

Building efficient and effective tax administrations in Africa



AFRICAN TAX
ADMINISTRATION FORUM
FORUM SUR
L'ADMINISTRATION
FISCALE AFRICAINE

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Abbreviations

AfDB	African Development Bank
AMTJ	African Multidisciplinary Tax Journal
ATAF	African Tax Administration Forum
ATMeN	African Tax Media Network
ATO	African Tax Outlook
ATRN	African Tax Research Network
AU	African Union
AUC	African Union Commission
AWITN	ATAF Women in Tax Network
BEPS	Base erosion and profit shifting
CCC	Country Correspondents Conference
DRM	Domestic Resource Mobilisation
EoI	Exchange of Information
GIZ	German Agency for International Cooperation
HTAMC	Heads of Tax Administrations Master Class
ICT	Information and Communications Technology
ICTD	International Centre for Tax and Development
IF	Inclusive Framework
IFFs	Illicit Financial Flows
IGF	Intergovernmental Forum
IMF	International Monetary Fund
IT	Information Technology
NORAD	Norwegian Agency for Cooperation and Development
NTO	Network of Tax Organisations
OECD	Organisation for Economic Co-operation and Development
OTR	Office Togolais des Recettes / Togo Revenue Authority
RCBH	Regional Capacity Building Hubs
SARS	South Africa Revenue Service
STC	Specialised Technical Committee
TA	Technical Assistance
TADAT	Tax Administration Diagnostic Assessment Tool
TAL	Tax Administration Library
TP	Transfer Pricing
TPU	Tax Policy Unit
UNECA	United Nations Economic Commission for Africa
VAT	Value Added Taxes
WBG	World Bank Group

FOREWORD BY THE ATAF CHAIRMAN



Dr Philippe Tchodie
ATAF Chairperson & Commissioner General:
Office Togolais des Recettes (OTR)

Africa's people grapple with multifaceted challenges encompassing soaring expenditures, the increasing impact of climate change, food insecurity, the digital divide, gender disparities, escalating debt burdens, inflationary pressures, and inadequate aid to address escalating needs. Simultaneously, Revenue Administrations confront hurdles such as rampant tax evasion, digitalization complexities, and deficient workforce expertise, while striving to meet escalating demands and heightened expectations from taxpayers, governments, and other stakeholders.

Amidst this backdrop, the 42 members of the African Tax Administration Forum (ATAF) ardently believe that fostering an efficient and robust domestic resource mobilization strategy constitutes a key component of every state on the Continent. This, coupled with effective tax administration, serves as a catalyst for socio-economic progress and sound governance, ultimately facilitating enhanced public service delivery vital for Africa's advancement. This conviction has remained steadfast over the past fifteen years, serving as the guiding principle driving ATAF's endeavours.

ATAF's strategic blueprint, the new decade strategic plan for 2023-2027, aligned with the UN's Sustainable Development Goals 2030 (SDGs) and the African Union Agenda 2063 objectives, alongside its operational plan, underscores a rejuvenated collaboration with strategic partners, laying the groundwork for domestic resource mobilization—an indispensable pillar for development on the continent.

Confidently, ATAF stands as the premier pan-African organization dedicated to enhancing tax systems, reducing aid dependency, bolstering fiscal governance, alleviating poverty, and enhancing the welfare of African citizens. The year 2023 witnessed significant strides in implementing the "ATAF: The New Decade" initiative, reinforcing ATAF's role in fostering economic growth among its members. Notably, our technical assistance facilitated the issuance of new tax assessments totalling USD 1.41 billion in 2023, with audits yielding USD 620 million in revenue. Cumulatively, since 2016, new tax assessments amount to USD 4.75 billion, with audits fetching USD 1.92 billion in member countries—a 42% increase in assessed revenue and a 48% increase in revenue collection in the year of reporting.

Furthermore, as ATAF enters its fifteenth year, its voice is recognised both on the regional and global tax arena. Collaborative efforts with the African Union Commission and contributions to the global tax reforms such as the Two Pillar Solution of the OECD as well as the UN International Tax Cooperation proposal frameworks underscore ATAF's growing influence. The organization's success in 2023 owes much to fruitful partnerships and innovative collaborations with regional and international organizations.

The unwavering commitment of the Executive Secretary and Secretariat staff has been instrumental in driving this progress. Guided by a dedicated Council and visionary leadership, ATAF is poised to fulfill its commitments and deliver substantial returns to its members. The path ahead is one of promise and optimism, as we navigate towards realizing our collective aspirations of enhancing tax systems, reducing aid dependency, alleviating poverty, and enhancing the welfare of African citizens.



REMARKS BY THE EXECUTIVE SECRETARY



Mr Logan Wort
ATAF Executive Secretary

In Africa, the tax-to-GDP ratio currently stands at 18.1%, a considerable difference from the 35% seen in developed countries. Despite revenue enhancement initiatives like the Addis Tax Initiative (ATI), African countries continue to grapple with revenue mobilisation challenges. Taxes, as a primary source of public income, are vital for sustainable economic development and job creation. However, they only contribute to 58% of the national budget in Africa, highlighting the pressing need for bolstered domestic revenue mobilization. Tax avoidance and evasion, and other related Illicit Financial Flows (IFFs) on the continent result in an annual loss of approximately USD 88 billion.

In 2023, ATAF observed a significant surge in requests for short- and long-term technical assistance programmes, along with heightened participation in capacity-building events, conferences, and research webinars, underscoring the need faced by member countries. Moreover, ATAF's initiatives in 2023 led to enhancements in Africa's tax landscape, increased revenue assessment and collections, strengthened collaboration with stakeholders globally and continentally, contributing to long-term economic development through legislative, structural, procedural, and administrative reforms among its members.

With regard to ongoing global tax negotiations within the OECD/G20 Inclusive Framework, and the UN International tax cooperation ATAF remains committed to guiding its members through the intricate issues at hand. Advocating for substantial changes to address Africa's concerns regarding taxing rights allocation and illicit financial flows, ATAF emphasizes that the discussions on the OECD Pillar One and Pillar Two should not mark the end of the global tax debate. In the same vein, ATAF has commenced a new workstream to support the AU and Africa Group members at the UN discussions.

ATAF's commitment to inclusivity, demonstrated by member involvement in decision-making processes, underscores its dedication to tailored solutions for African countries. Progress in 2023, including increased tax-to-GDP ratios in nine member countries, attests to ATAF's efforts in advancing tax administration and revenue mobilization across the continent. Moving forward, focused implementation of the strategic plan's objectives will be crucial in realising ATAF's vision for a more robust and sustainable tax system in Africa.

The report outlines ATAF's accomplishments, successes, and impact across its 42 member countries in 2023. It delineates the organization's focus on specific targets encompassing tax administration enhancement, regionalization, data analysis, African representation in the global tax arena, tax policy, and financial sustainability. I trust that this report adequately reflects the impact of our work on global and African tax matters and our plans for the future.

ATAF's progress remains possible due to a committed membership, supportive Council, engaged development partners and stakeholders, as well as a professional and committed staff all of whom share a common goal of a thriving and developed Africa, enabled by effective tax collection.