



# AFRICAN TAX OUTLOOK 2023



An ATAF publication

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## 2023 African Tax Outlook (ATO)

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## About ATAF

The African Tax Administration Forum (ATAF) is an organisation which was established by African revenue authorities in 2009, in order to improve the performance of tax administrations in Africa. The tax administrations of 42 countries in Africa are members of ATAF, i.e., 76 percent of tax administrations on the continent, making it the premier body on tax matters on the continent. ATAF believes that better tax administration will enhance economic growth, increase accountability of the state to its citizens, and more effectively mobilise domestic resources. This is evident in ATAF's impactful positioning since its 15 years of existence. Its presence is established through being Africa's voice on the continent on international tax matters, fostering homegrown solutions and advocating on the role of domestic resource mobilization in state-building.

## Acknowledgements

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The data was collected throughout 2023 and compiled through the ATO Online Data Portal and has data covering the period of fiscal year 2010 to 2022. The portal enables ATO countries to input data into a systematic databank.

The 2023 edition of the ATO was made possible by the ATAF's management under the leadership of **Mr Logan Wort**- ATAF's Executive Secretary, **Ms Mary Baine**- the Deputy Executive Secretary, **Mr Anthony Munanda**- the Acting Head of Domestic Resource Mobilisation Department and **Dr Ezera Madzivanyika** - the Manager for the Applied Research and Statistics (ARS) Unit that is responsible for producing this publication.

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Mr. Logan Wort  
Executive Secretary

African Tax Administration Forum

## Foreword from the Executive Secretary

Unprecedented global shocks were experienced in the year 2022. These led to higher inflation rates and tighter monetary conditions. However, revenue performance in ATO countries remained resilient. The resilience can be maintained through data-driven decision making. Thus, the ATO plays a critical role to guide and give insights to enable tax administrations to achieve their goals of effective and efficient administration.

Since its first edition in 2016, the primary purpose of the ATO has been to depict comparative data on performance of participating countries. The publication's role has grown over the years to go beyond analysing data. To ensure and encourage exploration of new revenue streams by tax administrations to broaden the tax base, special thematic areas are introduced. In particular, in the 2023 ATO edition, the tobacco tax landscape on the continent will be explored. This again, shows the drive of ATAF to assist countries through data-driven insights regarding specialised tax areas.

The tax landscape is constantly evolving due to various aspects. Firstly, although the effects of the Covid-19 pandemic still linger, the Russia-Ukraine war has impacted African countries. In some instance, the war has required governments to relook their supply-chains and source of agricultural products such as wheat grain due to blockages caused by the conflict. Secondly, there were significant profits gained by oil companies due to increases in oil prices during the period. Both spectrums highlight an impact on revenue collection.

Other aspects which play a role in the tax landscape is the significant drive of the fourth industrial revolution. It requires tax administrations to digitise their processes at a fast pace. Thus, digital transformation is no longer an option but a key

to the strategic planning of both tax administration and policy. An enabling environment for digital transformation will transform revenue collection and management of processes.

In this 2023 ATO edition, the impact of the pandemic on revenue is still highlighted. Recovery from the negative effects of the COVID-19 pandemic was observed in 2021 for some of the ATO countries, while the rest of the countries have recorded strong rebounds in 2022. Thus, overall, an ATO-wide recovery is recorded for both GDP and tax revenue performance due to increased economic activity. Based on the trend in most previous years, total tax revenues continued to grow above the corresponding nominal GDP growth. In the year under review, ATO revenue collections rebounded to a significant growth of 20.95% in 2022 from 16.34% in 2021, exceeding the long-term average by 7.96 percentage points. Average ATO nominal GDP growth also recorded an improved growth of 13.13% in 2022 against 11.15% in 2021, which was also above the long-term average by 2.34 percentage points.

The average tax-to-GDP ratio was recorded at 15.43% in 2022 from 14.80% in 2021, and above the pre-COVID average by 0.56 percentage points. A total of 24 (69%) countries recorded an increase in their ratios when compared to 2021, with most benefitting from an increase in domestic taxes collections. On a regional analysis, the Southern African Development Community (SADC) countries continued to have the highest average ratio of 17.49% during the review period, followed by the East African Community (EAC) with an average ratio of 14.20%. In the Economic Community of West African States (ECOWAS) region, the average tax-to-GDP ratio was recorded at 13.83%, and the Economic Community of Central African States (ECCAS) region which has the lowest number of states (3 countries), also has the lowest ratio of 12.18% in the ATO in the review period.

In line with the objectives of the ATO to provide evidence-based recommendations for reforms in tax administration and policy, the 2023 ATO edition presents an insightful outlook for decision-makers. Secondly, the various indicators presented highlight recommended areas to broaden the tax base, narrow tax gaps, simplify and improve fairness in tax systems, and enhance overall voluntary compliance. Lastly, practical good practices from well-performing and trail-blazing tax administrations are spotlighted as means to foster peer-learning and benchmarking. Therefore, I urge you to sample these and choose a country's good practices which apply to your needs, to contact that country, or make use of the various ATAF ATO platforms to facilitate the engagement. Additionally, if your revenue administration agency has success stories to share, I invite you to please share them with ATAF for future editions of the ATO.

Lastly, allow me to appreciate the ATAF ATO team, and I hope that you will find the 2023 ATO edition as a comprehensive resource, and look forward to interesting and in-depth insights in 2024.

Mr. Logan Wort, ATAF Executive Secretary

