Public policy research

Public management consulting

Advocacy

APRIL | Publication No.1

Public Sector Domestic Revenue Mobilisation and Administration in Africa

Elizabeth Kariuki and
Kithinji Kiragu

June 2011

www.april-ssa.com

Public Sector Domestic Revenue Mobilisation and Administration in Africa

- Elizabeth Kariuki and Kithinji Kiragu

Introduction

Public sector domestic revenue comprises tax plus non-tax revenues collected by a government from citizens, resident non-citizens and local businesses, including those owned by foreigners. It excludes official development assistance provided by more developed countries and multilateral agencies (such as various United Nations (UN) development agencies, World Bank, International Monetary Fund (IMF), Africa Development Bank, etc.) in form of grants, soft credit, commercial loans, etc. It also excludes investments in the country by foreign corporations and governments, as well as funds and other support to development by foreign non-governmental organisations (NGOs).

Public sector domestic revenue mobilisation is critical in public administration in Africa for three purposes. First, maintaining a public administration is expensive. The total costs of salaries and other employment benefits (also known as the total wage bill) of government employees in most African governments exceeds a third of the total budget. As a matter of fact, in the past two decades, for many governments on the continent, the total wage bill was more than 50% for all domestic revenues (Kiragu and Mukandala, 2005). Second, domestic revenue mobilisation is necessary for sustainable development and for enabling resource poor states- “to provide and maintain even the most basic public services” (Fjeldstad and Rakner, 2003). Third, and related to the last one, because aid (also referred to as official development assistance - ODA) comes with conditions that could undermine the sovereign status and sense of national independence and pride, many African governments aspire to replace aid through enhanced domestic revenue mobilisation.

Yet, in most Sub-Saharan Africa (SSA) countries, public sector domestic revenue mobilisation remains insufficient to meet the expenditure needs for delivery of basic public services (education, health, water, etc). Still, the governments need even more resources to achieve the UN sponsored Millennium Development Goals (MDGs) by the original target date of 2015. For instance, according to the UN Millennium Project, on average, developing countries need to increase their domestic resource envelopes by up to four percentage points of Gross Domestic Product (GDP) in order to make public investments estimated to start at US$70 per capita and rise to US$ 120 per capita.

Trends in public sector domestic revenue mobilisation

With the exception of countries such as Botswana[1] and Nigeria[2], in many SSA countries, tax revenues constitute the bulk of public sector domestic revenues. It is also worth mentioning that the types of non-tax revenues (e.g. licences, user fees, royalties, social security contributions, investment income etc.) levied by governments tend to far outnumber tax heads.

Since the 1990s, tax revenue yields as a percentage of GDP have improved in some countries, and remained unchanged in others. Countries such as Rwanda, Uganda, Tanzania and South Africa are some of the trail blazers. Rapid economic growth in these countries is said to be one of the factors that has contributed to increased tax revenue yields. Furthermore, major efforts have gone into widening the tax base by overhauling tax policies. In this regard, it is noteworthy that from the 1990s, in line with global trends, most African countries introduced one or more types of consumption tax – the most common indirect tax being the Value Added Tax (VAT). Income tax policies were also revamped to extend resident individual and corporate tax liabilities to cover income accrued on a worldwide basis. Also, to enhance levels of voluntary compliance, many African governments reduced their marginal rates of income tax, and/or introduced simplified systems for taxing small businesses.

In addition, governments have transformed the way in which taxes are administered. In the early 1990s, the governments of several Anglophone African countries[3], in line with practices in Commonwealth countries elsewhere[4], hived off the administration of taxes, and customs and excise duties from departments within their Ministries of Finance, and transferred them to semi-autonomous revenue authorities (ARAs). The aim of this reform initiative was to provide a foothold for policy reforms, promote greater efficiency and effectiveness of tax administration, with a view to swiftly and substantially increasing tax revenue collection. In some countries this model is considered to have worked more successfully than the historical structures.

[1] In 2009, Botswana collected non-tax revenues totalling 10.5% of GDP mainly in the form of mining royalties which amounted to 7.5% of GDP.
[2] In Nigeria oil and gas revenue in 2009 was estimated to be 21.1% of GDP.
[3] ARAs were established in Ghana (1985); Uganda (1991); Zambia (1994); Kenya (1995); Malawi (1995); Tanzania (1996); South Africa (1997); Rwanda (1998); Zimbabwe (2001); Ethiopia (2002); Sierra Leone (2002); Lesotho (2003); Gambia (2005); and Mauritius (2006).
[4] Examples include: Australian Taxation Office; Canada Revenue Agency; and Her Majesty's Revenue and Customs in the United Kingdom.

Therefore, a number of governments have over the years, transferred the responsibility for the collection of non-tax revenues (e.g. social security contributions, fuel levies, mining royalties) to ARAs.

ARAs are generally established by law, and administer direct and indirect taxes and in some cases non-tax revenues. Although they are still accountable to their respective Ministers of Finance who also set fiscal policies, ARAs enjoy large degrees of administrative and financial management autonomy, including employment and management of staff, determining their budgets and the levels of staff remuneration that are significantly higher than those enjoyed by most of other public service employees. Since their establishment, many ARAs have instituted reforms aimed at transforming their organisational cultures, shifting their orientation to improving taxpayer services and building institutional and staff capacities. Reforms are typically guided by corporate plans spanning three to five years, and seek to respond to the respective nation's economic context, government's medium-term public expenditure framework and the ARA's successes and delivery constraints. A number of ARAs communicate progress in the achievement of target results contained in their corporate plans by publishing annual reports in glossy documents and/or on their websites.

Key challenges in mobilising tax revenues

Computations by institutions such as the International Monetary Fund (IMF) indicate that in many African countries, as indeed in other parts of the developing world, there is a significant difference between potential and actual revenue collections as a percentage of GDP – otherwise known as the tax gap. This gap arises as a result of several challenges which are highlighted in the paragraphs below.

Burdensome tax policy regimes. For the taxpayer, getting an agreement with the tax authorities as to how much tax is due, and how and when it is to be paid, can be quite an administrative burden. Many resourceful organisations have even to hire experts to assist in handling tax matters. In this regard, it is noteworthy that benchmark data on the number of payments and amount of time a typical company spends on complying with tax legislation in SSA are much more than those in developed (Organisation for Economic Cooperation and Development (OECD) member) countries (see **Table 1**). In other words, preparing returns, filing them, paying tax liabilities or withholding taxes is comparatively cumbersome in African countries. Yet, the situation may not be improving. In Kenya, for example, the tax compliance burden increased with the introduction of quarterly filing of payroll taxes as recently as in 2010. Also, there are major variations in the tax compliance burden among African countries. For example, according to World Bank 2011 statistics, in Nigeria it takes a company 398 hours to file income tax returns but in Botswana it takes only

40 hours. Furthermore, the average total tax rate as a percentage of profit in SSA of 68%, is significantly higher than the OECD average of 43%, and is probably a disincentive to foreign investors interested in pursuing business opportunities in the region. There are however exceptions in countries such as Mauritius, Botswana and South Africa where: paying taxes seems relatively easy; the total tax rates are comparatively low; and the total number of payments in a year is fewer than elsewhere.

Table 1: Select benchmark data on paying taxes in 2011

Country	Global position out of 183 economies	Number of tax payments	Total tax rates (as a % of profit)	Total time taken to comply in a year (hrs)
Benin	167	55	66.0%	270
Botswana	21	19	19.5%	152
Côte d'Ivoire	153	64	44.4%	270
Ethiopia	47	19	31.1%	198
Ghana	78	33	32.7%	224
Kenya	162	41	49.7%	393
Malawi	25	19	25.1%	157
Mauritius	12	7	24.1%	161
Nigeria	134	35	32.3%	938
Rwanda	43	26	31.3%	148
South Africa	24	9	30.5%	200
Tanzania	120	48	45.2%	172
Uganda	62	32	35.7%	161
Zimbabwe	131	49	40.3%	242
SSA average	-	37.3	68.0%	315
OECD average	-	14.2	43.0%	199

Source: http://www.doingbusiness.org

A large and hard-to-tax informal sector of the economy. The size of the informal sector (also known as shadow) economy in many SSA countries is significant (see **Table 2**). A large informal sector tends to be prevalent in countries where the economy is largely dependent on subsistence agriculture. However, informal businesses also operate in other sectors (e.g. services and light manufacturing). Whilst such businesses tend to be small, collectively, they hold substantial assets. Furthermore, several small businesses are often owned by the same individual, and therefore their aggregate revenues can be fairly sizeable. It may also be the case that a business is formalised, but is outside an ARA's radar. These three latter groups of businesses could be convinced or coerced into paying taxes. However, coercion is likely to be costly, and can sour an ARA's relationship with its taxpayers. Hence voluntary compliance is preferred.

The key reasons for businesses choosing to operate in the shadow economy are a high overall tax burden, and a regulatory environment with numerous laws or loopholes. Even when a business is formalised, there can also be a breakdown in coordination between public service

institutions. For example, in Nigeria there is scope for a company to be incorporated by the Corporate Affairs Commission without any requirement for it to register with the Federal Inland Revenue Service (PwC, 2010).

Table 2: Select data on the size of the shadow economy

Country	Average size of the informal sector as a % of GDP (1999 to 2006)
Lesotho	31.7%
Madagascar	39.8%
Rwanda	40.4%
South Africa	28.5%
Tanzania	58.5%

Source: Schneider and Buehn (2009)

Low tax morality and absence of a fiscal contract. The large size of the shadow economy in most SSA countries suggests low levels of tax morality[5] as those "in the formal sector can more easily observe large numbers of others escaping the tax net" (Brautigam, 2008). Similarly, taxpayers are unlikely to be willing to pay taxes when a government offers tax exemptions to a select few. Besides, when governments have access to large amounts of foreign aid, or can extract revenues by exploiting their natural resource endowments, there is less pressure to tax citizens. Taxpayers are also likely to be unwilling to pay taxes when the government in place is not considered to be legitimate. According to Zakaria (2007) "the key test of a government's legitimacy is tax collection, because it requires not vast police forces but rather voluntary compliance with laws". Voluntary tax compliance is low when there is limited buy-in to government's policies and/or resources collected by way of tax revenues, are not put to good use.

Revenue losses through excessive tax exemptions and incentives. In order to attract investments in certain areas of the economy, some governments in SSA offer firms tax exemptions and incentives such as tax holidays, tax credits, reduced income tax rates, accelerated depreciation allowances, concessions in export processing zones and import duty waivers. However, research undertaken by institutions such as the IMF point out that such exemptions and incentives are not critical to investment decisions, especially when other dimensions of the operating environment (e.g. physical infrastructure, the financial system, labour laws, property rights etc.) are in poor shape. Instead exemptions and incentives "complicate administration, facilitate evasion and encourage corruption", and are hard to remove (Bird, 2008). They also contribute to tax revenue losses. A case in point is

[5] In other words there are high levels of tax evasion and avoidance.

Tanzania, which in 2008, is reported to have lost TShs 1.8 trillion (US$ 1.23 billion) or 6% of GDP through tax exemptions (AfDB, 2010).

Corruption in tax administrations. Corruption in public service plagues many SSA countries. “The level of corruption [in ARAs]… generally parallels that in the [public service] as a whole” and can be a significant contributor to revenue leakage (Purohit, 2007). There is anecdotal evidence of ARAs using their discretionary powers to interpret complicated tax laws to their advantage, and/or looking the other way when it comes to taxing the elites. Moreover, to avoid paying taxes, unscrupulous businesses offer bribes to ARA staff. These practices prevail in environments where the necessary checks and balances are absent.

Sometimes low and declining capacity of the ARAs. To enable them to recruit high calibre staff, ARAs have the discretion to set higher salaries for their staff outside the public service. However, in recent years, the salaries offered by some ARAs have not kept pace with the market, leading to an inability to attract, motivate and retain staff in critical areas such as audit, enforcement, research and Information and Communication Technology (ICT). It would also appear that the capacity to undertake tax policy research and analysis in Ministries of Finance is even weaker, with a considerable amount of such work being undertaken by academic institutions and think tanks. As a result, policy studies are academically oriented. What is more, amendments to tax policy tend to be undertaken on a piecemeal and ad hoc basis. For instance, in Nigeria there is a view “taxes are sometimes introduced in a haphazard manner contrary to the new National Tax Policy” (PwC, 2010).

A deficient national information base and exchange infrastructure to identify potential taxpayers. ARAs rely on: national information bases such as national identification (ID) systems, car imports and registration, land registration and transfers, registration of businesses; and third party information sources such as company employees and banks’ customers, to identify potential taxpayers and defaulters. In addition, ARAs rely on unique taxpayer identification numbers (TINs) generated using computer software to register individuals and entities, and administer their tax liabilities. Once registered, every taxpayer receives a TIN certificate, which should be used when transacting with the ARA. However, such systems are not always well managed, and as a result, individuals and businesses are able to obtain more than one TIN, thereby increasing the risks of tax evasion or under declarations. Also, in some countries, such databases are either not well developed or not readily accessible for use by the national tax revenue administrator (including ARAs).

Potential measures to enhance public sector revenue mobilisation

Against the backdrop of the challenges highlighted above, measures that have potential to significantly enhance public sector revenue mobilisation in many SSA countries are articulated as follows.

Simplify the tax policy and administration regime. There are lessons that other SSA countries can learn from Mauritius which only requires a company to make seven payments a year. In this regard, it is remarkable that mandatory payments of corporate income tax, VAT, social security contributions and other taxes are only made once a year, typically through electronic filing. In addition, SSA governments should consider rationalising the number of taxes. Good practice in tax simplification, suggests that each tax head and type of non-tax revenue, should be assessed on the basis of criteria such as its legal basis, policy objectives, the extent to which it is taxpayer friendly and cost effectiveness. Thereafter, a decision should be made as to whether it should be retained, reviewed or altogether eliminated.

Bring the shadow economy into the tax net. There are a number of ways in which governments could capture the shadow economy into the tax net. First, it is important to better understand the shadow economy through rigorous research – in particular to assess the actual size of the underground economy for taxation purposes, revenue generation potential and propose possible ways for its exploitation. Second, governments are increasingly simplifying the tax regime by introducing a presumptive tax for small businesses. For instance, the single turnover tax system has been adopted in several African countries including, Kenya, Rwanda and Zambia. Both South Africa and Tanzania levy multiple turnover rates on small businesses. The type of presumptive tax system employed should: depend on the capacities of small businesses and the ARA; take into account heterogeneity; encourage small businesses to grow and graduate to the standard system. Third, some countries levy a lower VAT rate and basis of computation for small businesses, or allow them to voluntarily register for VAT and thereby benefit from deductions on VAT inputs. Fourth, ARAs can work towards enhancing taxpayer experiences. In this latter respect, for example, Rwanda and Uganda have dedicated small taxpayer offices. Fifth, governments must seek ways in which to be better coordinated, to for example, ensure strong linkages between taxation and business licensing and registration. The use of national IDs and TINs across all public service institutions could help in building a stronger audit trail.

Promote tax morality and engender a fiscal contract. **Table 3** presents a framework for forging a national fiscal contract and engendering tax morale. It is critical that governments visibly use tax revenues collected for goods and services that are considered to be a priority by the taxpaying citizens. Zakaria (2007) also asserts that thereafter it is important for governments to offer three other benefits:

"Accountability, and good governance but ending up with liberty and representation. This reciprocal bargain – between taxation and representation – is what gives governments legitimacy in the modern world. If a government can get its revenues without forging any roots in society, it is a court, not a state, and its businessmen courtiers not entrepreneurs".

Table 3: Key elements of a framework to forge a fiscal contract and engender tax morality

Key features of a fiscal contract	Incentives and benefits, and commitments and obligations of each of the parties to the compact			
Parties to the fiscal contract	1) Taxpaying citizens (including corporate citizens)	2) The Presidency and subsidiary organs of the executive	3) The National Assembly and local government councils(in respective areas of responsibilities)	4) Development partners and major non-state actors
The common bond	A shared national vision, passion and commitment to clear development goals			
Incentives and expected specific benefits	1) The tangible benefits of delivered national development goals 2) A new sense of national pride and solidarity 3) The promise of a great future for all citizens	1) Additional revenue resources to implement national development goals 2) Effective discharge of a mandate 3) A great leadership score	1) All round development and poverty reduction 2) Effective discharge of a mandate 3) A great leadership score	1) Effective discharge of respective mandates 2) Pride of true solidarity with the citizens
Commitments and obligations	1) *Tax morale*: Contribute additional revenues earmarked for spending on clear priority national development goals 2) Organise to demand accountability in use of public resources at all levels	1) Establish clear national development goals (and a widely shared national vision) 2) Budgetary allocations geared to implement generally agreed clear national development goals 3) Firmly institutionalise fiscal responsibility, transparency, integrity and accountability in use of public resources 4) Lead in the search for ways and means to mobilise additional domestic resources	1) Endorse and sponsor the national/local development goals and fiscal contract 2) Support the associated policy and legislative measures 3) Oversight to ensure that state actors are fulfilling their mandate, and also using public resources efficiently	1) Contribute to national/local development goals and vision 2) Strengthen demand side of accountability in use of public resources

Source: Authors

In addition to the above, political leaders need to reinforce the case for tax morality through various forms of advocacy. Politicians could assist in reinforcing some of the great mottos devised by ARAs – such as Uganda Revenue Authority's "developing Uganda together" or Rwanda Revenue Authority's (RRA's) "taxes for growth and development" or Kenya's "pay your taxes, set your country free". In this respect, politicians can sensitise the public on the importance of paying taxes on annual taxpayers' days and other occasions. In 2010, at RRA's 9th National Taxpayer Day, President Kagame stated that this:

"Annual celebration is not only a time for Rwandans to reflect on the country's economy, but also to assess what has been achieved in the past and exchange ideas on what should be done next. In reference to the day's theme – 'Choose Development, be Compliant' – the President said that compliance is very important because it makes it easier for the taxpayer to go about his daily business without any hindrances, while at the same time making it possible for the government to provide facilities, such as infrastructure, that are needed to ease doing business".[6]

[6] http://http//www.rra.gov.rw/rra-article541.htm.

Rationalise tax exemptions and incentives. There are several measures in the region that are ongoing or in the pipeline to rationalise tax exemptions and incentives. First, in Tanzania, the Minister of Finance appointed a Task Force to review the existing exemption and incentive regime, with a view to, rationalising it to be more in line with the practices in other East African Community countries. Second, the Government of Uganda has undertaken to quantify the revenue losses (or tax expenditure) associated with the tax exemptions and incentives that it offers. Third, Kenya plans to constitute a Tax Reform Commission which will among other tasks, recommend ways in which tax incentives can be rationalised and/or eliminated in line with the provisions of the 2010 Constitution. Fourth, Côte d'Ivoire intends to deploy an ICT based application to support its revenue administration in monitoring and reporting on exemptions. Fifth, in 2010, the Government of Ghana undertook to drastically overhaul the exemptions and incentives regime by instituting stronger controls over the process for their award.

In addition, good practice from countries such as Canada, recommends that a rigorous cost-benefit analysis should be carried out before a government decides to introduce a new tax exemption or incentive. Thereafter the tax exemption or incentive should be comprehensively designed, effectively implemented and evaluated on a periodic basis (Bird and Zolt, 2003).

Curb corruption in ARAs. Given how harmful corruption can be to domestic revenue mobilisation, ARAs across the continent have adopted various measures to curb it. Anti-corruption units have been established within some ARAs such as Kenya's Internal Affairs Office, and the Anti-Corruption and Security Unit in South Africa Revenue Service (SARS). Also in Kenya, the Attorney General has seconded six officers to the ARA to facilitate the timely prosecution of cases of evasion. In Ethiopia, individuals can anonymously report cases of corruption online at the Ethiopian Revenues and Customs Authority's website. In 2007, Tanzania Revenue Authority (TRA) commissioned an independent external integrity and transparency review which critically assessed its integrity status, and provided recommendations towards the enhancement of its anti-corruption strategy and staff code of conduct. In 2005, Rwanda enshrined taxpayers' rights into law. Other measures worthy of consideration include: revamping tax legislation to remove any ambiguities; minimising contact between ARA staff and taxpayers through the use of electronic filing; and introducing a code of ethics (Purohit, 2007). In the latter context, it is worth mentioning that in its corporate plan (2011-2013), Mauritius Revenue Authority has undertaken to articulate ethical and moral standards, as well as, the Authority's position against bribery and corruption, in an Integrity Policy Statement.

Strengthen and sustain capacity. With respect to capacity to comprehensively assess and analyse the tax policy framework, one measure worthy consideration is to appoint independent teams of

fiscal and development policy specialists to review the tax system. In Canada, South Africa, the United Kingdom and United States of America such reviews are typically undertaken by a Commission. In addition, forums such as the Latin America and Caribbean (LAC)/ OECD Fiscal Initiative offer a platform for policy debate and peer review. This initiative also aims to enhance both tax and public expenditure policies in the LAC region.

Salary surveys should be conducted every two or three years to ensure that an ARA's pay structure remains competitive. Such surveys enable ARAs to: evaluate the competitiveness of pay packages offered in critical positions with comparable institutions (e.g. other ARAs or parastatals in country); and compare current pay levels in benchmark jobs with the ARA's desired pay position. It is noteworthy that both SARS and TRA commission periodic salary surveys

In addition to the above, ARAs could work in partnership with academic institutions and professional bodies to develop skills and knowledge among their staff. For example, SARS is accredited as an approved training organisation under the 'Training Outside Public Practice' scheme to develop financial management and tax expertise. The scheme which is run by the South African Institute of Chartered Accountants, is targeted at university graduates.

Develop and take advantage of the national infrastructure for information exchange. Rwanda is a pioneer in operating a national ID system which maintains biometric data. Tanzania also intends to use biometric technology to upgrade its TIN system. ARAs can also draw lessons from Kenya which currently has a paper based national ID system, which it plans to upgrade in due course. Kenya Revenue Authority has also been fairly successful in avoiding duplication of TINs by ensuring individual taxpayers only obtain TINs if they can produce their national IDs.

Furthermore, ARAs can draw on good practice in Nordic countries in the use of third party information to pre-populate personal income tax returns as a means for minimising errors, reducing the administrative burden on taxpayers, and encouraging voluntary compliance. Specifically, once a year, employers and institutions such as banks, are required by law to report salaries paid and other income accrued to the tax authorities using standard software. Thereafter, taxpayers via the internet, can access their reported data and liability computations. Factors which have contributed to the success of this initiative include trust in the ARA as well as low levels of corruption and transparency.

Sequence and measure the results of reforms. The review of tax reforms in a sample of SSA countries suggests that ARAs have embarked on the state of the art modernisation reforms without addressing some of the serious areas of revenue leakage expounded on above. In our view, there are five epochs for a tax system's trajectory from an underdeveloped to a world class status. These epochs

comprise: (1) getting the basics right; (2) attaining an enabling socio-political and institutional environment; (3) designing and implementing comprehensive reforms; (4) modernising the system; and (5) attaining and sustaining world class status. The defining indicators and strategic reform features for each epoch are presented in **Table 4**.

Table 4: Epochs, milestone indicators and strategic reform features to a world class tax system

Epoch	Defining indicators	Strategic reform features
1. Getting the basics right	a. Closure of major revenue leakages	• Getting to grips with compliance and enforcement • Undertaking situational assessments
2. Attaining an enabling socio-political and institutional environment	a. Presence of a fiscal contract b. Increased level of tax morality c. ARA held to account on the basis of robust performance targets d. Improved tax revenue to GDP ratio e. A functioning ARA f. Political leaders' support for an efficient and effective tax system	• Enhanced public services delivery • Establishment of an ARA • Initiation of major tax policy and legislative changes • Advocacy by politicians on the importance of paying taxes
3. Designing and implementing comprehensive reforms	a. Progressive closing of the tax gap b. An equitable tax system c. A widening tax base d. An enabling institutional infrastructure (e.g. use of national ID, TINs etc.) e. Tax policy and development objectives nexus f. Comprehensive and harmonised tax policies and legislative framework g. Enhanced organisational capacity h. Changes in organisational culture i. Streamlined and more efficient administrative procedures and routines	• A package of reforms extending to areas such as legislation, fiscal decentralisation, accounting etc. • Initiation of ARA culture change • Taxpayer participation in policy development and administrative changes • Comprehensive review of tax policy and legislation • Rationalised tax incentives and exemptions
4. Modernising the system	a. High efficiency in tax administration b. An optimal tax base c. Transformed organisational culture d. Low levels of corruption e. High levels of accountability f. Organisational capacity further enhanced	• Some innovations • Consolidation of ARA culture change • State of the art ICT applications • Effective harnessing and utilisation of information and knowledge • Some policy research
5. Attaining and sustaining world class status	a. Minimal tax gap b. Near-zero levels of corruption c. High levels of voluntary compliance	• Continuous innovations • Sustained quality performance • Continuous policy research

Source: Authors

Publications Cited

AfDB (2010) *Domestic Resource Mobilization for Poverty Reduction in East Africa: Tanzania Case Study.* African Development Bank AfDB, 2010.

Bird, R.M. (2008) *Tax Challenges Facing Developing Countries.* Rotman Institute for International Business, March 2008. IIB Paper No. 9.

Bird, R.M. and Zolt, E.M. (2003) Introduction to Tax Policy Design and Development *Presented at a World Bank course on Practical Issues of Tax Policy in Development* Washington, 28 April to 1 May 2003.

Brautigam, D.A. (2008) Introduction: Taxation and State Building in Developing Countries. In D.A Brautigam., O-H. Fjeldstad and M. Moore (Eds) *Taxation and State Building in Developing Countries.* Cambridge: Cambridge University Press, 1-33.

Fjeldstad, O-H. and Rakner, L. (2003) *Taxation and Tax Reforms in Developing Countries: Illustrations from sub-Saharan Africa.* CMI, 2003. R2003:6.

Kiragu, K. and Mukandala, R. (2005), *Politics and Tactics of Public Sector Reforms: A Case Study of Pay Reform in Sub-Sahara Africa* Dar Es Salaam University Press: Dar Es Salaam.

Purohit, M.C. (2007) Corruption in Tax Administration in A.Shah *Performance Accountability and Combating Corruption* World Bank Group: Washington pp 285-301.

PwC (2010) *Nigeria @ 50: Top 50 Tax Issues.* PwC, October 2010.

Schneider, F. and Buehn, A. (2009) Shadow Economies and Corruption All Over the World: Revised Estimates for 120 Countries *Economics: The Open-Access, Open Assessment E-Journal 2:*1-53.

Zakaria, F. (2007). *The Future of Freedom: Illiberal Democracy at Home and Abroad* W.W. Norton & Company: New York.

4th floor Cavendish, 14 Riverside Drive | P.O. Box 100798-00101 | Nairobi, **Kenya**
Tel: +254 (20) 4231500

| Email: info@april-ssa.com