Revenue Statistics in Africa

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African Union

AFRICAN TAX ADMINISTRATION FORUM
FORUM SUR L'ADMINISTRATION FISCALE AFRICAINE

OECD

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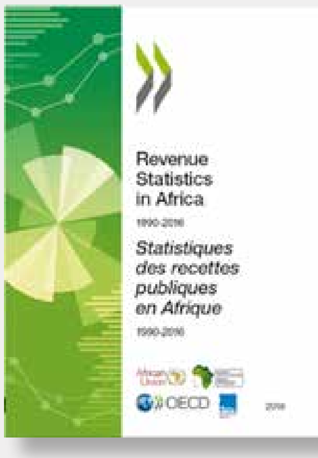
Revenue Statistics in Africa

Revenue Statistics in Africa is an annual publication providing accurate, complete and reliable statistics on public revenue for tax policy development. It includes harmonised and internationally comparable data that can be accessed online for free.



The publication is produced jointly by the African Tax Administration Forum (ATAF), the African Union Commission (AUC), the Centre for Tax Policy and Administration of the Organisation for Economic Co-operation and Development (OECD) and the OECD Development Centre, with the financial support of the European Union, and in collaboration with African countries. It is a key contribution to the pan-African goal of improving domestic resource mobilisation, which is set out in the African Union's Agenda 2063, the regional economic communities' strategic priorities, and the Sustainable Development Goals (SDGs).

The third edition of *Revenue Statistics in Africa*, released in October 2018, provides data from 1990 to 2016 for 21 countries: Botswana, Burkina Faso, Cabo Verde, Cameroon, Republic of the Congo, Democratic Republic of the Congo, Côte d'Ivoire, Egypt, Eswatini, Ghana, Kenya, Mali, Mauritius, Morocco, Niger, Rwanda, Senegal, South Africa, Togo, Tunisia, and Uganda. It also presents an average for participating countries, which allows comparisons with the averages of Latin American and Caribbean (LAC) and OECD countries. The third edition includes a special chapter on the African Union's "Strategy for the Harmonisation of Statistics in Africa (SHaSA)" and the role of *Revenue Statistics in Africa* in this Strategy.

Definitions and classifications

Revenue Statistics in Africa follows the OECD tax classification where taxes are defined as compulsory, unrequited payments to general government. Taxes are unrequited in the sense that benefits provided by government are not normally in proportion to their payments. Compulsory social security contributions paid to general government are classified as taxes.

Taxes are classified according to their base. The six main categories are: taxes on income and profits; social security contributions; payroll and workforce taxes; property taxes; goods and services taxes and other taxes.

Non-tax revenues are all other revenues received by general government, not classified as taxes. They include: grants (foreign aid); property income (rents and royalties, interest and dividends and other property income); sales of goods and services (including administrative fees); fines, penalties and forfeits; and miscellaneous and unidentified revenue.

Further information on definitions and classifications is available in the Interpretative Guide:
www.oecd.org/tax/tax-policy/oecd-classification-taxes-interpretative-guide.pdf.

The publication is available at **http://oe.cd/revenue-statistics-in-africa**

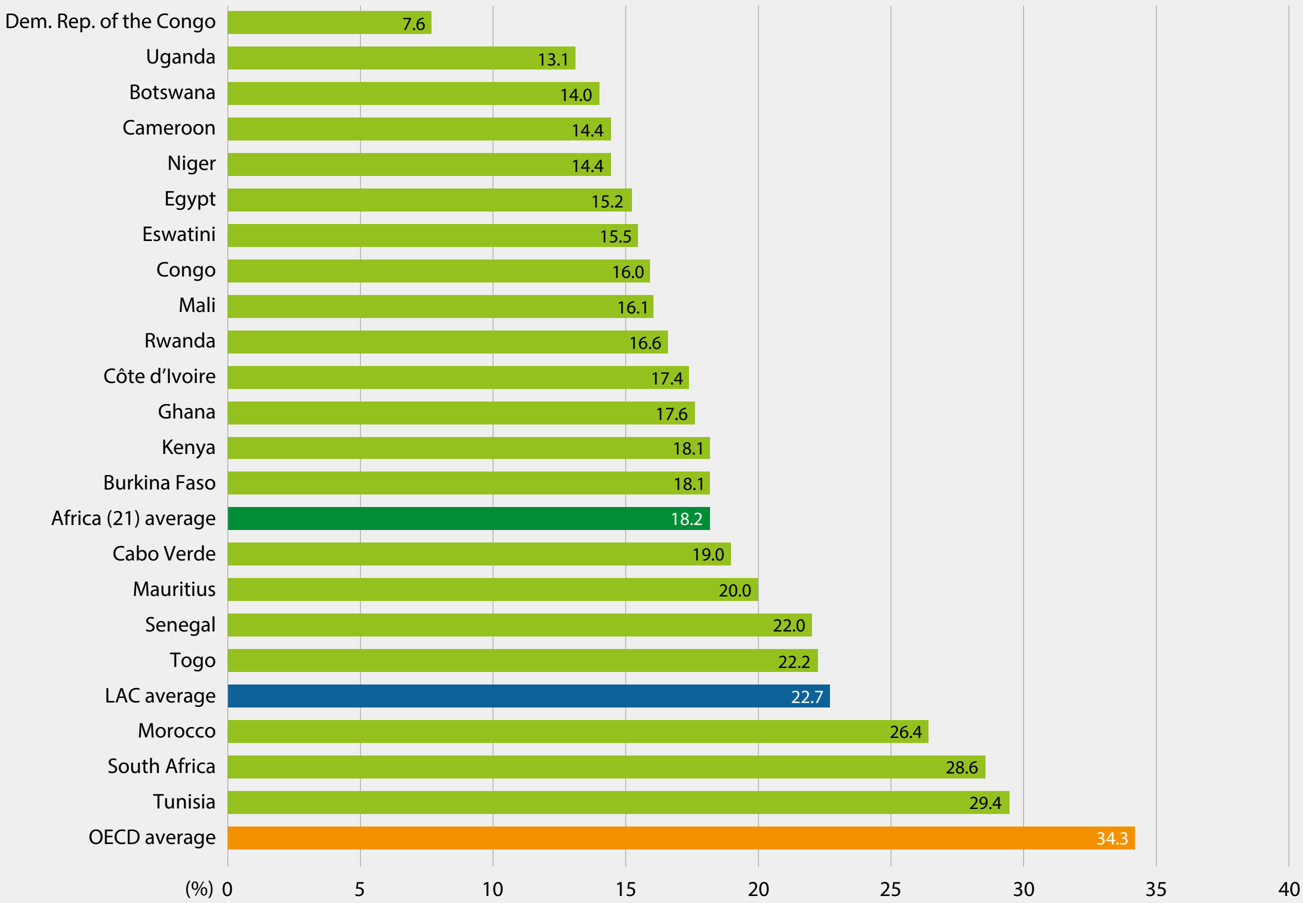
Key results

Achieving the SDGs and implementing the Addis Ababa Action Agenda requires mobilising additional finance, in particular domestic resources, to fund public goods and services. This report presents internationally comparable indicators on tax and non-tax revenues that can be used to track progress on domestic resource mobilisation and to inform tax policy reform.

TAX RATIOS FOR 2016

In 2016, the average tax-to-GDP ratio for the 21 countries in this publication (the "Africa (21) average") was 18.2%. The tax-to-GDP ratio refers to total tax revenue, including social security contributions, as a percentage of gross domestic product (GDP). The Africa (21) average was below the LAC average of 22.7% and the OECD average of 34.3%. Across countries, tax-to-GDP ratios ranged from 7.6% in the Democratic Republic of the Congo to 29.4% in Tunisia in 2016, with two-thirds of the countries falling between 13.0% and 20.0%. In six countries, the tax-to-GDP ratio exceeded 20% (Mauritius, Morocco, Senegal, South Africa, Togo and Tunisia).

Figure 1. **Tax-to-GDP ratios (total tax revenue as % of GDP), 2016**

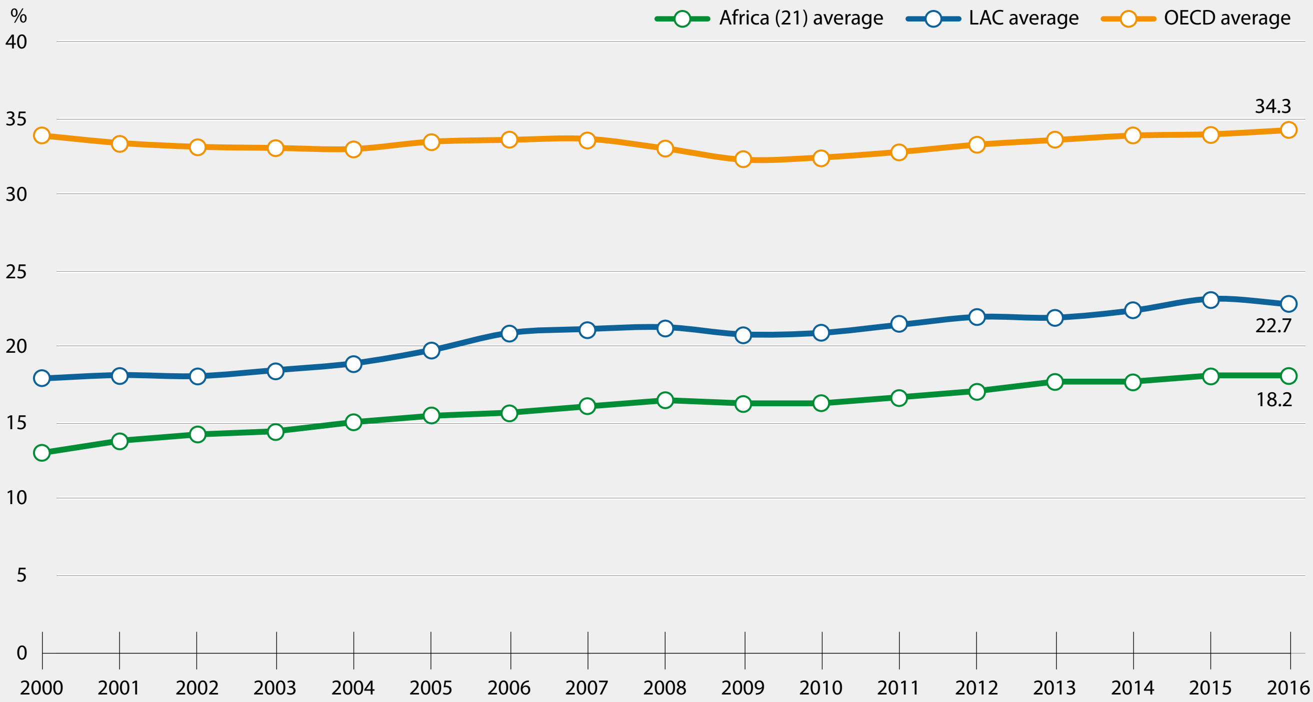


Source: OECD/ATAF/AUC(2018), *Revenue Statistics in Africa 2018*, http://oe.cd/revenue-statistics-in-africa.

TAX-TO-GDP RATIOS SINCE 2000

Tax revenues have increased significantly since 2000 in almost all countries in the publication, driven by strong increases in revenues from taxes on income and profits (2.6 percentage points on average) and from VAT (2.0 percentage points on average). Consequently, the Africa (21) average tax-to-GDP ratio has increased by 5.0 percentage points since 2000, a similar increase to the LAC average (4.7 percentage points) and higher than the increase in the OECD average (0.4 percentage points over this period). Between 2015 and 2016, while African economic growth slowed and commodity prices continued to decline, the Africa (21) average tax-to-GDP ratio remained unchanged.

Figure 2. **Tax-to-GDP ratios, 2000-2016**



Source: OECD/ATAF/AUC(2018), *Revenue Statistics in Africa 2018*, http://oe.cd/revenue-statistics-in-africa.

Special feature: Strategy for the Harmonisation of Statistics in Africa (SHaSA): 2017-2026

In recent years, African countries have committed to reducing poverty and improving living conditions, notably through the adoption of the African Union's Agenda 2063 and the SDGs. Monitoring progress against these goals requires good quality, timely, and harmonised statistical data that allow for cross-country comparisons. However, the production of quality statistics in the continent faces several challenges, including lack of resources, low institutional capacity and poor co-ordination across statistical bodies.

The African Union's "Strategy for the Harmonisation of Statistics in Africa" (SHaSA) aims to overcome these challenges. Its vision is to establish an efficient statistical system that covers the political, economic, social, environmental and cultural development and integration of Africa. It has four strategic themes: to produce quality statistics; to co-ordinate the production of quality statistics; to develop the sustainable institutional capacity of the African Statistical System; and to promote a culture of quality policy and decision-making.

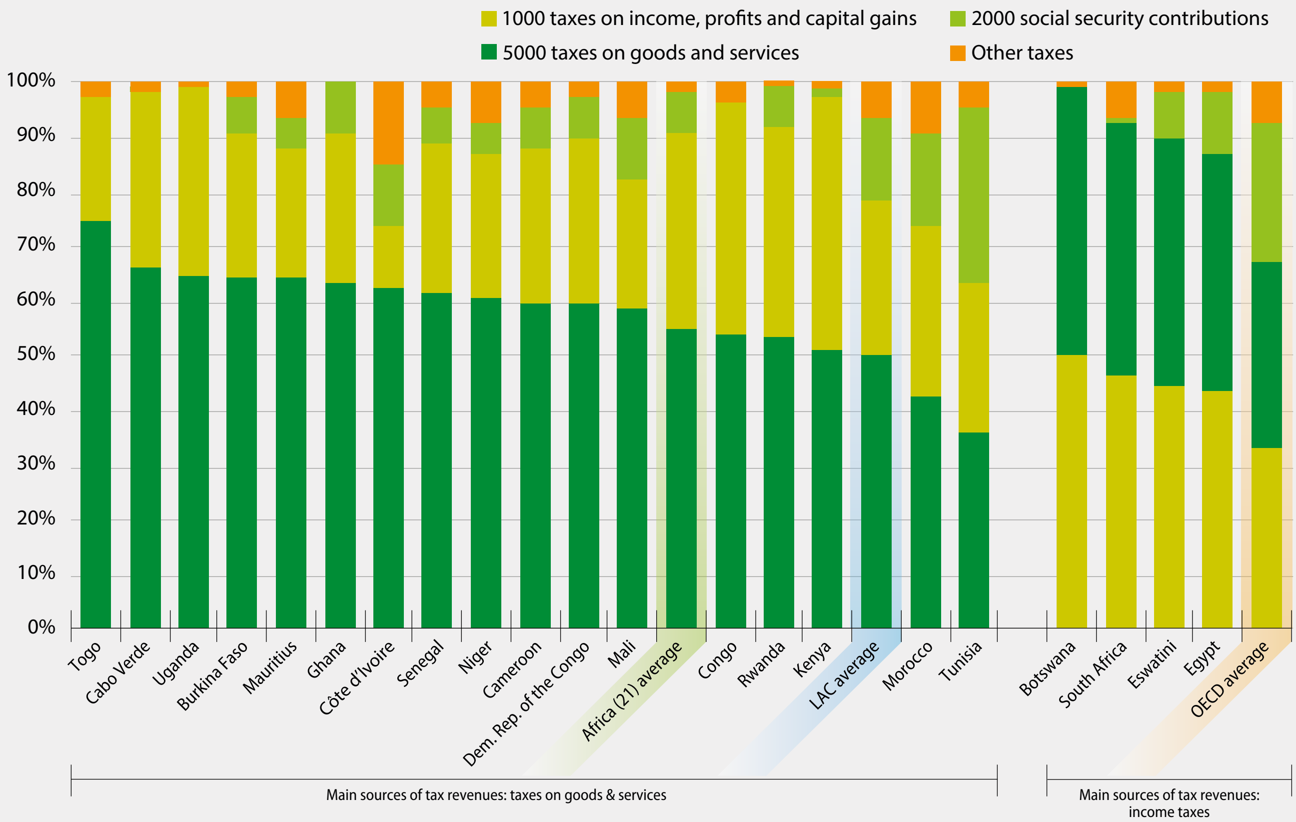
Revenue Statistics in Africa is an important contributor to SHaSA. It improves the quality and comparability of revenue statistics in the continent through a product tailored to the needs of tax policymakers, maintaining consistency with international standards. It also allows countries and international organisations to track progress and shape strategies to increase public revenues in Africa in a sustainable, equitable and efficient way. Moreover, it builds statistical capacity among participating countries and provides valuable lessons for harmonisation of statistics in the continent.

TAX STRUCTURES

The greatest source of tax revenues among countries featured in this publication are taxes on goods and services, which accounted for 54.6% of total tax revenues on average in 2016, with VAT alone contributing 29.3% of tax revenues. Taxes on income and profits accounted for a further third (34.3%) of average tax revenues. This is a similar tax structure to that of the average LAC country, except in relation to social security contributions. Social security contributions in LAC as a percentage of GDP are more than twice as high as in Africa, accounting for much of the difference in the regions' respective average tax-to-GDP ratios.

Taxes on goods and services were the principal source of tax revenues for 17 countries in 2016 (ranging from 35.8% of tax revenues in Tunisia to 74.6% in Togo). For the four remaining countries (Botswana, Egypt, Eswatini and South Africa), taxes on income and profits accounted for the principal share of total tax revenue. The share of social security contributions in total tax revenue was highest in Tunisia (31.6% of total revenues), Morocco (17.1%) and Egypt (12.6%).

Figure 3. **Tax structures (% of total tax revenue), 2016**



Source: OECD/ATAF/AUC(2018), *Revenue Statistics in Africa 2018*, http://oe.cd/revenue-statistics-in-africa.

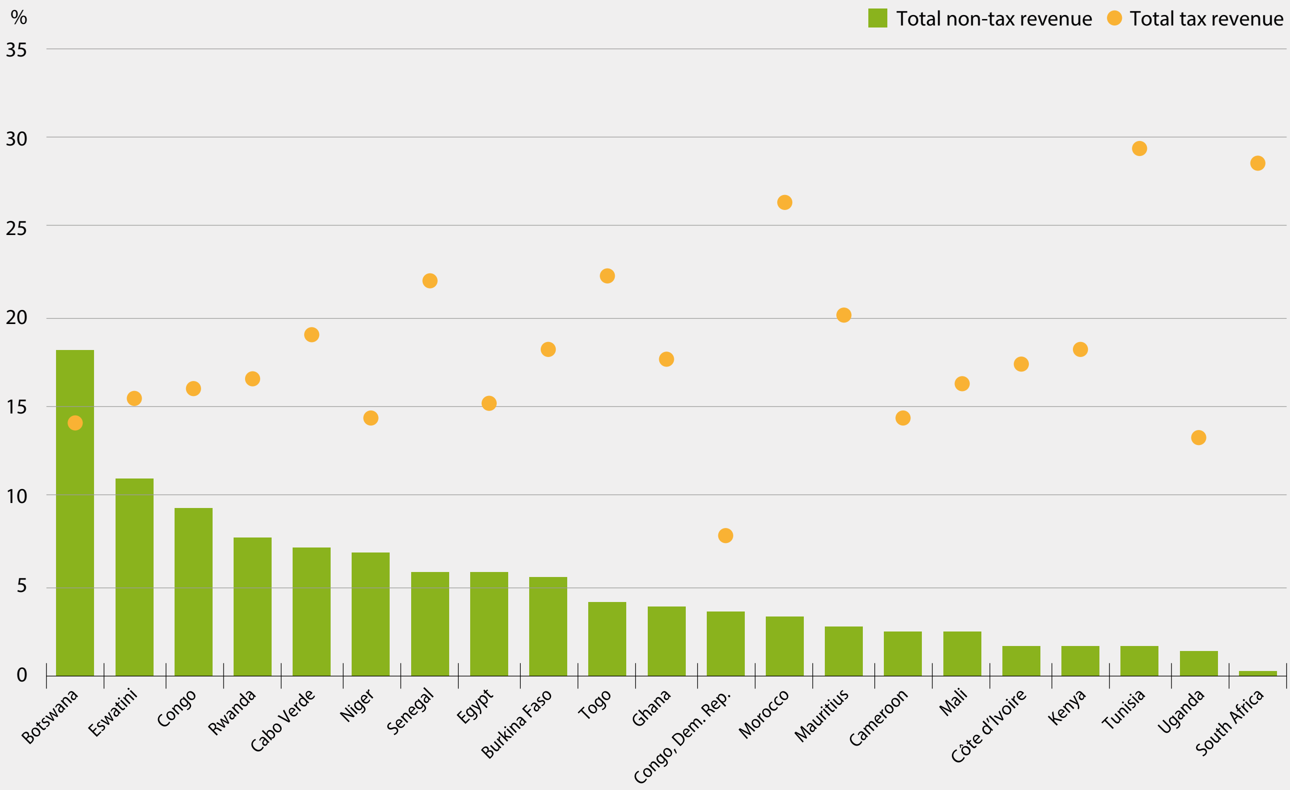
NON-TAX REVENUES

In 2016, total non-tax revenues were lower than tax revenues in all countries except Botswana and were below 5% of GDP for 12 countries. The highest shares were seen in Botswana (18.2% of GDP) and Eswatini (11.2%) – both of which are net recipients of funds from the Southern African Customs Union (SACU) – followed by the Republic of the Congo, which reported grants and oil revenues amounting to 9.4% of GDP.

Non-tax revenues tend to vary more between years than tax revenues due to changing commodity prices and the variability of grants. However, non-tax revenues have been on a downward trend in recent years: in 2016, all but four countries had lower non-tax revenue to GDP ratios than in the previous year, and this indicator was lower than ten years previously in all but six countries.

The sources of non-tax revenues vary across the 21 countries in the report. For six countries (Côte d'Ivoire, the Democratic Republic of the Congo, Niger, Rwanda, Togo and Uganda), grants provided the majority of non-tax revenues. For Cameroon and the Republic of the Congo, rents and royalties contributed the majority of non-tax revenues while for Ghana most non-tax revenues were generated by sales of goods and services. For Eswatini, SACU revenues amounted to 82% of non-tax revenues.

Figure 4. **Total tax and non-tax revenue as a percentage of GDP, 2016**



Source: OECD/ATAF/AUC(2018), *Revenue Statistics in Africa 2018*, http://oe.cd/revenue-statistics-in-africa.

Towards harmonised regional statistics

- ***Revenue Statistics in Africa*** provides tools that have been developed by tax policy makers and adapted for tax policy analysis, such as:
  - An annual publication, available in hard copy and online, that allows for cross country comparison.
  - A highly-detailed dataset freely accessible online.
  - ***Compare your country***, a free online interactive tool, and other tools for data presentation and analysis.
- **Participation is free of charge:** there is no payment required, and participation involves approximately 1-2 weeks of work a year for national officials. Most data compilation tasks are carried out by the OECD.
- **Comparability and trustworthiness:** a common method for collecting, analysing, aggregating and presenting data across over 90 countries around the world, with data validated by national authorities. These data are accessible through the Global Revenue Statistics Database.
- **Continuous dialogue:** bilateral exchanges and seminars on tax policy and statistics with experts in African countries to share experiences and best practices.

Partners

The OECD is an intergovernmental organisation that has helped develop global standards, international conventions, agreements and recommendations since 1961 to promote better policies in areas such as governance and the fight against bribery and corruption and, to support corporate responsibility, development assistance, global investment and international taxation.

ATAF is an international organisation founded in 2008. Currently representing 38 member countries, it provides a platform for co-operation among African tax authorities.

The African Union is a continental organisation representing 55 African States. Founded in 2002, it is made up of both political and administrative bodies to promote unity and solidarity among African States and to co-ordinate and intensify co-operation for development.

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In collaboration with:

Contacts

For more information on the publication, or to participate in future editions, please see **http://oe.cd/revenue-statistics-in-africa** or contact **RevenueStatistics@oecd.org**

Useful links

OECD **www.oecd.org/tax** or **www.oecd.org/dev**
ATAF **www.ataftax.org/**
AUC **https://au.int/en/commission** or **www.austat.org**
EU **https://ec.europa.eu/europeaid/node/22_en**

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A global project

Revenue Statistics in Africa **is part of a global series that includes four annual publications for different regions and the *Global Revenue Statistics Database*.** Launched in 2018, the Global Revenue Statistics Database draws on the publications to provide detailed, comparable tax revenue data for over 90 countries from all regions of the world.

http://oe.cd/global-rev-stats-database