Domestic Resource Mobilisation in Africa: Current tax challenges and policy proposals to improve revenue mobilisation

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AFRODAD 2020 Summer School:
Caribbea Bay Hotel, Kariba
02 December 2020
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- Policy Proposals
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Introduction

- The implementation of Agenda 2030 and the African Union’s Agenda 2063 hinges on Africa’s ability to mobilize sufficient, predictable and timely financial resources.

- The Addis Tax Declaration Initiative affirms that mobilization and effective use of domestic resources, are central to achievement of Sustainable Development Goals.
Introduction

The Addis Tax Initiative Declaration, 2015

- Outlines the thrust for Domestic Resource Mobilisation (DRM).
  - “Domestic resource mobilization and effective use is the crux of our common pursuit of sustainable development and achieving the SDGs.” “Globally, we commit to support countries that need assistance, including through substantially increasing ODA and technical assistance for tax and fiscal management capacity, particularly to LDCs.” Addis tax Initiative Declaration, 2015

- Domestic public resources are a more stable and sustainable source of income, they also strengthen a legitimate relationship between citizens and the state and foster good governance, hence the focus on mobilizing domestic public revenue has been a leading action for the Financing for Development.

- Africa’s vast natural resources provides the continent an opportunity to harness its extractive sector in order to achieve the SDGs.

- This implies that fiscal regimes for the extractive sector should be designed in a manner that provides a delicate balance between Host Governments and Investors.
Extractive Sector Fiscal Regimes in Africa

Royalties
- Unique to the extractive Sector
- Compensation for depleting a non-renewable resources
- Revenue collection from start of production, hence, are insensitive to profitability

Corporate Tax
- Tax on income. Takes into account capex and operating costs of the firm
- Corporate tax is vulnerable to tax avoidance (especially with MNCs)

Resource Rent Tax
- Also unique to the extractive sector
- Capture surplus value generated after all costs of production including return on capital are accounted for
## Extractive Sector Fiscal Regimes in Africa

<table>
<thead>
<tr>
<th>Category</th>
<th>Description</th>
</tr>
</thead>
</table>
| **Withholding Taxes** | • Taxes on fees paid in respect of services of a technical, managerial, administrative or consultative nature.  
• Also payable on remittances, royalties and dividends |
| **Customs Duty**   | • Payable on imports. Capital equipment is usually imported under rebate of duty facility |
| **Value Added Tax** | • VAT is a final consumption tax. Corporates usually claim a refund.  
• As a principle, all exports are VAT zero rated |
PRODUCTION SHARING AGREEMENTS

- Government licence a Gas/oil company to execute exploration and production activities
- Upon production of oil, the company is allowed to recover capital and operational expenditures, known as "cost oil" from the produced oil. Usually the cost oil is capped at a certain percent of revenue usually 30% of revenue in line with the agreed Cost Recovery Framework.
- The revenue after cost recovery is known as "profit oil", and is split between the government and the company in line with a predetermined Production/Revenue Sharing Framework.
- Profit of the Contractor / Oil Company’s share may also be subject to Corporate Income Tax whilst dividends are subject to withholding tax.
Extractive Sector Fiscal Regimes in Africa

Most African resource rich country’s fiscal regime comprised of the taxes and arrangements highlighted above.

Motivation Question?
Do you think the Fiscal Regimes have effectively assisted Resource Mobilisation from the Extractive Sector in Africa?
Tax to GDP Ratios: Africa Vs World

Tax to GDP Ratio, 2018

Introduction Cont’d

➤ Comparison of Tax to GDP Ratios: OECD, LAC & African countries

<table>
<thead>
<tr>
<th>BLOCK</th>
<th>Tax to GDP Ratio (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>OECD Countries</td>
<td>34.3</td>
</tr>
<tr>
<td>LAC Countries</td>
<td>23.1</td>
</tr>
<tr>
<td>African Countries</td>
<td>16.5</td>
</tr>
</tbody>
</table>

Key Observation

➤ Africa is collecting approximately half of what OECD countries are collecting in percentage points of the Tax to GDP ratio.
WHY?
DRM in Africa: Current Tax Challenges

The thrust for DRM in Africa is affected by a number of challenges including the following among others:

- **Structure of the Economies**
  - Dominance of Primary industries
  - High informal Sector

- **Policy Design Challenges**
  - Tax incentives
  - Government – Investor Agreements with Special Tax Clauses

- **Illicit Financial Flows**
  - Transfer Mispricing

- **Growth of the digital economy**

- **Tax Administration Inefficiencies**

- **Regional & continental Integration**
  - Forgone Revenue (Trade Taxes)
Structure of African Economies

Dominance of Primary Industries

- Most African countries depend largely on Agriculture and Mining/oil/Gas with minimum value addition.
  - Zimbabwe exports unprocessed minerals (chrome, PGMs);
  - Zambia exports unprocessed copper;
  - Nigeria, Angola exports unrefined crude oil;
  - Mozambique exports unprocessed Gas.

- This implies that the Tax Base is relatively low compared to countries with large manufacturing/Industrial Base, that generate more employment and incomes.
- Recent data reveals a positive correlation between the degree of manufacturing and the level of tax to GDP ratio in Africa.
- More diversified African countries such as Mauritius, South Africa, Swaziland, Tunisia and Morocco with higher manufacturing value added per capita MVA per capita tend to have higher tax revenue. (ECA, 2016)
Structure of African Economies

Relatively Large Informal Sector

- The Informal sector is comprised of economic activities that function with limited Government regulation and is usually unstructured. Consists of micro, small and medium Enterprises, including artisanal miners.

- IMF estimates suggest that there is significant heterogeneity in the size of informality in SSA ranging from a low of 20 to 25 percent in Mauritius, South Africa and Namibia to a high of 50 to 65 percent in Benin, Tanzania and Nigeria. (IMF, 2017)

- The nature of business makes it difficult for tax administration to collect taxes, hence tax compliance levels are generally low.

- This implies that cost of collection is very high.
  - Efficiency Issues in tax administration?
The Tax Incentive - Investment Nexus Dilemma

- The case of Unviable Projects?

*****The Question to Answer*****

- If a project is not viable without tax concession? Is it a viable project anywhere?
- Lack of coordination between investment promotion objectives and resource mobilization needs often degenerates into overly generous excessive tax incentives
- It is estimated that tax authorities in Zambia are losing more than US$1.6 billion a year in foregone tax revenue. (ECA. 2016)
- Tax incentives generally rank low in investment climate surveys in low-income countries, and in many cases are reported to be redundant.
Policy Design

Investment Agreements with Lenient Tax Terms

- Some sectors particularly the extractive sector often demands, as a pre-requisite to investing, that the negotiated fiscal incentives be locked into long-lasting mining contracts by ‘stabilisation clauses’.

- Fiscal incentives designed to attract FDI, often have unfavourable economic consequences, especially if formulated with inadequate data and geological information - a key characteristics of the extractive sector.

- As a result, Governments are locked into rigid and one-sided' stability' agreements.

- Furthermore, the case-by-case approach to negotiation of individual investment agreements, which is a common practice in many developing countries, often creates additional administrative burden because of the co-existence of diverse tax regimes.
Illicit Financial Flows

- The African Union/Economic Commission for Africa defined IFFs as “money illegally earned, transferred or used."
- Also covers money legally acquired but illegally transferred or utilized.
- IFFs ride and capitalizes on weak governance and porosity of borders.
- This is because the perpetrators may conduct “regulatory arbitrage” and divert the flows through channels with weak controls.
Illicit Financial Flows

Facts and Statistics on IFFs in Africa

- IFFs have a secrecy veil. The exact level is thus difficult to ascertain.

<table>
<thead>
<tr>
<th>Source</th>
<th>Estimated Value of IFF</th>
</tr>
</thead>
<tbody>
<tr>
<td>High Level Panel on IFFs from Africa (UNECA, 2015)</td>
<td>More than <strong>US$50 billion</strong> annually</td>
</tr>
<tr>
<td>UNECA, (2018)</td>
<td>Net IFFs averaged <strong>US$73 billion</strong> per year from Trade Mis invoicing</td>
</tr>
<tr>
<td>UNCTAD, (2020)</td>
<td>Estimated that <strong>$88.6 billion</strong>, an equivalent of <strong>3.7% of Africa’s GDP</strong></td>
</tr>
</tbody>
</table>
Illicit Financial Flows

- Current data point to the extractive industries and the import-export sector as being among the main sources of IFFs (ECA, 2018).
- IFFs of at least US$40 billion are linked to the Extractive Commodities. (UNCTAD, 2020)

Extractive Commodities that drive IFFs in Africa

<table>
<thead>
<tr>
<th>Commodity</th>
<th>Share of IFFs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gold</td>
<td>77%</td>
</tr>
<tr>
<td>Diamond</td>
<td>12%</td>
</tr>
<tr>
<td>Platinum</td>
<td>6%</td>
</tr>
<tr>
<td>Other Commodities</td>
<td>5%</td>
</tr>
</tbody>
</table>

Illicit Financial Flows

Nature of IFFs in Africa

- Abusive Transfer Pricing
- Money Laundering
- Drug Trafficking
- Financing Terrorism
- Embezzlement of Public Funds
- Corruption
Illicit Financial Flows: Tax Challenges

Abusive Transfer Pricing

Illicit Financial flows from the tax perspective are usually associated with multinational corporations in their attempt to reduce their tax burden, through **Base Erosion and Profit Shifting**.

Base Erosion and Profit Shifting refers to, “tax planning strategies that exploit gaps and mismatches in tax rules to make profits disappear for tax purposes or to shift profits to locations where the corporate tax is low or non-existent.

Base erosion and Profit Shifting commonly manifest through the following channels:

- Overpriced imports acquired from a related party
- Overpriced Intangibles (e.g.) Insurance, Royalties, R&D, Refinery/Smelting/Packaging, Marketing services, Transport services.
- Underpriced Exports
- Financing (Thin capitalisation)
Base Erosion & Profit Shifting

Sales
- Deliberate attempt to understate. How?
  - Selling at below market price
  - Artificially Huge Discounts

Operating Expenses
- Deliberate attempt to overstate. How?
  - Inflated Costs of Goods and Services
  - Overvalued costs of Intangibles
  - High Debt to Equity Ratio

Taxable Income
- Deliberate attempt to understate taxable income
Transfer Pricing Illustration

- MNC Head Office
- MNC Sub located in a low tax jurisdiction (Tax Haven)
- MNC Sub located in a high tax jurisdiction (Host Country)

Payment of overpriced goods & Services

Supply of overpriced goods & Services
Transfer Pricing Risks in Extractives

Transfer Pricing Risks along the Extractive Industry Value Chain

**Exploration**
- Examine Source of equipment
- Supplier-Buyer Relations
- Examine the cost Examine if prices are at Arm’s Length

**Production**
- Examine source of Equipment and Consumables
- Examine cost vs Market prices

**Transportation**
- Examine Producer-Transport Relationship
- Examine the Cost of transporting minerals/gas/oil

**Refining**
- Examine Producer-Refiner/Smelter Relationship
- Examine the Cost of Refining/Smelting
- Examine the Value creation

**Marketing**
- Examine the selling price.
- Examine the mark up
- Value creation

Insurance, Financing, Use of Intangible Assets, Technical and Managerial Services
Tax Administration Inefficiencies

- Domestic resource mobilisation in Africa is also constrained by inadequate administrative capacity to effectively enforce the tax regimes.
- This could be in the form of inadequate systems and skill inventories.
- Furthermore, tax administration efforts are also frustrated by lack of adequate tools of trade including requisite ICT infrastructure, among others.
- Inadequate co-ordination, co-operation and information and skills sharing among tax Administration authorities also limit the authorities’ capabilities to undertake extensive case investigations.
Taxation of the Digital Economy

- Technological advancement has enabled Multinational Corporations to access markets which previously were inaccessible due to lack of physical presence.
- Many corporates are thus riding on technology to conduct business online. The digital sector is thus gradually booming.
- This development has thus tilted the taxation landscape.
- This makes it difficult for countries to establish taxing rights over the profits the MNE is making from those business activities.
- The VAT system is also compromised.
African economies are rapidly becoming more and more digitalized and that digitalization often enables multinational enterprises (MNEs) to carry out business in African countries with no or very limited physical presence in those countries.

This makes it difficult for African countries to establish taxing rights over the profits the MNE is making from those business activities.

Countries like Kenya, Tunisia, Zimbabwe and Nigeria have instituted measures to tap into the digital economy.

However, there are constraints to unilateral taxation of the digital economy.
Resource Taxation under COVID 19

- The COVID 19 Pandemic has disrupted the inter-linkages between the world’s economies and trade supply chains, hence the revenue streams of African countries.
- Due to lockdowns implemented to curtail the spread of the pandemic, global economic activity declined significantly.
- The African Union Commission, estimated that Africa’s GDP growth is projected to contract by between -4.9% and -2.1% in 2020, which would lead to a reduction of between US$135 billion and US$204 billion from pre-COVID-19 GDP of $2.59 trillion.
- Companies in more traditional industries, such as mining and manufacturing, are struggling to contain losses and avoid eliminating jobs.
- The shrinking economic activities translates into declining revenues with the usual consequence of huge fiscal deficit.
Impact of the COVID 19 Pandemic on Economic Activity

- Increased spending on healthcare, among others
- Decreased tax returns
- Supply Chain Disruptions (shortage of imported inputs)
- Travel Restrictions

Government

Fiscal Deficit (increases)

Real Sector

Agriculture  Mining  Manufacturing

Commodity Prices

GDP (decreases)

BoP (worsens)

Distribution, Hotels and Restaurants, and others
# Effects of COVID 19 on Fiscal Revenues

<table>
<thead>
<tr>
<th>SECTOR</th>
<th>COVID 19 EFFECT</th>
<th>AFFECTED REVENUE HEADS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tourism</td>
<td>• Low or No Tourist arrivals due to restricted international movement.</td>
<td>Value Added Tax, Corporate Income Tax, Personal Income Tax</td>
</tr>
<tr>
<td></td>
<td>• Constrained demand from domestic tourists.</td>
<td></td>
</tr>
<tr>
<td>Extractive Sector</td>
<td>• Depressed demand</td>
<td>Royalties, Corporate Income Tax, Personal Income Tax</td>
</tr>
<tr>
<td>(Mining/Oil/Gas)</td>
<td>• Low Commodity Prices</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Logistical challenges in accessing key inputs and consumables.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• The digital economy has increasingly become crucial</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Staff rotation &amp; Production shift</td>
<td></td>
</tr>
<tr>
<td>Manufacturing</td>
<td>• Constrained imports of key consumables, spare parts, raw materials,</td>
<td>Personal Income Tax, Corporate Income Tax</td>
</tr>
<tr>
<td></td>
<td>• staff rotation</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• <em>In some instances benefiting from essential services exemptions</em></td>
<td></td>
</tr>
<tr>
<td>Transport</td>
<td>• Constrained imports spare parts.</td>
<td>CIT, PIT</td>
</tr>
<tr>
<td></td>
<td>• Restricted local and international movement</td>
<td></td>
</tr>
<tr>
<td>Distribution</td>
<td>• Restricted cross border movement.</td>
<td>VAT, Customs Duty</td>
</tr>
<tr>
<td></td>
<td>• <em>In some cases benefiting from essential services exemptions</em></td>
<td></td>
</tr>
<tr>
<td>Government Services</td>
<td>• Immigration Fees, Mining Fees, Transport Fees, Accommodation Fees, Training Fees</td>
<td>Non Tax Revenue</td>
</tr>
</tbody>
</table>
COVID Impact on Fiscal Revenue

The impact of the COVID 19 pandemic is largely dependent on the following factors:

- Commodity Price Shocks
- Production/ Output Shocks
- Employment
- Commodity value chain linkages
Impact of COVID 19 on commodity Prices

Crude oil Price Trend

Natural Gas price Trend

Source: https://www.macrotrends.net
Impact of COVID 19 on commodity Prices

Gold Price Trend

Platinum Price trend

Source: https://www.macrotrrends.net
What can be Done?

POLICY PROPOSALS
Most of Africa’s minerals are exported as ores, concentrates or metals, without significant value-addition. There is thus a large potential for mineral beneficiation. (Africa Mining Vision, 2009).

Industrialisation is key in expanding the tax base. It generates valuable economy wide linkages

- Down-stream linkages into mineral beneficiation and manufacturing;
- Up-stream linkages into mining capital goods, consumables & services industries;
- Side-stream linkages into infrastructure (power, logistics; communications, water) and skills & technology development (HRD and R&D);

Mutually beneficial partnerships between the state and the private sector could be instrumental in facilitating commodity value addition and beneficiation.

This would significantly expand the tax base.
Structure of African Economies: Taxation of the Informal Sector

The taxation of the informal sector depends to a larger extent on the tax culture of the target group, efficiency issues and tax administration capacity.

Where tax administration is weak, there is need to shift the statutory incidence of the tax to other institutions.

**Using VAT**
- The simplest way to tax the informal sector is indirectly using VAT on the goods and services used by the sector as inputs into production.
  - VAT is not refunded to enterprises that are not registered for VAT.

**Withholding Tax on Contracts**
- The withholding tax on contracts takes advantage of business transactions between registered and unregistered businesses. Where such transactions occur, the registered operator has the statutory obligation to withhold and remit to the tax authority a prescribed percentage of gross revenue due to the informal operator.
Structure of African Economies: Taxation of the Informal Sector

- **Presumptive Tax**
  - Specific or *Ad valorem* rate based on turnover or other non-financial indicator such as floor area or number of employees. This allows the estimation of tax liabilities by tax collectors even in the absence of accounts.

- **Decentralising the revenue collection function**
  - A final, more radical option is to decentralise responsibility for informal sector taxation from national to sub-national governments.

- **Taxpayer segmentation**
  - The Block Management System in Tanzania
Tax Policy Design: The Case of Tax Incentives

- To the extent possible, the granting of tax incentives should be based on rules rather than discretion.
- Tax incentives should be subject to legislative process, consolidated under the tax law.
- Tax policy impact evaluation is key. Have the incentives improved output, employment, trade etc? Are the incentives still relevant?
Tax Policy Design: The Case of Investment Agreements

- In the past Investment Agreements were drafted without a time limit. However the tendency now is to limit the term of the Agreement to specific number of years (e.g.) 5 years, with a possible extension subject to renegotiation.

- A further improvement would be to include triggers to initiate re-negotiation in the event of certain key parameters, for example commodity prices exceeding pre-set ranges.

- The tax regime should not be negotiated. Investors should be encouraged to invest with the existing terms? (Radical approach)
Proposals on Abusive Transfer Pricing

- The OECD Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations, require that the price adopted in controlled transactions between related parties, the so-called transfer price, should be at arm’s-length.

- The Arm’s length principle dictates that the transfer price should be the same as would have been agreed between unrelated parties in an uncontrolled transaction for similar goods or services under similar circumstances.

- The rationale behind this approach is that the company would not have accepted, acting independently and without compulsion, clearly disadvantageous conditions if better conditions existed in the market at the time.

- There are 5 methods to the application of the Arms’ Length Principle (ALP).
## Transfer Pricing Methods

<table>
<thead>
<tr>
<th>Method</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Comparable Uncontrolled Price (CUP)</strong></td>
<td>Compares the price charged for a property or service transferred in a controlled transaction to the price charged for a comparable property or service transferred in a comparable uncontrolled transaction.</td>
</tr>
<tr>
<td><strong>Resale Price Method</strong></td>
<td>The method is used to determine the price to be paid by a reseller for a product purchased from an associated enterprise and resold to an independent enterprise.</td>
</tr>
<tr>
<td><strong>Cost Plus Method</strong></td>
<td>The method is used to determine the appropriate price to be charged by a supplier of property or services to a related purchaser. The price is determined by adding to costs incurred by the supplier and appropriate gross margin so that the supplier will make an appropriate profit in the light of market conditions and functions performed.</td>
</tr>
<tr>
<td><strong>Transactional Net Margin Method (TNMM),</strong></td>
<td>Methods seek to determine the level of profits that would have resulted from controlled transactions by reference to the return realised by the comparable independent enterprise.</td>
</tr>
<tr>
<td><strong>Transactional Profit Split Method</strong></td>
<td>The method takes the combined profits earned by two related parties from one or a series of transactions and then divide those profits using an economically valid defined basis that aims at replicating the division of profits that would have been anticipated in an agreement made at arm’s length.</td>
</tr>
</tbody>
</table>
Thin Capitalisation Rules

- With regards to excessive debt financing, thin capitalization rules are important.
- The rule limits the extent to which interest on debt financing can be allowed as a deduction.
- A cap on the portion of interest that is allowable as a deduction for Income tax purposes is usually prescribed.
- Irrespective of the presence of ‘thin capitalization’ rules, difficulties also arise in determining whether the interest charged on intra-group loans and guarantee fees are at arm’s-length and whether they constitute justifiable deductions or should be re-classified as non-deductible equity dividends.
Binding Constraints to Transfer Pricing

- The Binding Constraints that limit tax administration include
- Lack of a comparable that help the tax authorities to benchmark transactions, values and value creation.
- Hard-to-value specialised services and intangible assets.
- Limited Exchange of Information (EOI) agreements with major source countries which is an important tax administration strategy. Depends to a larger extent on the level of cooperation between the Host Government and the Source Government.
- It should however, be noted that the international taxation landscape continues to change, hence the need to continuously build on existing transfer pricing legislation to plug revenue leakages through Base Erosion and Profit shifting. The OECD member countries continue to refine tax legislation in this regard.
- Use of withholding Taxes also helps to mitigate Base Erosion and Profit Shifting
Proposal on Digital Services Taxation in Africa

- In view of the growing e-commerce and potential revenue loss, the African Tax Administration Forum (ATAF) has recently developed a “Suggested Approach to Drafting Digital Services Tax” that can be used by member countries as a toolkit for developing digital services tax laws.

- The toolkit provides a draft legislation template for the introduction of a digital services tax (DST) at rate ranging from 1% to 3%, with a suggested scope of revenue that includes the following:
  - online advertising services;
  - data services;
  - online marketplace or intermediation platform services;
  - Online facilitation of rental or use of real property;
  - Online facilitation of vehicle hire services;
  - Digital content services, online gaming services, and cloud computing services.

- A number of African countries have proposed, whilst others are implementing direct digital services.
## Summary of Countries implementing Digital Taxation in Africa

<table>
<thead>
<tr>
<th>Country</th>
<th>Rate</th>
<th>Base</th>
<th>Effective Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kenya</td>
<td>1.5%</td>
<td>Income accruing through a “digital marketplace,”</td>
<td>1 January 2021</td>
</tr>
<tr>
<td>Nigeria</td>
<td>30%</td>
<td>Taxable income of a foreign company where it transmits, emits, or receives signals, sounds, messages, images, or data of any kind by cable, radio, electromagnetic systems, or any other electronic or wireless apparatus to Nigeria</td>
<td>To be confirmed</td>
</tr>
<tr>
<td>Tunisia</td>
<td>3%</td>
<td>Gross income from sales of computer applications and digital services</td>
<td>1 January 2020</td>
</tr>
<tr>
<td>Zimbabwe</td>
<td>5%</td>
<td>Gross income from satellite broadcasting services in respect of the provision or delivery of television or radio programs, and on e-commerce operators providing or delivering goods or services to persons resident in Zimbabwe</td>
<td>1 January 2019</td>
</tr>
</tbody>
</table>
Proposals to Improve Tax Administration

- Tax Administrations to diagnosis is the first step in addressing tax administration challenges. Tax administration Diagnostic Assessment Tool (TADAT) designed by the IMF is an important instrument in assessing the wellness of key components of the system of tax administration.

- This framework is focused on key performance outcome areas (POAs) that cover most tax administration functions, processes and institutions including the following:
  - Integrity of the Registered Taxpayer Base
  - Effective Risk Management
  - Supporting Voluntary Compliance
  - Timely Filing of Tax Declarations
  - Timely Payment of Taxes
  - Accurate Reporting in Declarations
  - Effective Tax Dispute Resolution
  - Efficient Revenue Management
  - Accountability and Transparency

- The TADAT assessment helps to gauge deficiency areas of the tax administration authority. It enables the Government to focus on areas that need improvement.
Proposals to Improve Tax Administration

- Notwithstanding the insight provided by TADAT assessment, training of Tax Administration officers is critical in ensuring that they keep abreast with continuous tax challenges presented by globalization.

- Automation of tax administration is also an important administrative intervention to reduce human interface in tax administration and hence corruption.

- Provision of adequate tools of trade also enhances tax administration
Conclusion

- Global economic environment is gradually changing presenting new taxation challenges.
- There is need for tax policy and administration to implement innovative approaches to taxation riding on developments on the international tax landscape such as the OECD.
Thank You