



Unlocking the Potential of Administrative Data in Africa:

Tax Compliance and Progressivity in Rwanda

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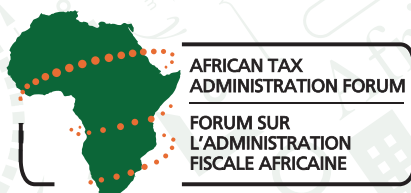
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A joint paper by the African Tax Administration Forum (ATAF) and the International Centre for Tax and Development (ICTD)

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The African Tax Administration Forum (ATAF) is an international membership organisation of African revenue authorities and acts as a platform promoting cooperation, knowledge sharing and capacity building among African revenue authorities. It seeks to ensure greater synergy and cooperation in capacity development amongst all relevant stakeholders to reduce duplication of work and give greater support to African Tax Administrations. From its beginning in 2009, when it was formally launched in Kampala, Uganda, ATAF is growing in stature and in influence. Today ATAF is an important voice in taxation in Africa and the world. It has achieved the status of an international organisation and its membership has grown to 38 African tax administrations.



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About ICTD

The International Centre for Tax and Development is a global policy research network dealing with the political economy of taxation policies and practices in relation to the poorer parts of the world.

Our operational objectives are to generate and disseminate relevant knowledge to policymakers and to mobilise knowledge in ways that will widen and deepen public debate about taxation issues within poorer countries. Our ultimate objective is to contribute to development in the poorer parts of the world and help make taxation policies more conducive to pro-poor economic growth and good governance.

The ICTD's research strategy and organisational structures are designed to bring about productive interaction between established experts and new stakeholders.

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Unlocking the potential of administrative data in Africa: tax compliance and progressivity in Rwanda

Summary

This paper is the first in a series of three studies looking at tax compliance using administrative data from Rwanda. It discusses the use of administrative data for tax research – specifically anonymised taxpayers records, which have become increasingly available on the African continent. The paper starts by critically summarising the key advantages and disadvantages of using this data for tax research in Africa. It proceeds to illustrate these opportunities and challenges in practice, using the case of Rwanda for application of the data to analyse tax compliance and progressivity. By doing this it shows some stylised facts – for example that tax systems designed to be progressive can still be regressive in practice, that a great share of tax revenue is generated by a few very large taxpayers, and that some taxpayers face a negligible probability of being audited. Although these results are specific to Rwanda, they are in line with the situation in other low-income countries in Africa.

Keywords: administrative data; anonymised taxpayer records; tax compliance; progressivity; Rwanda.

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