



AFRICAN TAX  
ADMINISTRATION FORUM


FORUM SUR  
L'ADMINISTRATION  
FISCALE AFRICAINE

# Annual Meetings

Digitalization of Tax Administrations in  
Africa Seminar: *The Use of Technology by  
Developing Countries in the Area of Tax  
Transparency*

Concept Note & Agenda

Wednesday, 1 November 2023  
09:00am – 12:00pm

 Cape Town, South Africa

# INTRODUCTION

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Investing in IT is a central component of tax reform, it can address critical gaps in enforcement, compliance, and trust whilst enabling data driven decision making to inform better policy design and strengthening risk management. Over the last decade, technology has supported tax administrations around the world to enhance business processes and procedures, increase their capacity, and improve compliance management. In particular, it has driven the operationalization of the tax transparency initiative by activating an increase in data availability and accessibility, as well as facilitating the capability to exchange, store, manage, secure, and effectively make use of information. This has enabled the advancement of three key elements: the increased transparency of the tax affairs of taxpayers before tax authorities; public tax or related disclosures by companies; and greater transparency on the part of tax authorities regarding the systems and processes used to support decision making and the interpretation and application of policy. Overall, technology and transparency have been mutually reinforcing and crucial to building trust, improving enforcement, and increasing revenue collection.

Exchange of Information (EOI) for tax purposes is one of the most powerful tools to to enquire about offshore wealth and, as a result, address cross-border tax evasion and avoidance. Indeed, according to the Tax Transparency in Africa (2022) report, EOI remains a priority for African tax authorities, however, awareness still needs to be built amongst new members of the Africa Initiative. Whilst most of the members have set up the core elements for effective EOI, work is still ongoing with more recent members to fill the gaps. With the number of EOI requests sent by African countries steadily increasing, there remains a need to enhance the operationalization of EOI. In particular, in the area of Automatic Exchange of Information (AEOI), as of 2021, only five African countries – Ghana, Mauritius, Nigeria, Seychelles and South Africa – had implemented platforms for exchange.

To meet the objective of effective AEOI, the design, management, and integration of the platform for exchange is essential. Countries may put in place one comprehensive technical

solution supported by manual processes, to collect the domestic data from Financial Institutions (FIs) and to prepare the data in line with the requirements before sending it to partners.<sup>1</sup> This technical solution should include carrying out checks to ensure data quality, and preparing files in line with the required format for onward exchange to each partner jurisdiction.<sup>2</sup> These IT solutions may include a link to the Common Transmission System (CTS) to transmit the files directly with partners.<sup>3</sup> Typically, countries may either develop a comprehensive IT solution (AEOI portal) or purchase a commercial off the shelf solution. The decision to build or buy a platform should be informed by some the following considerations:

**Build:**

- The tax authority has adequate in-house IT development resources with relevant skills.
- A clear understanding of the functionalities that the portal should have.

**Buy:**

- The adequacy of the service contract and its terms for development and maintenance.
- The ongoing activities that will be necessary for system maintenance and upgrades (future-proofing).
- Security – non-disclosure agreements, ownership of the system and data portability.

Across the African region, the identification and implementation of IT solutions have delayed progress on AEOI and greater investment is required to understand and overcome some of the shared obstacles. To adequately prepare for, implement, and make use of IT solutions, tax authorities must, in the process of designing or identifying the appropriate system, understand the inherent constraints arising from existing administrative and policy processes that may prevent the technology from operating as intended; and ascertain the institutional, political, cultural, financial and human capacity-related factors that could be enablers or inhibitors.

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<sup>1</sup> Global Forum on Transparency and Exchange of Information for Tax Purposes, Toolkit for the Implementation of the Standard for Automatic Exchange of Financial Account Information, OECD, 2021, p.113

<sup>2</sup> Id.

<sup>3</sup> Id.

The African Tax Administration Forum (ATAF) has committed to conduct a feasibility study towards the development of an IT Tax Administration System (ITTAS) for its member countries with the objective of enabling seamless and frictionless tax administration and compliance processes. Through this project, ATAF intends to:

- Support the Modernisation of tax administrations and boost revenue collection  
Leveraging technology offers avenues to support both policies to mobilise tax revenues e.g., by formalising informal businesses, expanding the tax base, increasing the tax capacity, modernising, and streamlining tax collection processes, reducing compliance costs, and enforcing collection.
- Support efforts to make tax administrations more effective and efficient.
- Facilitate core tax administration processes including for example registration, assessment, audit, and enforcement by digitising and substantially reducing transaction time and costs.
- Promote sustainable development by enhancing the use of electronic transactions.

As part of the ITTAS, ATAF is seeking to build a business case for the development of a simplified platform for sharing of information that will service the needs of its Member Countries whilst meeting the Core Requirements of the Terms of Reference to implement AEOI standards in jurisdictions with limited capabilities.

## SESSION OBJECTIVE

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The aim of this session is to introduce Member Countries to the ITTAS project and the main expectations for the feasibility study. As part of this, we will discuss the technology solutions required to enable platforms for sharing of information, the experiences of countries that have succeeded in operationalization, and some of the common obstacles or challenges being faced by countries that are currently in the process of implementation.