Global South and North.

She discussed the colonial legacies embedded in tax treaties, which historically protect wealthy individuals and corporations rather than the poor, and critiqued regional tax competition that incentivizes countries to maintain the lowest corporate tax rates, such as the Philippines, reducing rates from 30% to 22%. In comparison, Organisation for Economic Co-operation and Development (OECD) rates stand at 16%. India’s tax holidays for corporations were also highlighted as oppressive measures that reduce the state’s capacity to fund public services. Jeannie stressed the need for international coordination to address tax havens, asserting that *“It is only through international solutions like the UN Tax Convention that we can prevent the wealthy from transferring money out of reach.”*

Jeannie also outlined TAFJA Asia’s priorities, including working groups focused on ending corporate tax abuses and illicit financial flows, advancing tax and gender justice, and ensuring accountability in extractive industries. She emphasized that the wealth tax is both a matter of justice and a practical tool, stating***,*** *“Wealth tax is a matter of tax justice; it is also a viable, practical, and urgently needed tool to address long-standing inequalities and the*

state of climate emergency." She acknowledged the uphill challenges of campaigning for wealth tax, including elite capture of legislative bodies, hidden untaxed wealth, and limited public awareness, particularly among grassroots communities.

Through her presentation, Jeannie highlighted the critical role of progressive taxation in addressing both economic inequality and climate crises, advocating for a coordinated regional and global approach. She reinforced that fair taxation, combined with transparency and international accountability, is essential to mobilize resources, protect vulnerable populations, and create a more equitable economic system in South and Southeast Asia.

Session 5: Developing CSO Advocacy: Strategies and Tools

Monower Mostafa and Nalini Ratnarajah facilitated the session, guiding participants through campaign design, strategic messaging, media engagement, and parliamentary advocacy. Nalini outlined key steps for developing effective advocacy strategies and tools, including identifying the core problem, selecting 1–2 clear advocacy messages, mapping human resources (decision-makers, influencers, allies, and blockers), crafting persuasive messages, engaging Members of Parliament and the media, and mobilizing communities for collective action.

Selecting the Priorities and Next Steps - Wealth Tax and Fair Taxation Advocacy Plan

This session focused on identifying national priorities and defining next steps for advancing wealth tax and fair taxation advocacy across South Asian countries. Participants from India, Bangladesh, Pakistan, Sri Lanka, and Nepal shared their country situations, common challenges, and strategic approaches to promote progressive taxation and reduce the burden on poor and vulnerable groups.

A key issue raised across all countries was the heavy reliance on indirect taxes such as VAT and GST, which disproportionately affect poor households, workers, women, farmers, and informal sector communities. At the same time, participants highlighted growing wealth concentration, tax evasion, loopholes, tax holidays, and illicit financial flows that allow wealthy individuals and corporations to avoid fair contributions. Weak enforcement systems and limited political commitment were also identified as major barriers to building fair tax systems.

Common Policy Priorities

Across countries, the group agreed on several shared advocacy demands:

- Introduction or strengthening of progressive wealth taxes

- Making income and inheritance taxes more progressive
- Reducing reliance on indirect taxes that hurt low-income families
- Closing tax loopholes and exemptions benefiting elites
- Tackling tax evasion, avoidance, and illicit financial flows
- Strengthening tax laws, enforcement, and revenue authority capacity

Participants stressed that fair taxation is necessary to increase public revenue for health, education, social protection, employment, and climate resilience.

Country-Level Focus

Each country outlined specific priorities:

- India emphasized addressing GST burden, stopping aggressive tax avoidance, and bringing back money from tax havens, with strong engagement of MPs, youth, and women.
- Bangladesh focused on reducing VAT pressure, closing loopholes, and building tax justice coalitions to influence the Ministry of Finance and policymakers.
- Pakistan highlighted the need to expand the tax base, stop offshore tax evasion, and strengthen enforcement through engagement with the Federal Board of Revenue and Parliament.
- Sri Lanka stressed that unfair taxation worsens inequality during economic crises, calling for a national framework under the message *"Tax the Rich – Lift the People."*
- Nepal identified the regressive tax structure and VAT burden as major issues and proposed wealth taxes on luxury property, land, and financial assets, alongside stronger enforcement and digital tax systems.

Advocacy Strategies and Tactics

Participants agreed on a mix of parliamentary, public, and media advocacy approaches:

- MP briefings and cross-party parliamentary engagement
- Pre-budget consultations and policy dialogues
- Community mobilization through unions, women's groups, youth, farmers, and informal workers
- CSO and social movement coalition building
- Media outreach, opinion articles, and press briefings
- Social media campaigns, infographics, short videos, and storytelling

- Capacity-building workshops and public dialogues

Special emphasis was placed on youth and women's engagement and using simple communication tools to explain how tax injustice affects daily life.

Power Mapping Insights

The session also included power mapping:

- **High power–high support:** progressive MPs, reform-minded economists
- **High power–low support:** corporate lobbies, wealthy elites, some policymakers
- **Low power–high support:** citizens, workers, CSOs, social movements
- **Low power–low support:** groups benefiting from tax loopholes

This helped participants identify where to focus pressure and alliance-building.

Core Narrative and Communication Themes

A shared regional narrative emerged:

- "Tax justice = economic and social justice"
- "The rich must pay their fair share"
- "VAT hurts the poor – wealth tax helps society"
- "Public revenue should fund health, education, jobs, and social protection"

As a **Next Steps**, participants agreed to:

- Strengthen national and regional tax justice coalitions
- Continue research and evidence generation
- Increase engagement with MPs and finance ministries
- Expand public awareness campaigns
- Maintain regular dialogue among countries to share progress and strategies

The session concluded that fair and progressive taxation is essential for reducing inequality, protecting vulnerable communities, and ensuring inclusive and sustainable development in the region.

Closing Remarks

V. Rukmini Rao, SAAPE CC Member from India

In her closing remarks, V. Rukmini Rao, SAAPE CC Member from India, expressed profound gratitude to all speakers, participants, and partners for their engagement throughout the sessions. She reflected on how, over the course of the program, the collective analysis and country presentations made it evident that tax justice is not just a technical debate, but a social, political, and moral imperative for South Asia. From the lived experiences of marginalized groups to the structural analysis of policy frameworks, each session reinforced that extreme inequality in the region is the result of deliberate choices and fiscal systems that privilege wealth concentration while burdening those with the least.

Rukmini emphasized that these discussions are not an end, but a beginning. The learning exchanges, case evidence, and testimonies from the ground now become tools for collective advocacy across the region. She urged participants to carry forward the momentum by strengthening collaboration and building a unified South Asia Tax Justice Campaign to speak with one firm, regional voice. The way forward, she noted, requires a commitment to: pushing for wealth taxation, corporate tax reforms, and the removal of harmful tax exemptions; ensuring that tax revenues fund education, health, social protection, and climate justice, not privilege and profit; and strengthening alliances with women's groups, youth, labor unions, informal workers, and grassroots movements to democratize fiscal policies. She also reiterated the importance of strategically engaging at regional and global platforms to influence international tax governance and secure fairness for Global South nations.

II. South Asian Regional Parliamentarian Forum on Fair Taxation

The second day of the event, titled *The South Asian Regional Parliamentarian Forum on Fair Taxation*, was held on 11 December 2025. It brought together parliamentarians and CSO representatives from across the region to advance a shared commitment to equitable and just tax systems. This forum aimed to promote meaningful regional dialogue, strengthen cooperation, and build momentum toward progressive, transparent, and people-centered taxation to reduce inequality, improve public services, and promote economic justice across the region. The event convened Members of Parliament from the Maldives, Pakistan, and Sri Lanka, a former MP from Nepal, alongside representatives from civil society organizations, women's groups, farmers, workers, youth networks, journalists, and other key stakeholders dedicated to transformative fiscal change in South Asia.

Opening Session

The opening session featured remarks from Dr. Arjun K. Karki, Global Coordinator of LDC Watch/SAAPE, and Jeannie Manipon of GATJ/TAFJA, who jointly set the day's context. Dr. Karki began by recapping the first day's capacity-building discussions and highlighting ongoing global tax convention processes, including the Monterrey Process and the proposed UN Tax Convention. He emphasized that the United Nations remains the only platform where all countries, regardless of power or economic status, can engage on equal footing, making it central to advancing tax justice. Dr. Karki underscored that the current decade-long advocacy for progressive taxation must be widened and deepened through alliances with parliamentarians, civil society, and social movements, as lawmakers play a crucial role in shaping tax policies that impact citizens' lives. Reflecting on recent crises such as COVID-19, he noted how the poorest and most marginalized suffered the most, while major corporations accumulated greater wealth, reinforcing the need to address the unequal dynamics of tax systems.

Jeannie Manipon added that the December meeting was especially timely, marking a historic moment for global tax justice as momentum builds following Nairobi. She stressed that while national reforms are essential, they remain limited without corresponding changes in international tax laws that ensure a fair allocation of taxing rights across countries. Manipon highlighted the scale of global tax abuse and called for an international, democratic, and inclusive legal framework where CSOs have meaningful participation. She emphasized that a just tax system should support the Sustainable Development Goals, including gender equality. She challenged governments to move away from regressive taxation that disproportionately affects low-income groups. She concluded by urging collective action to seize this moment of change, design tax systems that work for people, and ensure that lower-income and developing countries have a stronger voice in global tax governance.

Plenary Session: Why Fair Taxation Matters for South Asia

The Parliamentary Insights session was chaired and moderated by Dr. Dilli Raj Khanal, Former Member of Parliament and Former Member of the National Planning Commission of Nepal. Dr. Khanal highlighted three to four interlinked challenges within the region's political and fiscal landscape. He noted that while political parties frequently emphasize justice, equality, and poverty eradication in their election manifestos, there is often a significant gap between promises and implementation. Despite commitments to enhancing equality and reducing poverty, tax systems in many South Asian countries remain disconnected from the principles of tax justice. Dr. Khanal stressed that although taxation should serve as a tool to promote equity and redistribute wealth, current structures often fail to deliver on these goals, reflecting a mismatch between policy intent and practical outcomes.

Parliamentary Perspectives

1. Hon. Lakmali Hemachandra, Attorney at Law; Member of Parliament of Sri Lanka; Chair of the Sectoral Oversight Committee on Economic Development and International Relations

Hon. Lakmali Hemachandra provided an in-depth perspective on the country's taxation challenges and fiscal landscape. She explained that Sri Lanka's crisis is the result of cumulative pressures over the past decade, including austerity measures, the COVID-19 pandemic, a terrorist attack, recurring cyclones, and mounting debt. These factors have pushed the country into repeated International Monetary Fund (IMF) programs, with the latest engagement in 2023 aimed at stabilizing the economy and restructuring public finances. As she noted, *"Sri Lanka's crisis did not emerge overnight. A decade of austerity, compounded by the pandemic, a terrorist attack, recurring climate disasters, and mounting debt, has pushed the country into a second IMF program."* Hon. Hemachandra

highlighted that while political intentions favor progressive taxation, external conditions and crises have constrained the government's ability to implement equitable tax policies.

Sri Lanka has been attempting to transition from a system dominated by indirect taxes toward progressive taxation. Hon. Hemachandra detailed specific measures undertaken, including reductions in VAT on school supplies, baby food, and locally produced milk, as well as negotiations to adjust property taxes, salary taxation, and vehicle import duties, particularly for luxury items. Despite these efforts, the government faces significant constraints, as nearly 50% of the national budget is consumed by debt servicing. She emphasized that balancing fiscal responsibility, investment attraction, and progressive taxation requires careful navigation of both domestic and international pressures.

Hon. Hemachandra underscored the limitations imposed by the global financial architecture, noting that gaps in the international tax framework and stringent IMF conditions force the government to rely on domestic solutions that often place a disproportionate burden on ordinary citizens. She highlighted the need for multilateral cooperation to provide equitable frameworks for low- and middle-income countries, cautioning that without global reform, efforts to implement fairer taxation will remain constrained. She stated that, *"Sri Lanka is trying to shift from a system dominated by indirect taxes toward progressive taxation, but IMF conditions and the absence of a fair international tax framework force us to rely on domestic solutions that burden our people. This crisis is not only a failure of domestic governance, but also the result of deep gaps in the global tax and financial architecture."*

Summarizing the challenges and ongoing efforts, Hemachandra emphasized that while the government is committed to progressive taxation, structural constraints—both domestic and international- limit its ability to protect ordinary citizens and redistribute wealth equitably. She called for stronger international frameworks and multilateral cooperation to support countries like Sri Lanka in achieving a just and sustainable tax system.

2. Honourable Ahmar Bhatti, Member of Parliament, Punjab Assembly, Pakistan

Hon. Ahmar Bhatti, Member of the Punjab Assembly in Pakistan, opened his remarks by expressing condolences to those affected by the recent floods, noting that such disasters are unfortunately recurring in Pakistan. He highlighted three major floods in Pakistan over recent years that claimed hundreds of lives and caused billions of dollars in economic losses. Emphasizing regional solidarity, he stated, *"South Asia shares a common destiny of recurring calamities, economic vulnerability, and the struggle for fair taxation. These disasters that we face are not new to us. Yet the Global South continues to be left behind and exploited within an unequal global economic system."* Hon. Bhatti underscored that fair taxation is a critical issue for South Asia, as the Global South has historically been economically marginalized and exploited by developed nations. He criticized multilateral

corporations for repatriating profits and often ignoring international labor laws and UN conventions, further limiting the fiscal space of developing countries.

Turning to domestic taxation in Pakistan, Bhatti highlighted the regressive nature of the country's tax regime. The government relies heavily on indirect taxation and income taxes that do not differentiate between household incomes, disproportionately burdening lower-income individuals. He emphasized that *"individuals with lower incomes should not be taxed equally,"* pointing out that Pakistan has one of the lowest GDP-to-tax ratios globally, with only a small fraction of the population registered as taxpayers. Despite agriculture contributing 24% to GDP, it accounts for only 0.1% of tax revenue, reflecting systemic inequities in tax collection. Hon. Bhatti stressed the potential for increasing the GDP-to-tax ratio from 10% to 20% if the system were made fairer and more progressive.

Hon. Bhatti also discussed the role of parliamentarians and governance challenges. Many MPs, he noted, have personal vested interests and often do not take legislative responsibilities seriously, focusing instead on constituency matters or personal agendas. He argued that effective representation requires addressing these conflicts of interest and ensuring that policymakers prioritize the public good, particularly in sectors critical for equitable economic development. As he stated, "*If we really want to represent our constituencies and the people of South Asia, it is our duty to ensure that taxation is fair and that the benefits of development reach everyone, not just the elite."*

Concluding his remarks, Hon. Bhatti emphasized the need for regional collaboration in advocating for fair taxation at the global level. He urged South Asian countries to collectively raise their voices to the global North to prevent continued exploitation and to strengthen fiscal justice mechanisms. He highlighted the importance of ensuring that international tax frameworks and multilateral agreements support the economic sovereignty of developing nations, enabling them to protect vulnerable populations while financing sustainable development.

3. Honourable Ismail Nizar, Member of Parliament for North Feydhoo Constituency, Membership in Parliamentary Committees, Maldives

Hon. Ismail Nizar emphasized the critical need for a fair and equitable tax system. He noted that taxation currently disproportionately affects lower-income populations, highlighting the urgency of reforms to protect vulnerable groups. As he stated, "*When it comes to taxation, we need a system that is fair to everyone, not one that disproportionately targets the poor. As lawmakers, it is our responsibility to champion fair taxation because it strengthens democracy, supports vulnerable populations, and equips our nations to deliver justice and public services."* Hon. Nizar emphasized that fair taxation is foundational to both social equity and the state's capacity to provide essential services.

He underscored that corruption remains a significant barrier to achieving progressive taxation in the Maldives. Hon. Nizar explained, *"Our target is the same, but we are not able to achieve it due to deeply embedded corruption in all parts of the government."* He stressed that addressing corruption is crucial because, without tackling its root causes, tax revenues cannot be effectively mobilized or utilized for the public good. He added, *"Once the root cause, corruption, is fixed, things will go in the right direction,"* highlighting the need for systemic reforms and stronger oversight mechanisms.

Hon. Nizar also emphasized the role of digital mechanisms and administrative reforms in reducing corruption and strengthening social protections. By modernizing tax collection and ensuring transparency, the government can improve revenue mobilization and direct resources to critical sectors, such as health and energy, which are subsidized in the Maldives. He noted that these measures are essential to advancing a more equitable tax system, particularly in the context of subsidies and social welfare programs.

Hon. Nizar called for collective support to implement these reforms, underscoring that achieving progressive taxation requires cooperation across government, civil society, and citizens*. "If we can efficiently address corruption and implement a fair tax system, we can serve the people more effectively, strengthen social protections, and ensure that resources are used to benefit the public rather than being lost to inefficiencies,"* he concluded. His insights highlighted the intertwined nature of fair taxation, democratic governance, and social equity in the Maldives.

4. Dr. Dilli Raj Khanal, Former Member of Parliament and Former Member of the National Planning Commission, Nepal

Dr. Dilli Raj Khanal highlighted several systemic challenges in Nepal's taxation and governance landscape. He noted that while Nepal has progressive commitments enshrined in its constitution and in human rights-related areas, including education, health, employment, gender inclusion, and labor rights, there is a significant gap between these commitments and actual implementation. He stated, *"Nepal has progressive agendas on paper, but the gap between our commitments and what is actually implemented remains enormous, leaving social protections underdeveloped and inequities unaddressed."*

According to Dr. Khanal, the root of the problem lies in a neoliberal orthodox approach, in which fiscal policies are designed without fully internalizing their impacts on marginalized populations. Much of the total revenue comes from international taxes and VAT, an embedded system that disproportionately harms the poor. He emphasized, *"Our tax system is structured in a way that the burden falls most heavily on those who can least afford it, while progressive reforms remain stalled and 'business as usual' continues."* He also stressed the need to internalize

ownership of fiscal policies, noting, *"Unless we take ownership and align taxation with social justice, we cannot ensure that revenues serve the public good."*

Dr. Khanal further pointed to structural and institutional challenges that hinder progress. He highlighted the significant influence of donors on parliamentary processes, noting that even minor legislative details are sometimes dictated externally, discouraging progressive lawmakers. He mentioned, *"Progressive parliamentarians often feel compelled and helpless because decision-making is constrained by external pressures and an election system that prioritizes party whips over public interest."* Weak oversight institutions, expensive elections, and rampant corruption exacerbate these challenges, creating what he described as "fiscal anarchism," where policy visions fail to translate into real outcomes.

Dr. Khanal linked Nepal's experience to broader regional trends, noting that countries across South Asia face similar challenges with tax systems that fail to serve the poor. He emphasized, *"Strengthening democratic processes, enhancing parliamentary oversight, and reducing undue external influence are essential if we are to close the gap between progressive policy commitments and implementation."* He concluded, *"Reforming the tax system is not just a fiscal exercise, it is a matter of social justice, equity, and the ability of our institutions to deliver for those who need it most."*

Open Forum Discussion and Q&A Session

The discussion following the parliamentarians' presentations focused on major concerns around progressive taxation, agricultural taxation, elite tax avoidance, and the limited role of citizens in budget processes. Participants questioned whether efforts to increase the tax-to-GDP ratio unfairly burden farmers and ordinary people, or whether such measures are influenced by external financial institutions. Other issues raised included the feasibility of implementing progressive taxation in political contexts shaped by elite influence, the regulation of tax holidays granted to large investors, mechanisms to track tax evasion, and the need for greater transparency and citizen consultation in budgeting.

In response, it was clarified that small farmers are largely exempt from agricultural taxes, and that tax reform is often shaped by political realities where influential economic actors affect policy decisions. The discussion highlighted that weak parliamentary engagement and outdated, manual tax systems create loopholes and undermine public trust. Participants emphasized the need to modernize and digitize tax administration, strengthen enforcement, and build transparency to improve compliance.

It was also stressed that tax reform should balance economic growth, investment, and national sovereignty. Foreign investment policies need to be carefully negotiated to ensure national benefit, while revenue institutions should be better integrated and digitized. Early and more inclusive budget planning was identified as key to improving public participation and accountability. Confidence in how tax revenues are used was seen as essential for encouraging citizens to contribute fairly.

From a broader perspective, participants underscored the importance of reforming international tax systems to prevent a "race to the bottom" in corporate and wealth taxation. Stronger collaboration among civil society, governments, and international institutions was called for to advance fair tax systems that protect vulnerable groups. The session concluded with a shared understanding that tax justice requires political commitment, citizen engagement, institutional reform, and coordinated action at both national and global levels.

Remarks from the Chief Guest- Hon. Mahinda Jayasinghe, Deputy Minister of Labour, Member of Parliament of Sri Lanka

Hon. Mahinda Jayasinghe reflected on the taxation challenges faced across South Asian countries, emphasizing the need for fairness, transparency, and consistency. He noted that Sri Lanka has been striving to maintain a tax policy grounded in simplicity, equity, and economic growth. *"In Sri Lanka, our tax policy focuses on basic principles of fairness, simplicity, convenience, and economic growth. The government is committed to gradually shifting the balance from indirect to direct taxation, while maintaining policy consistency despite changes in administration,"* he stated. Highlighting ongoing reforms, he shared that the government aims to reduce the reliance on indirect taxes from earlier levels of 80–20 to 60–40, ensuring that each rupee collected serves the greater good of the people.

Deputy Minister Jayasinghe also underscored the importance of broadening the tax base, stopping tax evasion and avoidance, and ensuring that fiscal policies support social equity. He emphasized the value of regional collaboration and knowledge sharing, encouraging participants to work collectively: *"Let us leave this forum with the shared roadmap, and together we can overcome these challenges by sharing our experience and ensuring that every rupee collected benefits the people."* His remarks reinforced the need for consistent, progressive, and transparent taxation policies that prioritize public welfare and sustainable economic growth.

Closing Remarks

In his closing remarks, Dr. Dilli Raj Khanal expressed gratitude for the Minister of Sri Lanka's commitment and acknowledged the country's progress despite challenging conditions linked to IMF programs and debt servicing. He highlighted that Sri Lanka is moving in the right direction, with government efforts guided by principles aimed at ensuring justice in taxation. Reflecting on regional experiences, he noted that the Maldives is taking a systemic approach to benefit the poor, marginalized, and minority groups. At the same time, Pakistan has demonstrated transparency by sharing the constraints it has faced in advancing tax justice. Dr. Khanal emphasized that these country-level observations provide valuable lessons for building equitable, progressive, and people-centered tax systems across South Asia.

Participants of the Regional CSO Capacity-Building & Parliamentary Forum on Fair Taxation

S.N	Name	Organization	Country
1.	Ahmed Nizam	MNF	Maldives
2.	Ahmar Bhatti	Member of Parliament, Punjab Assembly	Pakistan
3.	Ainoon Naher	Jahangirnagar University	Bangladesh
4.	Aminath Shazly	Huvadhoo Aid	Maldives
5.	Arjun K. Karki	SAAPE	Nepal
6.	Ashok Bharti	NACDAOR	India
7.	Ayesha Ahmad	WE Program	Pakistan
8.	B. Skanthakumar	SSA	Sri Lanka
9.	Chamila Thusari	Dabindu Collective	Sri Lanka
10.	Dilli Raj Khanal	Former Member of Parliament, Nepal	Nepal
11.	Farhan Haider	PILER	Pakistan
12.	G.V.D. Tilakasiri	FTUDC	Sri Lanka
13.	Herman Kumara	NAFSO	Sri Lanka
14.	Jeannie Manipon	TAFJA/APMDD	Philippines
15.	K. Subashini	NAFSO	Sri Lanka
16.	Khalid Mahmood	LEF	Pakistan
17.	Khem Bahadur Pokhrel	SAAPE	Nepal
18.	Kusum Dhungel	SAAPE	Nepal
19.	Laxmi Karki	RRN	Nepal
20.	Mangala Shankar	AAL	Sri Lanka
21.	Meena Karki	Jagaran Nepal	Nepal
22.	Melani Gunathilaka	LST	Sri Lanka
23.	Monower Mostafa	DBM	Bangladesh
24.	Nalini Ratnarajah	SAAPE/ Women's Development Innovators	Sri Lanka
25.	Nesar Ahmad	BARC Trust	India
26.	Prasanya Pakkiyaselvam	SDJF	Sri Lanka
27.	Reshma Shakya	SAAPE	Nepal
28.	S. Prabaharan	Up-Country Social Research Centre	Sri Lanka
29.	Sandun Thudugala	LST	Sri Lanka
30.	Sangam Basnet	SAAPE	Nepal
31.	Sekender Ali Mina	DBM	Bangladesh
32.	Sushovan Dhar	SAAPE	India
33.	Thilakarajah	MPA	Sri Lanka

34.	Tillotam Paudel	HRA	Nepal
35.	Usha Adhikarki	ANWA	Nepal
36.	V. Rukmini Rao	SAAPE	India
37.	Vishnu Padmanabhan	Asia Centre	Sri Lanka
38.	Yasara Weerathunga	Dabindu Collective	Sri Lanka

Representatives from the Government

S.N	Name	Organization	Country
1.	Hon. Ahmar Bhatti	Member of Parliament, Punjab Assembly	Pakistan
2.	Hon. Ismail Nizar	Member of Parliament	Maldives
3.	Hon. Lakmali Hemachandra	Attorney at Law; Member of Parliament of Sri Lanka, Chair of the Sectoral Oversight Committee on Economic Development and International Relations	Sri Lanka
4.	Hon. Mahinda Jayasinghe	Deputy Minister of Labour, Member of Parliament of Sri Lanka	Sri Lanka
5.	Hon. Mujibur Mohir	Member of Parliament, Former Deputy Minister	Sri Lanka

Day 1: 10 December 2025

Regional CSO Capacity Building Workshop on Tax Justice and Progressive Taxation

Theme: Reclaiming Public Wealth through an Equitable Tax System in South Asia
Date: 10 December 2025
Meeting Venue: IV Hall, lobby of Cinnamon Grand Colombo

Major objectives

- Build basic understanding of tax justice and progressive taxation.
- Analyse how tax rules affect inequality, public services and development.
- Give CSOs practical tools to advocate for fairer taxes.
- Strengthen regional cooperation on fiscal justice campaigns.
- Explain the importance of the UN Tax Convention.
- Focus on taxing the super-rich, not the poor.

Target participants
MPs from Maldives, Nepal,, Pakistan, Sri Lanka; CSO representatives and member organisations; women and youth groups; journalists and others.

Programme schedule

Time	Session	Details	Responsibility
09:00 – 10:00	Registration & Networking	Registration desk open; participants meet and network.	Secretariat team
10:00 – 10:15	• Solidarity Message to People of Sri Lanka • Context Setting	Brief overview: why tax justice matters in South Asia.	Chair of the Session: Arjun Karki, LDC Watch/SAAPE
10:15 – 11:00	• Tax Justice & Progressive Taxation in South Asia • Q&A	High-level framing, link to public services and inequality, Short country comparisons: who pays, who benefits.	• Dilli Raj Khanal, Institute for Policy Research and Development Moderator: Balasingham Skathakumar
11:00 – 12:30	Group Work: Who Bears the Burden? (Direct vs Indirect Taxes)	Small groups discuss cases & prepare 2-minute reports.	Facilitators: Monower / Nalini
12:30 – 13:30	Lunch Break		
13:30 – 15:00	Country Spotlights: Wealth Tax & Progressive Options	Short, focused country presentations (7–10 min each) followed by 10 min synthesis.	**Nepal**: Usha Adhikari, All Nepal Women's Association **India**: Nesar Ahmad, Budget Analysis and Research Centre Trust **Bangladesh**: Ainoon Naher, Expert on Gender, Ethnicity & Inclusive Tax Policy **Pakistan**: Ayesha Ahmed, Activist, Labour Rights and Social Justice

			Sri Lanka: Sandun Thudugala, Law & Society Trust (LST) **Maldives**: Aminath Shazly, Researcher ***Facilitators***: Monower and Nalini
15:00–15:30	Tea Break		
15:30 – 16:00	● Overview of Key Tax Justice Issues in the Region ● UN Tax Convention & Regional Implications	Presentation + discussion: what the UN Tax Convention means for South Asia. Q/A	Jeannie Manipon (Tax and Fiscal Justice Alliance Asia-TAFJA Asia) Facilitator: Nalini Ratnarajah
16:00 – 17:00	CSO Advocacy: Strategies & Tools	Practical session: campaign design, messaging, media, parliamentary engagement.	Monower Mostafa & Nalini Ratnarajah
17:00 – 17:45	Plenary Discussion: Priorities & Next Steps	Participants identify 3 regional advocacy priorities and actions.	Monower Mostafa & Nalini Ratnarajah
17:45 – 18:00	Closing Session	Summary of the day, follow-up actions	V Rukmini Rao, SAAPE CC Member, India
18:00-18:15	Closing Remarks	Thank you message and closing statement	Herman Kumara, SAAPE CC Member, Sri Lanka

South Asian Regional Parliamentarian Forum on Fair Taxation

11 December 2025

Venue*:* Cinnamon Grand Colombo, No. 77, Galle Road, Colombo 03, Sri Lanka

Major Objective of the Program

- To promote regional dialogue and cooperation among South Asian parliamentarians and civil society actors toward building equitable, transparent, and progressive tax systems that reduce inequality, strengthen public services, and ensure economic justice across the region.

Targeted participants

● Member of Parliaments (MP) from Nepal, Maldives, Pakistan, Sri Lanka, Representatives from Civil Society Organizations, Member Organizations, Women, farmer, workers, youth organisations/federations, Journalists, Others.

Time	Activities
9: 00 AM – 9:30 AM	Registration/ Tea coffee
9:30 AM – 10:00 PM	**Opening Session** - Welcome Remarks and Context Setting (GATJ and TAFJA) Dr. Arjun Karki & Aida Jean Manipon Chair and Moderation- Dr. Dilli Raj Khanal, Former Member of Parliament and Former Member of National Planning Commission of Nepal
10:00 AM - 12:00	**Plenary Session: Why Fair Taxation Matters for South Asia – Parliamentary Insights** - *Parliamentary Perspective from Sri Lanka* -[Hon. Lakmali Hemachandra, Attorney at Law, Member of Parliament of Sri Lanka, Chair, Sectoral Oversight Committee on Economic Development and International Relations] - *Parliamentary Perspective from Pakistan [Ahmar Bhatti, MP, Punjab Assembly]*

	- Parliamentary Perspective from Maldives [Honourable Ismail Nizar, Member of Parliament for North Feydhoo Constituency Membership Parliamentary Committees, Maldives] *- Parliamentary Perspective from Nepal [Dr. Dilli Raj Khanal, Former Member of Parliament and Former Member of the National Planning Commission, Nepal]* **Followed by:** Q&A and Open Discussion
12:00 PM - 12:30 PM	**Tea Break**
12:30 PM - 01: 00 PM	**Remarks from Chief Guest:** Hon. Mahinda Jayasinghe, Deputy Minister of Labour, Member of Parliament of Sri Lanka
1:00 PM – 1:15 PM	Summary and Closing Remarks - Chair
1:15 pm onwards	Networking Lunch