



# **ATAF Guide on Implementation of the Voluntary Disclosure Programme**



AFRICAN TAX  
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# Introduction

As African states continue to wrestle with the demand for increased revenue, the need for efficiently increasing tax collections is becoming more acute. There are a range of important ways to address this need, both from a policy perspective (e.g. reforming particular tax laws or introducing new tax obligations) and from an administration perspective (e.g. reforming the processes through which tax administrations collect revenue). One possibility is the introduction of a voluntary disclosure programme (VDP), which is a programme to encourage non-compliant taxpayers to regularise their tax affairs.

This document introduces the concept of a VDP, discusses the benefits and costs, and identifies the key design choices and building blocks necessary to run such a programme. It also includes a Suggested Approach to drafting legislation for a voluntary disclosure programme, to assist ATAF members should they choose to introduce their own programme. The final part of the document includes brief explanatory notes to the draft legislative provisions.

## What is a Voluntary Disclosure Programme?

A voluntary disclosure programme is a programme that incentivises taxpayers to voluntarily come forward to the tax administration and declare past non-compliance with their tax obligations. Taxpayers can be incentivised through the provision of benefits such as reduced or total waiver of penalties, reduced or total waiver of interest charges on the unpaid tax, and or protection from prosecution. A VDP is different to a tax amnesty, where the underlying tax debt itself is reduced or waived. In a VDP, the tax must still be paid in full. A VDP is introduced through legislation, such as in the relevant tax procedures law. It can either be a permanent feature of the tax law or a temporary, time-limited campaign.

## What are the benefits and costs of introducing a VDP?

While it is just one strategy and does not replace all other critical aspects of tax administration (such as having robust risk assessment and investigation capabilities), a VDP can bring a number of benefits to a tax administration and other parts of government, and to the public more generally.





First, there is the benefit of the revenue gain. Around the world, voluntary disclosure programmes have resulted in EUR 90 billion of additional tax assessments since 2009<sup>1</sup>. Developing countries have identified at least EUR 30 billion in additional tax assessments through voluntary disclosure programmes and offshore tax investigations since 2009<sup>2</sup>.

There is also a related benefit, of reduced costs for the tax administration. Because taxpayers come forward voluntarily, including in cases of tax evasion of which the tax administration was previously unaware, the information and revenue come to the tax administration without the ordinary associated costs. This can be particularly relevant in cases where, without the taxpayer voluntarily coming forward, the tax administration has insufficient information to commence prosecution proceedings and recover outstanding liabilities.

More generally, a VDP can bring taxpayers into the tax base for the first time. Where the VDP is used by persons who were previously unregistered for tax, their participation means the tax administration becomes aware of their details and can bring them into compliance for all future periods.

Analysis can also be undertaken on the facts that are brought to light through the VDP. By undertaking analysis of the types of situations in which the underlying non-compliance took place, tax administrations can obtain new insights and intelligence on common tax evasion techniques. For example, there may be an identifiable pattern or trend, such as commonly used intermediaries that have marketed particular evasion schemes, commonly used offshore jurisdictions which may indicate the need to establish an exchange of information relationship with such jurisdictions, or there may be information that comes to light through the VDP that reveals legislative loopholes or procedural challenges that would have been difficult to address without the VDP and that could be reformed for the future.

Finally, a VDP can have benefits for the public. Not only does the increased revenue mean the ability to fund more public services, there can also be a benefit in terms of increased taxpayer morale. As compliant taxpayers see that the non-compliant are actually paying their share, it can provide a sense of fairness in the tax system, and encourage all to continue to be compliant with their obligations.

<sup>1</sup> [2022 Global Forum Annual Report \(oecd.org\)](#)

<sup>2</sup> [2023 Global Forum Capacity Building Report - OECD](#)