

# The Carrot and the Stick:

## **Evidence on Voluntary Tax Compliance from a Pilot Field Experiment in Rwanda**

October 2016

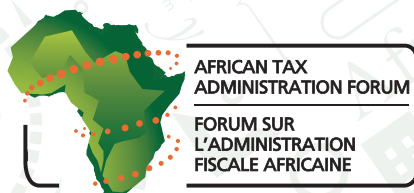
*A Joint Publication by ATAF and ICTD*  
**Leading Africa in Tax Administration**



## 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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The ICTD is funded by the UK Government's Department for International Development (DFID) and the Norwegian Agency for Development Cooperation (Norad), a directorate under the Norwegian Ministry of Foreign Affairs (MFA).



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# The carrot and the stick: evidence on voluntary tax compliance from a pilot field experiment in Rwanda

## Summary

Large-scale field experiments on tax compliance have been a thriving field of research in many regions of the world. However, Africa is still lagging behind, as administrative data from anonymised returns is available only in a handful of countries. To the best of our knowledge, there is as yet no published evidence of a tax field experiment from Africa. This paper reports the results of a pilot experiment in Rwanda that served as a stepping stone for a larger experimental study on tax compliance. In this pilot, we test the process of messaging taxpayers to encourage them to comply voluntarily, by providing information on sanctions. The results indicate that communication strategies that aim to inform taxpayers may be effective in increasing tax compliance. However, these results are only indicative. They will be complemented by further evidence from the larger field experiment, where we test different types of messages and delivery methods. Nonetheless, this paper provides some initial insight into the use of tax experiments in Africa, both in terms of initial evidence and lessons learned for future efforts in this field.

**Keywords:** taxation; voluntary compliance; field experiment; Rwanda.

**JEL codes:** C93, H26, H30

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# Contents

Summary		1
Acknowledgements		3
Acronyms		3
Introduction		4
<b>1</b>	<b>Context and research design</b>	<b>7</b>
1.1	The Rwandan context	7
1.2	Research design	8
1.3	Sample and randomisation	10
<b>2</b>	<b>Implementation and lessons learned on tax experiments in Africa</b>	<b>12</b>
<b>3</b>	<b>Empirical strategy</b>	<b>14</b>
<b>4</b>	<b>Data and description of revisions</b>	<b>15</b>
4.1	Revisions	16
<b>5</b>	<b>Econometric results</b>	<b>17</b>
5.1	Robustness and caveats	21
<b>6</b>	<b>Conclusions</b>	<b>22</b>
<b>Appendices</b>		
Appendix A	Experimental letter	23
Appendix B	Description of variables	25
Appendix C	Balance tests of treatment and control groups	25
Appendix D	Initial tests and LATE results	26
Appendix E	Robustness tests	27
<b>Tables</b>		
Table 1	Revisions in the year 2014 (before our intervention)	17
Table 2	Regression results (ITT)	19
Table B.1	Summary of variables used in the regression analysis	25
Table C.1	Balance tests of treatment and control groups at baseline	25
Table D.1	Differences in the number of revisers	26
Table D.2	Differences in the amount of revised tax	26
Table D.3	LATE analysis	27
Table E.1	Tobit analysis without missing values	27
Table E.2	ITT analysis with four-month window	28
Table E.3	LATE analysis with four-month window	29
<b>Figures</b>		
Figure A.1	Front of the letter	23
Figure A.2	Back of the letter	24
<b>References</b>		<b>30</b>