- Final mini-dissertation –

AN EVALUATION OF TAX REFORMS IN AFRICA: THE WAY FORWARD TO INCREASE ECONOMIC GROWTH

by

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CHAPTER 1

Introduction and project overview

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1   CHAPTER 1 – INTRODUCTION AND PROJECT OVERVIEW

1.1   RATIONALE / MOTIVATION FOR THE RESEARCH

Africa, as a developing economy, is in dire need of an economic transformation, and taxes are one of the most effective ways to propel that much needed economic growth (Collins, 2018:10; Makhoba, Kaseeram & Greyling, 2019:10; Olufemi, Jayeola, Oladele & Naimot, 2018:72; Yahaya & Bakare, 2018:100; Chang & Mendy, 2012:1906). In any country, the government needs to finance the economic, political and social infrastructure for sustainable economic growth and development; this requires revenue (Pantamee & Mansor, 2016:192; Obgonna & Appah, 2012:62). Many studies concur that the revenue collected from taxes is the biggest contributor of revenue for developing countries; for this reason, taxes have a critical role in the development and growth of the nations' economies. It is of utmost importance that developing countries focus on creating well-structured tax systems (Abata,2014:12; Obgonna & Appah, 2012:66; Bird, 2015:34; Pantamee & Mansor, 2016:194; Kargbo & Egwaikhide, 2012:430; Andrasic, Kalas, Mirovic, Milenkovic & Pjanic, 2018:211).

Several studies coincide on the conclusion that the revenue derived from the tax systems in African countries is low (Obgonna & Appah, 2012:65; Bird, 2015:34; Pantamee & Mansor, 2016:192). The ability of governments to generate revenue for fiscal expansion is directly dependent on the capacity of the tax system of the country; subsequently, the capacity of revenue generated by a tax system is directly influenced by the effectiveness and efficiency of the tax system (Pantamee & Mansor, 2016:192).

According to Kargbo & Egwaikhide (2012:432) and Yahaya & Bakare (2018:101), African countries have begun embarking on tax reforms in an attempt to modify their tax structures

and increase tax revenue as they have come to the realisation that the economy of the country simply cannot grow without a well-structured tax system.

Having established that taxes are essential to the growth of the economy. That the revenue derived from taxes by African countries is insufficient to fund the needed sustainable economic growth, this study contributes meaningfully to the body of literature by exploring the tax reforms in Africa. Further extends ways in which African countries can reform their tax systems to increase economic growth. This study, therefore, adds value to the current conversation of how the African economy can grow, particularly through its tax systems.

The African countries and governments of these African countries are the first party the study adds value to. This study provides a solution to the problem of the inability of the current tax structures to yield sufficient revenue to finance the necessary economic growth. The capacity of a tax system is a highly responsive phenomenon to different elements (Liberman, 2000:7) thus, this study seeks to identify the phenomenon that has caused the tax reforms implemented in Africa not to yield increased revenue. Furthermore, to identify the phenomenon that need to be taken into account when reforming tax systems in Africa in order to maximise tax revenue to drive economic growth. According to Chang and Mendy (2012:1906), Africa's economic performance is poor and inadequate to drive meaningful and significant progress. Hence, the study benefits African economies by presenting possible ways to reform tax systems to enable them to maximise revenue and fuel economic transformation through economic growth.

It is crucial for African countries to generate sufficient revenue to sustain healthy economic growth; this is because economic growth is vital to combat the economic and social issues that have originated from unemployment and poverty, which have plagued the continent time immemorial (Munongo & Robinson, 2017a:35, Kangave, 2005:145). Increased revenue will fund public expenditure, subsidise investments, decrease fiscal deficits, repay debts, and this will, in turn, ameliorate poverty and unemployment (Kangave, 2005:145).

Increased funding of public expenditure will mean increased quality of service delivery, coupled with increased investments, consumption and output (which will further increase

revenue for government; mitigate poverty and unemployment). Increased consumption and output levels will in turn result in an increase in demand for labour. Resultants, jobs will be created, households will have income, the standard of living will improve. This will, in turn, reduce poverty in African countries. Reduced fiscal deficits and debts will also be experienced; therefore, making these African countries more attractive to foreign investors (which will bring the added benefits of increased revenue and employment). These are events that will create a vital vigorous cycle of the growth and development of the African economy.

Identifying the phenomena that has caused prior tax reforms to be unsuccessful in achieving increased economic growth will also assist in preventing other African countries from implementing tax reforms in the same manner; this will save African countries from depleting essential resources (such as human capital and money) that are already limited in these developing economies. Another important resource that will be saved is time. Implementing tax reforms is a substantial process with highly sensitive response to the economy; wrong tax reforms can lead to a quick downgrade of an economy's status (Andrasic *et al*, 2018:216). According to Andrasic *et al* (2018:216), the implementation of tax reforms can also result in effects that are felt in the economy when it is rather too late, leading to a country having to journey on a long road to recovery. These negative consequences can be avoided when the cause for past failures has been studied and alternative measures generated.

This study will also add value to the African countries' citizens. The social contract between the government and taxpayers may greatly improve when taxpayers begin to see the fruits and benefits of their taxes through successful tax reforms. Successful tax reforms that propel increased economic growth muster the countries into rich nations that are attractive for foreign investments, therefore, enabling local businesses to grow and boom. Over and above the possible improvement of the social contract, taxpayers' tax compliance may also increase (which will mean increased tax revenue to accelerate economic growth). Increased economic growth may also lead to economic development; creating better living standards for all citizens. According to Lepenies (2015:376), with increased growth and development, an economy develops. Africa will, thus, grow and eventually clasp the reigns of emerging into a developed economy.

1.2   PROBLEM STATEMENT

Sustainable economic growth and economic development are driven by government financing the economic, political and social infrastructure of the country (Pantamee & Mansor, 2016:190; Eltony, 2002:45).   The primary source of government income is the income derived from the country's tax system (Abata,2014:12; Obgonna & Appah, 2012:62; Bird, 2015:34; Pantamee & Mansor, 2016:192, Kargbo & Egwaikhide, 2012:430).

Economic growth and development in African countries, however, is cripplingly low as a result of low tax revenues (Obgonna & Appah, 2012:66; Bird, 2015:34; Pantamee & Mansor, 2016:192). Several tax reforms have been implemented in African countries with futile results in increasing tax revenue (Bird, 2015:40, Kargbo & Egwaikhide, 2012:439). This study seeks to address the problem of why tax systems in African countries are not yielding sufficient revenue to drive sustainable economic growth, despite several efforts of reforming the tax structures.

1.3   RESEARCH QUESTION

What tax reforms should Africa implement in order to maximise tax revenue and increase economic growth?

1.4   RESEARCH OBJECTIVES

The following are the objectives of the study:
- To identify the tax reforms that have been implemented in African countries in an attempt to generate more revenue for economic growth.
- To identify why the said tax reforms that have been implemented in African countries have not been effective and efficient in increasing tax revenue for economic growth.
- To proffer effective and efficient tax reforms that may be implemented in African countries to maximise tax revenue for economic growth.

1.5   STRUCTURE OF RESEARCH PROPOSAL

The structure of the research proposal is as follows:

1.5.1 Chapter 1: The introduction and project review

This chapter gave the purpose of the study, and the parties that the study will benefit. These aspects were highlighted in the rationale of the study. Also, this chapter set out the direction the study took, (which is answering the research question by achieving the research objectives). The direction established by the research question enabled meaningful contributions to be made to the existing body of knowledge, which was also clearly mentioned in this chapter.

1.5.2. Chapter 2: Method for conducting systematic review

In order to obtain relevant and credible literature for analysis in answering the research question, this study followed a systematised review of literature. Chapter 2 describes the systematic review process adopted to obtain the literature analysed for the study.

1.5.3 Chapter 3: Analysis of data findings

Literature was obtained through a systematic review (as mentioned in 1.5.2. Chapter 3, thus, gives a detailed explanation of the analysis performed on all the literature obtained in the systematic review process.

1.5.4 Chapter 4: Conclusion

This is the final chapter of the research study which will provide a conclusive summary of all the findings of the research study, together with the limitations that the study encountered, and how the research question was answered.

CHAPTER 2

Method for conducting the systematic review

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2   CHAPTER 2 - METHOD FOR CONDUCTING THE SYSTEMATIC REVIEW

2.1   INTRODUCTION

This chapter elaborates on the research design of the study and the method of obtaining the literature used in the study. The systematic review approach was adopted in obtaining and analysing the relevant literature for the study. The approach entailed documenting the steps followed to obtain literature relevant f, using databases and information sources to identify and record the literature, and applying inclusion and exclusion criteria. Keywords were used to search for relevant literature, which was later categorised. The process of searching for literature according to keywords and sorting of information is described in detail in this chapter to ensure the reader is aware of the precise manner in which the articles were obtained.

2.2   RESEARCH DESIGN ELEMENTS

The research design focuses on outlining the plan of the research study by describing the type of the study, the type of data used in the research study and the method of analysis used to answer the research question (Goddard & Melville, 2004:12). The research design enables the research question to be answered by articulating the plan for collecting the data relevant to answering the research question (Goddard & Mellville, 2004:12). This section thus, discusses the execution plan of the study to answer the research question and achieve the research objectives.

2.2.1   Philosophical stance

Research philosophy is the belief and assumptions structure that govern the study in interpreting the results of the study (Stahl, 2014:1). There are three types of philosophical stances that a study can adopt, and these are:

- Positivism: this stance assumes that the highest form of knowledge is scientific knowledge derived from directly studying observable and measurable events (Kaboub, 2008: 343)

- Interpretivism: this philosophical stance whose central assumption is that knowledge is gained through social interactions (Stahl, 2014:3).

- Pragmatism: this philosophical approach assesses theories based on their practicality (Morgan, 2014:1046).

This study falls within the ambit of the pragmatism philosophical style. The reason is because the study seeks to be practically relevant to the current global economic issues; African countries (as developing countries), are in need of funds to fuel development (Abata,2014:12). This study, therefore, seeks to identify how tax systems in Africa can be reformed to yield more revenue to increase economic growth and propel development in these African countries.

2.2.2 Nature of the study

The nature of the study is the type of research a study is classified as (Duloch, 1993:150). There are three types of studies, described below:

- Historical research: According to Vithal (2010:10), this type of research seeks to give a narrative of the past. These studies can offer solutions to current issues, as the motive of a historical research is to understand the past to understand the future better (Maxwell, 2004:7)

- Descriptive Research: This type seeks to provide connections or patterns or characteristics of the subject matter, as well as to suggest and identify areas for further research (Duloch, 1993:154).

- Experimental Research: Experimental research seeks to describe or predict the future through manipulating or varying different variables of existing formulae to estimate future outcomes (Vithal, 2010:10).

The present research falls within the ambit of a descriptive study. This is because the study focused on describing the tax reforms that should be implemented by African countries to increase economic growth; is derived from experimental studies that have been done on tax reforms.

2.2.3 Method of reasoning

The method of reasoning determines how a study deduces inferences from presented premises; that is how a study will conclude on data collected and analysed (Zalaghi & Khazaei, 2016:23). There are three types of reasoning that can be adopted by a study and these are described below:

- Inductive Reasoning: This psychological phenomenon concludes by reasoning, as a result of observation of repetitions or patterns (Zalaghi & Khazaei, 2016:24).
- Deductive Reasoning: Deductive reasoning is antonymous to inductive reasoning and is inference in which a conclusion cannot be false, given the premise is true (Zalaghi & Khazaei, 2016:25).
- Abductive reasoning: This involves reasoning from given data to a hypothesis that explains the data (Zalaghi & Khazaei, 2016:23).

The present research falls within the ambit of inductive reasoning. The reason this study falls within this ambit is because it concluded on a theory that has been formulated from research findings. The theory being the tax reforms that should be implemented in African countries to increase economic growth.

2.2.4 Time horizon

The time horizon is defined as the time taken to complete the research, the time taken to study the phenomena of the research in order to answer the research question and conclude on the findings of the study (Levin, 2014:20). The time horizon of the study is important to establish to determine the time-frame in which the study was carried out (Levin, 2014:20). There are two types of time horizons, and these are described below:

- Cross-sectional study: This study gathers and analyses qualitative and quantitative data to provide conclusions about the subject of study at one point in time (Levin, 2014:24).
- Longitudinal studies: Longitudinal studies analyse quantitative and qualitative data to provide conclusions about the subject of study over points in time (Ployhart & Vandenberg, 2010:94).

The present research falls within the ambit of a cross sectional study because the data collected for the research was collected at one point in time.

2.2.5 Unit of analysis

A unit of analysis constitutes the subject of the research (the subject that will be studied and analysed). It is possible for a research study to have more than one unit of analyses, especially if the study involves identifying the link between different elements or making a comparison between different elements (or even identifying a causal or correlation relationship between elements) (Blalock, 1961:34).

The unit of analysis can be identified from the topic of the research study. This study has two units of analyses. The first unit of analysis in this research is tax reforms in African countries while the second one is economic growth in African countries. These are the focal points of this study; all literature gathered that is needed to answer the research question evolved around tax reforms and the link to economic growth in African countries. It is thus, always important that the unit of analysis is identified to enable the researcher to focus the collection of literature on material that is relevant to the study.

2.2.6 Nature of the data

The nature of the data is the type of data used in the study (Bacon-Shone, 2016:13). There are different types of data and these are described below:
- Quantitative data: This is data that can be expressed or counted in numbers. This type of data is objective and definitive as it is expressible numerically (Bacon-Shone, 2016:15).

- Qualitative data: According to Bacon-Shone (2016:13), this is data that is not numerical in nature and is gathered from sources such as documents, observations, responses to questionnaires and information from interviews.
- Primary data: This is information that is collected for the very first time for a specific study (Johnston, 2014:620)
- Secondary data: Secondary data on the other hand, is data that is collected from already existing sources, such as previous studies done on the specific study (Johnston, 2014:619).

The ambit of this research falls within qualitative and secondary data. The data collected on the research will be from existing sources, therefore, secondary in nature and will not only be expressed numerically.

2.3   SYSTEMATIC REVIEW

As previously mentioned, the study follows a systematic review. A systematic literature review is the analysis of the study through the use of a focused question that combines, identifies and analyses the evidence that points to the objectives of the study (Hastak, Khallaf & Naderpajouh. 2017:1-10). This method is useful in guiding the collection of data that will be presented in the study, to ensure that the data (which is the evidence analysed by the focused question of the systematic literature review) is concise, precise and coherent to the objective of the study (Hastak, Khallaf & Naderpajouh. 2017:1-10). The process of systematic literature review entails the following steps, that are discussed in more detail below:

- Formulation of focused question,
- Development of criteria to be met through the use of a question,
- Searching the literature,
- Assessing the quality of literature and selecting relevant and reliable literature,
- Synthesising the information and using literature that has met the criteria

(Hastak, Khallaf & Naderpajouh. 2017:1-10)

Formulation of the focused question

The question that was formulated for the study is: What are the tax reforms that can be implemented in Africa to increase economic growth? This research question served as navigation for all the steps that were followed in obtaining literature that will assist in answering the research question of the study.

Development of criteria to be met through the use of the question

This step involved establishing the inclusion and exclusion criteria using the research question. The inclusion criteria determined the articles that were included in the study's literature review as they were relevant to answering the research question. The exclusion criteria on the other hand, determined the articles that were excluded from the literature as they were irrelevant to answering the research question of the study. The inclusion and exclusion criteria are discussed further under section 2.4.2.

Searching the literature

This step involved the use of keywords on different databases in the search for literature. The keywords were derived from the research question to ensure that when searching databases, only literature relevant would be generated by the databases. These keywords are explained in detail under section 2.4.3.

Assessing the quality of literature and selecting relevant and reliable literature

This step entailed ensuring that the databases used to generate the articles were credible sources, and this was achieved by using the University of Pretoria library databases.

Synthesising the information and using the literature that has met the criteria

In this last step the articles obtained were sorted and stored on a software library called Qiqqa in order for the information to be useable. This process is described in detail under section 2.4.

The systematic review, therefore, enabled a planned procedure to be carried out in analysing data relevant to answering the research question, hence why this method was chosen.

2.4 IDENTIFICATION AND RECORDING OF ACADEMIC LITERATURE

This section sets out the process that was carried out to identify and analyse the literature that was used to conduct the study on tax reforms in Africa. The literature used in the current study was limited to journal articles. Fifty-three articles were obtained for purposes of this study and keywords (discussed later in section 2.4.3) were used on various scholarly databases to generate articles. These articles were then screened by using specific inclusion and exclusion criteria to ensure that only literature relevant in answering the research question was included. After screening the literature for relevance, these articles were uploaded onto a software programme (called Qiqqa) for analysis.

Qiqqa is a software library, which serves the purpose of storing and analysing literature needed for research purposes (Vithal, 2010:50). It performs several useful functions, however, the main reason for using this software for the current study is because of its efficiency in analysing articles; this analysis was done through a process called "tagging". Tagging is a way in which literature is analysed, by putting relevant tags to each article based on pre-determined elements. After tagging the relevant literature according to the pre-determined elements, detailed summaries of "tagged" data were drawn up and later used to study and draw conclusions. This makes Qiqqa an easy and effective way to analyse the literature.

The section that follows describes the detailed steps of the systematic review applied.

2.4.1 Databases and information sources

The databases that were used to search for articles were limited to scholarly databases provided by the University of Pretoria. The selected databases for the purpose of this study were: ProQuest and EBSCHost. These databases generated peer reviewed articles based on the search criteria. These were then targeted, as they are ranked as the best scholarly

databases by the University of Pretoria Library website in terms of credibility of information generated by them. This ensured that the research is compiled from data sources that are reliable to be able to contribute meaningfully to the body of knowledge. The search criteria were derived from the title of the study, the research question the study sought to address and the research objectives the study sought to achieve. This search criterion is expounded on, under inclusion and exclusion criteria. The databases generated journal articles that formed part of the literature used in this study.

2.4.2   Inclusion – and exclusion criteria

The collected articles were screened (as mentioned in section 2.4.1) before being included in the literature to be analysed; this is because it is necessary to eliminate irrelevant literature that does not contribute to the body of knowledge. These articles were screened using specific inclusion criteria that was derived from the title of the study, the research question and the research objectives. The inclusion criteria ensured that specific articles are included; this inclusion criteria were:

- Year: Only studies which contained information of tax reforms up to the twenty-first century were included to ensure that only relevant and up to date literature was gathered.
- Country: Studies on tax reforms in Africa were included to ensure that tax reforms pertaining to Africa are included, as those are the main focal points for this study.
- Construct: Studies which focused mainly on tax reforms were included to ensure that the literature is focused on answering the research question and meeting the study objectives. Studies which linked tax reforms and economic growth were also included to ensure that articles relevant to the research question are included.

Exclusion criteria was also used to ensure that only relevant literature is included in the study in order to gain the best possible findings and to filter out literature that does not contribute to the main purpose of this study. This exclusion criteria were:

- Year: Studies which focused on tax reforms in the twentieth century and before were excluded; this was to ensure that outdated articles do not form part of this study.

- Country: Studies outside of Africa were excluded as this research focuses on African countries.

- Construct: Studies not closely related to tax reforms (such as tax transparency and tax elasticity) were not taken into account; this was to ensure the exclusion of irrelevant studies.

- Literature type: Studies that were not documented in the form of journal articles were all excluded. This was done to ensure that information gathered as literature consisted of sources that are credible in the body of scholarly education.

2.4.3 Keywords

In order to obtain articles to include and exclude from the literature using the criteria mentioned above, certain keywords had to be established to search for relevant literature in the databases mentioned. For this reason, these keywords were obtained from the title of the study, the research question and the objectives of the study and this was to ensure that the databases would only give suggestions of articles applicable to the study. Table 1 indicates the keywords that were applied to obtain the journal articles; these are explained in detail below:

Table 1: Keywords

Initial Topic	Similar Terms	Broader Terms	Narrower Terms
Tax Reform	Tax structure Tax systems Tax policy	Fiscal adjustment Economic growth Economic development	Tax incentives Tax administration Tax revenue Tax performance Indirect taxes Direct taxes

Table 1 contains four columns, and all the columns were used simultaneously to conduct the search. Column 1 is the topic of the study, from which similar terms (column 2) stemmed from. The phrases 'tax reforms' 'tax structure' 'tax systems' 'tax policy' were, therefore, used synonymously in the search; this enabled the search to be expanded and include articles with any one of those phrases as the topic of discussion.

Column 3 (broader terms) provided the link between tax reforms and economic growth to enable the research question to be answered, as the articles needed to include a link of tax

and economic growth. Column 4 (narrower terms) allowed the search to be expanded as tax and economic growth were limited searches, narrower terms were, thus, different components of a tax system that enabled the search to be expanded. In this way, articles which tackled different components of a tax systems were also generated by the search.

2.4.4 Method for analysis

The study followed a thematic method for analysis. A thematic analysis aims to identify the patterns and trends within the data collected (Vithal, 2010:68). In this study, each of the fifty-three articles were analysed through the process of tagging described in chapter 3 according to fourteen elements. These fourteen elements were used to identify the general trends and patterns of the prior studies that have been carried out on tax reforms and economic growth in Africa, and each of the fourteen elements revealed a trend in the prior studies. These trends are described in detail in Chapter 3.

2.4.5 Summary of literature to be analysed

In order to obtain the fifty-three articles that constitute the literature analysed for this study, a process of elimination was used to filter the publications derived from the search. Figure 1: illustrates this process of elimination; thereafter, the figure is discussed in detail:

Figure 1: Summary of literature analysed
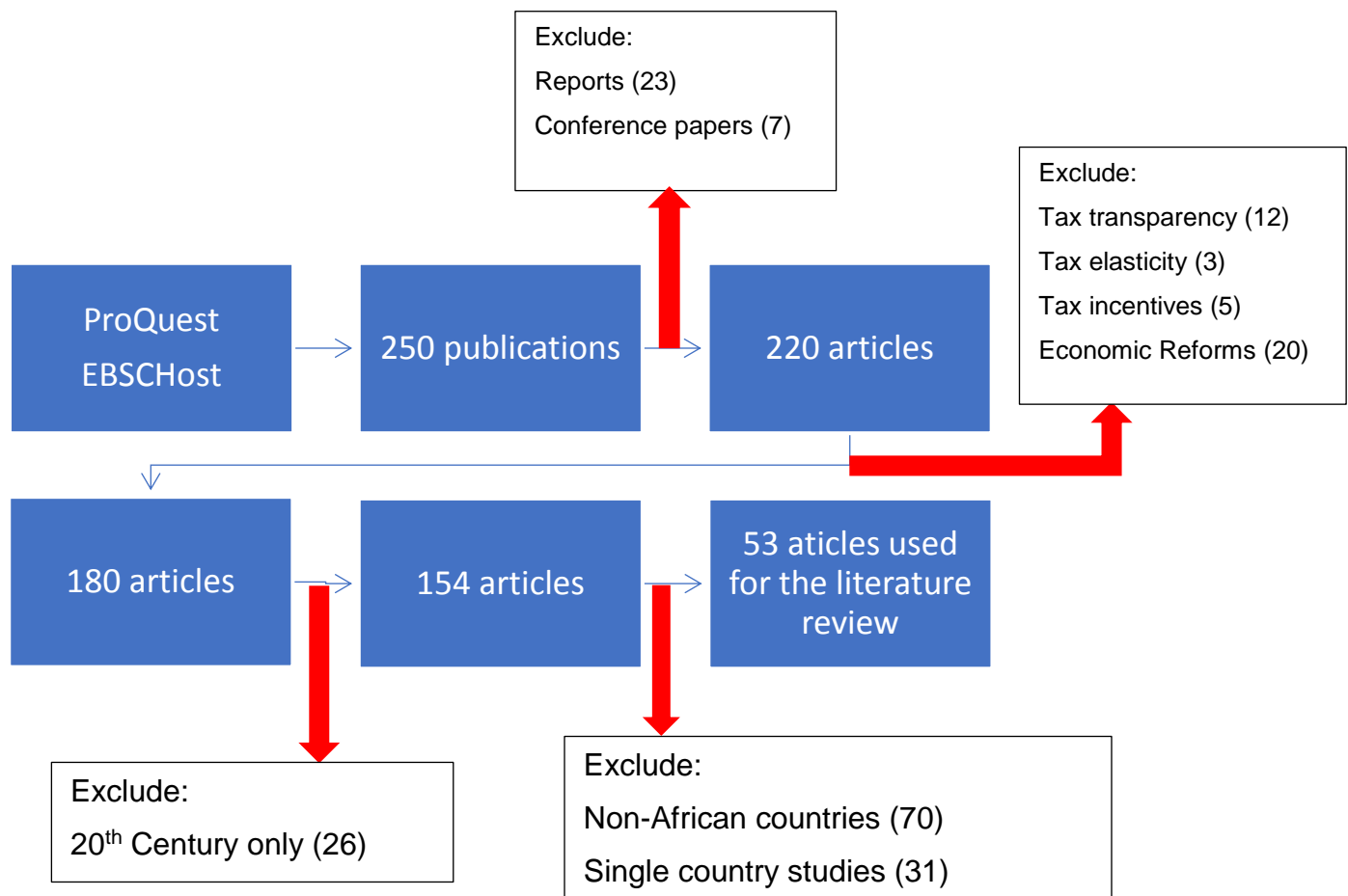
250 articles (as depicted in figure 1) were obtained from the initial search on EBSCOhost and ProQuest. The initial search comprised the use of the keywords described in section 2.4.3 above, mainly encapsulating tax reforms in Africa. To filter the 250 publications further, all articles that were not journal articles, for example conference papers and reports from various recognised financial institutions and bodies, were excluded. Conference papers and reports were excluded as they constitute grey literature, which is not deemed credible. After excluding all conference papers and reports, 220 journal articles remained.

In order to focus the literature to this study, the journal articles were filtered according to the titles of the journal articles. All articles where the titles included; tax transparency, tax incentives and tax elasticity were excluded in order to remain with articles relevant to answering the research question. Furthermore, economic reforms which related to the

economy of a country but not necessarily tax systems, were also excluded as the study focused only on tax reforms.

Further, to ensure that outdated data is excluded, only journal articles that included tax reforms from the 21st century were included, ensuring that current data on reforms that are still in place are analysed. Lastly, to ensure that the literature is specific to Africa, studies on tax reforms implemented in non-African countries was excluded; this enabled a meaningful analysis of literature on current reforms in African countries. Studies on tax reforms implemented on a specific tax (only applicable in that country) and not in all other African taxes were excluded. This enabled the study to focus on tax types common in most African countries.

The process of obtaining the fifty-three articles that constitute the literature analysed was, therefore, very thorough, and ascertained that only relevant and credible journal articles to remained to be analysed in order to answer the research question.

CHAPTER 3

ANALYSIS OF DATA & FINDINGS

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3   CHAPTER 3 – ANALYSIS OF DATA & FINDINGS

3.1   INTRODUCTION

Chapter 3 comprises of four sections namely, the introduction, a general analysis of the literature, tax reforms analysis, and future recommendations.

The introduction gives an overview of what is covered in all the sections of this chapter. After applying the keywords, inclusion and exclusion criteria to the abovementioned databases, fifty-three articles were obtained and analysed. The general analysis aims to elaborate on the analysis performed on the fifty-three articles that constitute the literature of the research, and to explain the findings of the analysis based on fourteen general elements of analysis used. The tax reforms analysis gives an overview of the dominant tax reforms that were identified from the general analysis performed. Lastly, this chapter tenders recommendations of the tax reforms that aim to increase tax revenue to substantially fund economic growth.

3.2   GENERAL ANALYSIS PERFORMED ON ARTICLES

To analyse the existing literature, on the subject of tax reforms in Africa, fourteen elements were used to group and analyse the literature by using the tagging function on Qiqqa. Tagging is a way in which literature can be analysed by putting the elements as tags to each article stored on Qiqqa. After tagging all articles according to the elements, a Qiqqa pivot report was then generated which gave a detailed summary of the analysis of the journal articles based on the tags. The elements which were used to tag the articles are: construct, discipline, data analysis, research classification, research method, country perspective, taxpayer perspective, year of publication, reasoning stance, period of reform, the time horizon, nature of data (consisting of two components), and the ABDC listing. Each element

is discussed and explained in detail to understand how the researcher got to the relevant findings. Lastly, the findings of the analysis, which were derived from the Qiqqa pivot report are discussed in detail in this section.

3.2.1 Construct

A construct is defined as the subject, fundamental theme or main idea being researched in the study (Vithal, 2010:25). In order to gain an understanding of the ground that has been covered in the research area of tax reforms in Africa, the constructs in all the articles were considered. This gave an overview of the aspects of tax reforms that have already been extensively researched, and those that have not been researched. Table 2 illustrates the constructs that were found, as per the analysis, in the literature, and these constructs are explained in detail below the table:

Table 2: Summary of constructs in the literature

Construct	Number of articles
Company tax and economic growth	1
Corporate tax developments	1
Customer loyalty programmes	1
Direct and Indirect taxes	1
Economic reforms and economic growth	1
Flat tax	1
Food prices and tax reforms	1
Import tax changes	1
Long-term economic growth	1
Optimum tax	3
Petroleum profit tax and economic growth	1
Policy and economic growth	1
Property tax reforms	6
Revenue authorities and tax administration reforms	3
Tax administration reforms	3
Tax buoyancy	1
Tax competition, tax harmonization and VAT	1
Tax compliance and small, medium enterprises	1
Tax elasticity	1
Tax evasion	1

Tax incentives and tax reforms	6
Tax policy reforms	4
Tax revenue	4
Tax revenue and economic growth	1
Tax structures and economic growth	2
Trade taxes and tax reforms	3
Value Added Tax (VAT) and economic growth	1
Wealth Tax	1
Total	**53**

Table 2 has two columns, Column 1 states all the different constructs that were studied in all the fifty-three articles obtained. Column 2 states the number of articles that studied the construct. The purpose of analysing the construct was to obtain the statistics of the topics that have been covered in prior studies in order to avoid the duplication (by this study) of prior studies that have been carried out on these constructs. Of the fifty-three articles collected, twenty-one constructs were found in the literature focusing on tax reforms in Africa, thus showing that the research focus area of tax reforms is very broad because of the various tax types that are present in Africa; tax reforms can be on any one of the numerous tax types. This provided more guidance towards answering the research question of the study. The analysis of the constructs (having given an overview of the different types of taxes studied in Africa) enabled the study to focus on the tax types that are common and dominant in most African countries. This enabled the research study to break new ground in the tax types that are dominant in Africa and recommend relevant and viable tax reforms for the continent, by focusing on the tax types that are dominant.

According to Table 2, out of the twenty-one constructs that focused on tax reforms, the constructs that had the greatest number of studies was property tax, tax incentives, direct taxes, indirect taxes and tax administration. This was a likely indicator that property tax, tax incentives, direct taxes, indirect taxes, and tax administration are the most dominant tax reforms in African countries as the studies on these tax types were covered in most of the African countries. With these dominant tax reforms, the research objective (to understand why existent tax reforms have failed to substantially raise revenue for economic growth) can be achieved. This objective can be achieved by thematically analysing the successes and failures of these dominant tax reforms.

With these dominant tax types, the research objective (to proffer solutions of the tax reforms that need to be implemented in Africa to substantially raise revenue for economic growth) was achieved. This objective was achieved by identifying and focusing on the gap in the tax reforms on these dominant tax types; therefore, allowing the study to contribute meaningfully by suggesting salient tax reforms for the continent. It is of utmost importance that the tax reforms recommended come from a background of understanding the tax types that are actually present and dominant in most African countries. The tax types commonly present meant the recommendations will be relevant. Dominant tax types meant recommendations will be meaningful, as they targeted the taxes that are the larger contributors to revenue because, to substantially increase revenue and drive sufficient economic growth will require focus on tax systems that contribute significantly.

3.2.2 Discipline

A discipline can be commonly defined as a subject taught. The definition can be expanded to also include a body of accumulated expertise knowledge on a subject identified in an academic institution (Vithal, 2010:22).

The discipline element showcased how much attention has been given to the subject of tax reforms in Africa. Table 3 illustrates the disciplines (the journals) from which the articles were published, and these disciplines are explained in detail below the table:

Table 3: Disciplines

Discipline	Number of articles
Accounting and management	1
African Business	2
African Development	1
African Law	1
Applied Business	2
Applied Finance	1
Business and Economics	2
Commerce and Accounting	1
Developing areas	2
Development Southern Africa	1

Economic and Financial Issues	1
Economic and Financial Sciences	2
Economic Integration	1
Economics and Administrative Sciences	1
Economics and Management Studies	4
Economics and Social Studies	1
Global Transitions	1
International Business and Economics	1
International Development	2
International Financial Law	1
International Law and Management	2
International Management and Development	1
International Politics	1
International Public Finance	1
International Studies	1
International Tax and Public Finance	2
Law, Democracy, and Development	1
Modern Studies	1
Policy and Studies	1
Politics	1
Property management	2
Property tax assessment and administration	1
Public Administration and Development	1
Public Administration, Finance and Law	1
Public Budgeting and Finance	1
Public Finance Management	2
Science, Technology and Arts Research	1
Social Sciences	1
South African Industrial Engineering	1
Total	**53**

Table 3 has two columns, column 1 states all the disciplines for all the fifty-three articles obtained. Column 2 indicates the number of articles that were covered by the discipline. Through the analysis of the discipline, an indication of the relevance of the study was derived. The research area has been covered in thirty-nine disciplines, which can be an indication that the study has drawn attention from many disciplines. This is a likely indicator that the matter of tax reforms is still intriguing and an ongoing field of discovery, making it a

very relevant study with much still to be learnt on the subject. The literature was thus also well representative of the tax reforms as it covers a large knowledge base written from different denominations of studies, compiling multiple ideas from many and different experts, therefore, most likely gave a true reflection of the subject matter.

3.2.3   Data analysis

Data analysis is the process by which the data is structured into useful and meaningful data that can be interpreted to answer the research question (Vithal, 2010:66). As this is a large process, there are different data analysis techniques, however only the techniques used in this study are defined:

- Correlation analysis: This aims to identify the relationship between two variables through statistical evaluation (Vithal, 2010:67).
- Descriptive analysis: This aims to provide detailed summaries, or overviews, or explanations of the features studied in the research (Vithal, 2010:67).
- Regression analysis: This aims to identify the relationship amongst several variables (more than two) through an analysis of the response of the dependent variables to an independent variable (Vithal, 2010:68).
- Thematic analysis: Aims to identify the patterns and trends within the data collected (Vithal, 2010:68).

The data analysis element revealed the methods previous studies on tax reforms in African countries employed in analysing the data pertaining to the subject, in an attempt to understand factors that influence the structuring of tax reforms as well as to decipher new factors which have not been accounted for in tax reforms in Africa. This enabled the study to be up to date and relevant on focusing on factors in tax reforms that are currently being discovered or debated: those that worked but have not been given the attention, or those that have not been suggested. This helped achieve the objective of the study of presenting effective tax reforms that can be implemented in Africa.

Table 4 illustrates data analysis techniques that were mainly used in prior studies derived from the literature, and these are explained in detail in the table below:

Table 4: Data analysis techniques

Data analysis technique	Number of articles
Correlation analysis	5
Descriptive analysis	17
Regression analysis	25
Thematic analysis	6
Total	**53**

Table 4 has two columns, column 1 states all the data analysis techniques identified for all the fifty-three articles obtained. Column 2 states the number of articles that were analysed using the techniques in column 1. The findings indicate that the studies done were describing a certain phenomenon of tax reforms (descriptive analysis), and to analyse different variables to proffer factors that should be incorporated in tax reforms based on the relationship of variables (correlation and regression analysis) to make a tax reform effective or ineffective.

The regression and correlation analysis indicated that the studies on tax reforms focused intensively on identifying and studying relationships that paint a picture of the effectiveness and efficiency of a tax reform in order to make recommendations of factors that should be incorporated in implementing them. On the other hand, thematic and descriptive analysis techniques indicated that the studies have also focused on identifying and describing the trends in tax reforms, such as what prior reforms have focused on and alienated.

The studies, however, neglected a huge element, factors that can be implemented in tax reforms to maximise economic growth. Studies only focused on what tax reforms should be incorporated, but this was done in isolation from maximising economic growth. This study, therefore, identified the gap in the literature and will fill it by proposing alternatives that may be implemented to increase economic growth.

3.2.4 Research Classification

Research classification is the nature of the of the study (Duloch, 1993:150). All the different types of studies are defined in section 2.2.2.

The research classification element gave an overview of the types of studies that have been carried out on tax reforms in African countries. This gave an indication of the approach which had been taken to address the subject matter, therefore, enabling the study to adopt the approach that would best answer the research question. Table 5 illustrates the research classifications of the literature articles, and these are explained in detail below the table.

Table 5: Research classification

Research classification	Number of articles
Descriptive	34
Experimental	17
Historical	2
Total	**53**

Table 5 has two columns, column 1 states all the types of research classifications identified for all the fifty-three articles obtained. Column 2 states the number of articles that were classified as the type of research stated in column 1.

The results indicate that 64.2% (being thirty-four out of fifty-three articles) of the studies done on tax reforms have been to describe certain phenomena of tax reforms (descriptive research). Very little studies have been historical (3.7%, being two out of fifty-three articles) which could indicate how the subject is not a topic of history and it is still being studied and discovered. A total of seventeen out of fifty-three studies (32%) were experimental, showing that multiple studies have attempted to produce models for tax reforms that should be implemented.

A large number of the studies have been descriptive, which denotes that prior studies have mainly focused on describing the phenomena of taxes and tax reforms; this enabled the researcher to comprehend the economic position of the continent and the history and development of tax systems in Africa. Furthermore, the researcher obtained a sound background and understanding of the phenomena that affect tax reforms in the continent; understand the causal relationships in the continent and apprehend trends in the tax reforms in the continent.

The number of studies that is experimental, although not the bulk, is significant. This suggested that the research question of this study had not yet been fully answered as a percentage of studies are carrying out experiments to understand the functioning of tax reforms in Africa. It is, however, not to be ignored that the percentage of experimental studies although significant, is also small. This betokened that a few studies have ventured into producing models of reforms that can be implemented. It needed to be ascertained whether these experimental studies where in prior or recent years. Models in prior years indicated that there is a chance that models have been put forward but have been overlooked and not implemented. Models in recent years indicated that there is still an attempt to establish successful models for implementation. This enabled the study to make a recommendation on the direction that should be taken based on the understanding of what has been done and that which has not been done.

3.2.5   Research Method

Research method is the tool used to collect the data, relevant for the study; to answer the research question, solve the problem of the study and achieve the research goals (Walliman, 2011:1).

The research method element showed how the information on tax reforms in Africa was gathered in previous studies. Table 6 illustrates the research methods that appeared in the literature, and these are explained in detail below the table:

Table 6: Research Methods

Research Method	Number of articles
Case Study	39
Grounded theory	4
Simulations	5
Statistical modelling	5
Total	**53**

Table 6 has two columns, Column 1 states all the types of research methods identified for all the fifty-three articles obtained. Column 2 states the number of articles whose research method is the method stated in column 1.

The findings indicated that the majority of the studies were case studies (73.6%, being thirty-nine out of the fifty-three articles) meaning that the studies were very focused on the particular region in question. The literature from the case studies was, thus, trusted to be a credible source of information pertaining to the region as it involved extensive studying of the region as a case study. A few studies were grounded theories being tested out, comprising four out of the fifty-three articles. Simulations and statistical models were also used to give predictions of the impact of certain variables on tax reforms or present a suitable tax reform method; these each represented five out of the fifty-three articles. The research methods were, thus, mixed and this makes the literature data well representative as an executive summary for tax reforms in Africa and recommendations for tax reforms.

With a bulk of the studies being case studies, the research study was able to articulately execute the research objectives. This was feasible because it is unlikely for lack of literature to be a limitation for the study as it is evident there is profuse literature on tax systems pertaining to Africa. With literature being in great profusion, the study was able to collate trends, compile detailed explanations and devise solutions

3.2.6 Country Perspective

For the purposes of this study the country perspective was defined as the country which the study was done for. The country perspective highlighted the regions that have been covered in the research of tax reforms in Africa. Table 7 illustrates the countries which the studies were based upon, and these are explained in detail below the table:

Table 7: Country Perspective

Country	Number of articles
Africa	6
Botswana	1
Cameroon	1
Developing countries	11
East Africa	1
Egypt	1
Ethiopia	1

Francophone Africa	1
Ghana	1
Kenya	1
Namibia	1
Nigeria	7
SADC (Southern Africa Development Community) countries	2
Sierra Leone	1
South Africa	8
Sub-Saharan Africa	4
Tanzania	3
Uganda	1
Zimbabwe	1
Total	**53**

Table 7 has two columns, column 1 states all the countries focused on by the fifty-three articles obtained. Column 2 states the number of articles that focused on the country mentioned in column 1. This gives an overview of the regions that have been covered by the literature on the study of tax reforms in Africa. The fact that studies covered groups of countries in Africa collectively, and many countries singularly in Africa, shows that the study is very applicable to many parts of Africa as a developing economy. This, therefore, illustrated the pertinence of the study to the whole of Africa. The fact that studies covered groups of countries in Africa collectively also indicates that it is possible to forth put tax reforms suitable to many African countries. This is because, where countries can be grouped together, it is plausible to say it is due to similarities that enable them to be grouped together and studied collectively. Furthermore, as the literature covered a vast number of countries in Africa, it was more likely to give a fair representation of the data pertaining to tax reforms in Africa (which increased the likelihood of adequately achieving the objectives of the study). This is because the large coverage enabled an analysis of the continent on a large scale.

Lastly, the country perspective also indicated the regions in Africa that have not been covered, suggesting that the research area is still gaining traction in Africa. This enabled the study to also give attention to regions and countries in Africa that have been isolated.

3.2.7. Taxpayer perspective

For the purposes of this study, the taxpayer perspective was defined as the type of taxpayer the study focused on; the taxpayer being a person legally liable to pay tax. The taxpayer perspective indicated which taxpayers have been targeted in the reforms of prior studies.

Table 8 illustrates the taxpayer perspectives that were addressed in the literature of which the studies were based on, and these are explained in detail below the table:

Table 8: Taxpayer perspectives

Taxpayer perspective	Number of articles
Companies	4
Companies and individuals	3
Companies, individuals and government officials.	3
Companies and multinationals	1
Individuals and government officials	2
No taxpayer perspective	40
Total	**53**

Table 8 has two columns, column 1 states all the taxpayers focused on by all the fifty-three articles obtained; column 2 states the number of articles that focused on the taxpayers mentioned in column 1.

75% of the prior studies on tax reforms in Africa did not focus on specific taxpayers. This gives an archetype of the approach used in prior studies, that of a holistic approach. A holistic approach is a probable indicator that studies looked at tax systems in their entirety and in connection to different taxpayers. Focusing on one group of taxpayers limits the approach to that of only one tax or a few taxes applicable to that group of taxpayers which may limit understanding the true implications of a tax system on other taxpayers. Not adopting a taxpayer perspective, therefore, eliminates the possibility of looking at tax systems in isolation to other taxpayers and enhances the understanding of the functioning of a tax system as whole, with implications on all economic parties (the taxpayers). This made it possible to make enabled making suggestions that ensure a balanced tax system that would thrive by supporting all taxpayers; not at the expense of other taxpayers.

Supporting all taxpayers alleviates the risk of damaging the social contract between governments and taxpayers by benefit all taxpayers without compromising others. Having observed the approach adopted in prior studies, the researcher was able to establish the approach the study should take, while cognisant of the risks and benefits of taking a holistic approach versus focusing on a group of taxpayers.

3.2.8 Year of publication

For the purposes of this study the year publication was defined as the year in which an article was published in the journal from which it was derived.

The year of publication gave an overview of the time period that has been covered in the-studies published on tax reforms in Africa. Table 9 illustrates the years of publication that the journal articles were published, and these are explained in detail below the table:

Table 9: Year of publication

Year of publication	Number of articles
2001	3
2002	1
2004	1
2005	3
2009	3
2010	2
2011	5
2012	5
2013	3
2014	4
2015	5
2016	4
2017	4
2018	8
2019	2
Total	**53**

Table 9 has two columns, column 1 states all the years of publication for all the fifty-three articles obtained; column 2 states the number of articles that were published in the year stated in column 1.

The years of publication give a narration of the progression of the study and its relevance. The fact that studies on tax reforms have been performed since as early as 2001 indicates that, even in that decade, the need for effective and efficient tax reforms in Africa existed. In this decade, however, the research area did not gain much traction as the number of studies did not significantly increase; this could possibly be connected to the state of the economy. This may be an indication that, although there was a need for a reform it had not yet become crucial.

The studies published from 2011, which fall in the second decade, gradually increased; this could possibly be linked to a rising awareness that the need for effective and efficient tax reforms to be adopted in the continent was increasingly becoming imminent. In the year 2018, there was a significant spike in the number of studies published, making 2018 the year with the highest publications. This amplified the notion of the cognisance of the need for the adoption of effective and efficient tax reforms; even more that the need has become indispensable. The requisite need for tax reforms could possibly be attributed to the economic situation in Africa, as it has been established that the revenue position in the continent is low and Africa is suffering from economic starvation. This reflected the imminent need for substantial revenue to fund sustainable growth and development. This much-needed revenue that can possibly be derived from tax systems, as they are the largest contributors of revenue. The urgency of the need for reformation is to empower these tax systems in Africa to be effective and efficient tools for generating revenue for the developing economy. With an increased number of publications in the year 2018, it indicated that the research study is germane to the current global economic conversation of Africa as a developing economy and would thus contribute meaningfully to the body of literature.

3.2.9 Method of Reasoning

The method of reasoning determines how a study deduces inferences from presented premises, that is how a study will conclude on data collected and analysed (Zalaghi & Khazaei, 2016:23). There are three types of reasoning that can be adopted by a study, and these were described in section 2.2.3.

The reasoning element was used to gauge the purpose of the studies, whether the study presented a theory for a tax reform that can be implemented (abductive reasoning) or described the factors of tax reforms and predicted possible directions of reforms (inductive reasoning). Table 10 illustrates the methods of reasoning that were adopted in the literature, and these are explained in detail below the table:

Table 10: Method of reasoning

Method of reasoning	Number of articles
Abductive reasoning	13
Inductive reasoning	40
Total	**53**

Table 10 has two columns, column 1 states all the methods of reasonings identified for all the fifty-three articles obtained. Column 2 states the number of articles that adopted the method of reasoning stated in column 1.

75% of the studies adopted the inductive reasoning, which indicates that many studies have focused on analysing prior tax reforms and existing tax structures to put forth theories of the fundamentals of establishing tax reforms. Furthermore, these studies have also set out theories on the implications of the implementation of current and prior tax reforms. This enabled a collation of different perspectives from different researchers relating to a specific type of tax reform that will allow meaningful comparison. From the comparison, the study was able to identify the points of convergence in these studies, as well as differences to be able to impactfully achieve the objective of why prior tax reforms have failed to generate sufficient revenue to finance economic growth in Africa. Even more, the comparison of the data enabled the identification of the gap in the literature appertaining to tax reforms in Africa, which became the focal point of this study.

25% of the studies adopted the abductive reasoning, which indicates that these studies attempted to predict the outcomes of the tax reforms that have been currently adopted in Africa. The fact that a smaller portion of studies predicted outcomes possibly indicated that not many tax reforms had been implemented or that improvements had been implemented to test and make predictions. This could also be an indication that many existent tax structures had not been significantly reformed. It was, however, possible to analyse from this study if predictions had come true by ascertaining if new reforms had actually been implemented. This enabled the research achievement of the objective of putting forth recommendations of what tax reforms should be implemented, avoiding the repetition of tax reforms that have failed and presenting reforms that have not yet been implemented.

3.2.10 Period of reform

For the purposes of this study, the period of reform was defined as the time frame in which a tax reform was implemented, and that also being the period in which the study covered in analysing the tax reform.

The purpose of the period of reform element was to analyse the periods in which reforms were implemented to have a timeline that has been covered. This enabled for the period gap to be identified; the period for which reforms have not been adopted by countries, and that is the period that the research study will focus on.

Table 11 illustrates the periods that were covered in the reforms, and these are explained in detail below the table:

Table 11: Period of reforms

Period of reforms	Number of articles
1960-2007	1
1965-2007	1
1960-2017	1
1970-1990	1
1971-2005	1
1975-2009	1
1980-2005	1
1981-2014	1
1985-2004	1
1990-2014	1
1990-2015	2
1991-2007	1
2001	1
2002	1
2002-2016	1
2003-2012	1
2004-2008	1
Early 200s	1
No specific period of reform	34
Total	**53**

Table 11 has two columns, column 1 states all the periods of reforms focused on by all the fifty-three articles obtained. Column 2 states the number of articles that focused on the period of reform stated in column 1.

According to the findings, most studies that had a time-frame covered reforms which were implemented over a twenty-year period. This suggested that tax systems in Africa do not reform frequently; because if this were the case, it would be difficult to conduct studies. Covering such large periods would result in the data being too substantial to cover, and this helped to answer the research question as the frequency of tax reforms could be the reason why tax systems have not yielded substantial funds for economic growth, as they are not evolving.

Furthermore, the periods would have constituted great coverage on reforms performed in Africa if more studies had covered the same periods. Only one study, at most two studies,

referred to a certain period, thus not providing extensive information on the tax reforms implemented in that period, nor creating room for comparison of views of the success and failures of the tax reforms implemented in that period. The fact that the coverage period is as recent as 2017, however, indicated that the study area remains relevant as information on very recent years is still being published.

Lastly, most of the articles did not have a reform period, and this indicated a forward focus approach of making recommendations of the future (based on the information discovered at the point of time the study was carried out). The limitation of only one study covering a certain period was, however, still significant.

3.2.11. Time horizon

The time horizon is defined as the time taken to complete the research, the time taken to study the phenomena of the research in order to answer the research question and conclude on the findings of the study (Levin, 2014:20).

The time horizon element was used to gain an understanding of the time intervals in which data for tax reforms in Africa was collected. There are two types of time horizons, cross-sectional and longitudinal. A cross-sectional study gathers and analyses qualitative and quantitative data to provide conclusions about the subject of study at one point in time (Levin, 2014:24). Longitudinal studies analyse quantitative and qualitative data to provide conclusions about the subject of the study over points in time (Ployhart & Vandenberg, 2010:94).

All fifty-three articles were cross-sectional studies. This indicated that all the studies were based on information that was collected at one point in time. This may be the reason why there is no information on the progress of reform models that have been recommended in prior studies. No data has been collected and observed constantly over a period of time to put forth a review of tax reform models suggested; whether they have been implemented at all or whether they are efficient or otherwise.

3.2.12. Nature of the data (primary/secondary data)

The nature of the data is the type of data in the study (Bacon-Shone, 2016:13). There are different types of data; this section focused on whether the data in the journal articles was secondary or primary.

The element of primary or secondary data enabled the analysis of the nature of the literature data. Primary data is information that is collected for the very first time for a specific study (Johnston. 2014:620). Secondary data, on the other hand, is data that is collected from already existing sources, such as previous studies done on the specific study (Johnston, 2014:619).

Table 12 illustrates the nature of the data analysed in all the fifty-three journal articles, and the results are discussed below the table in detail:

Table 12: Nature of data

Nature of data	Number of articles
Primary	5
Secondary	48
Total	**53**

Table 12 has two columns; column 1 states the two types for nature of data. Column 2 states the number of articles whose data type is stated in column 1.

Almost all the data used in the respective studies was obtained from secondary sources and only five articles obtained primary data in the form of surveys. This indicated that, to answer the research question, most information would have to be gained from secondary sources through studying prior studies.

3.2.13. Nature of the data (qualitative/quantitative data)

The nature of the data is the type of data in the study (Bacon-Shone, 2016:13). There are different types of data; this section focused on identifying whether the data used in the journal articles was qualitative or quantitative.

The element of qualitative or quantitative data enabled the analysis of the nature of the literature data. Quantitative data is data that can be expressed or counted in numbers. This type of data is objective and definitive as it is expressible numerically (Bacon-Shone, 2016:15). According to Bacon-Shone (2016:15), qualitative data is data that is not numerical in nature and is gathered from sources such as documents, observations, responses to questionnaires and information from interviews.

Table 13 illustrates the nature of the data analysed in all the fifty-three journal articles, and the results are discussed below the table in detail:

Table 13: Nature of data

Nature of data	Number of articles
Qualitative	36
Quantitative	17
Total	**53**

Table 13 has two columns; column 1 states the two types of the nature of data. Column 2 states the number of articles whose data type is stated in column 1.

The qualitative data was aimed at the theoretical aspects of tax reforms and quantitative data represented simulation and model calculations to generate tax reforms and optimum taxes. The literature was thus very well-rounded as it contained both theoretical information and quantitative data, which is yet to be tested.

Furthermore, the qualitative and quantitative data gave an overview of the information which the studies focused on, enabling the knowledge gap to be identified. The theoretical information presented in the qualitative studies focused on tax reforms, in alienation of economic growth, and the tax reform models suggested in the quantitative studies also alienated economic growth in their tax reform models. There are a few studies that focused on both tax reforms and economic growth, and that is what this study sough to draw attention to (it focused on how tax reforms can be reformed to increase economic growth in African countries).

3.2.14. The ABDC List

The Australian Business Deans Council (ABDC) publishes the ABDC list, which is a list of journals rating them from A*, A, B, C to "not ranked". The ratings are according to the credibility of the content of articles published in that journal (to give an assessment of the quality of the content of information published in the journal). This review of the quality of the journal is done every year to ensure that the journals are constantly rated for the quality of their article publications (ABDC, 2019).

The academic journals captured on Qiqqa were searched for on the ABDC-list to verify the rating that the academic journal has. The ratings indicate the reliability and quality of the content of the academic journals, with an A* ranking representing the highest and best rank (which means the journal is very reliable and has exceptional credentials). An A rank represents excellent credentials, while a B rank represents good credentials and a C rank represents satisfactory credentials.

Table 14 illustrates the ratings of all the fifty-three journal articles that comprise the literature analysed and the ratings are explained in detail below the table:

Table 14: ABDC List

Rating	No of articles
A	2
B	9
C	18
None	24
Total	**53**

Table 14 has two columns, column 1 states all the possible ratings according to the ABDC list. Column 2 states the number of articles that received a rating stated in column 1.

From the fifty-three journal articles, 2 articles had an A rating; 9 articles had a B rating, where 18 articles had a C rating. This means that information from those journals is highly ranked in scholarly studies as reliable and excellent work. 24 journal articles, constituting less than half of the articles, had no rating per the ABDC list. The rankings give a reflection of the number of highly ranked scholarly journals that are focusing on a topic, the fact that (of the rated articles) most received a C rating, and a high number of the articles were not ranked

possibly indicated that the study was not being focused on by the recognised and prestigious scholarly journals. This could be an indication of the reason why the research area of tax reforms in Africa had not made breakthroughs and this could be due to the study area not having gained traction in highly rated scholarly journals that are influential enough to draw attention of economists and governments, to enable the study theories to be implemented in economies. On the other hand, the fact than more than half of the articles were listed on the ABDC list showed tremendous potential to draw attraction in the more influential and credible journals. The research is, thus, progressing and has not yet been fully exhausted, as it still makes its way up the scholarly journal ladder. The ABDC list is, nonetheless, not exhaustive and does not take all journals into account. All the articles in the study are peer-reviewed and credible to be used.

3.3 ANALYSIS OF DOMINANT TAX REFORMS IN AFRICA

This research study sought to analyse the tax reforms that have been implemented in Africa and factors that led to the failure or success in generating increased revenue for economic growth. The study also sought to proffer mechanisms for effective and efficient implementation of tax reforms in Africa and subsequently, the pertinent tax reforms for Africa's tax systems. This is to contribute meaningfully to the current agenda of bringing Africa's tax systems to tap into untapped potential to yield significant revenue to propel substantial economic growth in Africa. Substantial economic growth will drive the development and growth of Africa's economy.

In order to achieve the aforementioned, fifty-three articles were analysed to identify salient tax reforms to recommend in Africa, as well as the methods of execution. The previous section revealed that tax incentives, property tax, tax administration, direct and indirect taxes are the most dominant tax reforms in African countries. Studies on these tax reforms were covered in most of the African countries and regions. This section provides a generic summary of the extensive analysis of these dominant tax reforms. With these dominant tax reforms, the research objective (to understand why existent tax reforms have failed to substantially raise revenue for economic growth) was achieved. This objective was achieved by thematically analysing the successes and failures of the tax reforms of these dominant tax reforms and pointing the way forward.

The literature revealed that there are variations to the definition of a tax reform or the purpose thereof. There are, however, two definitions that are widely accepted in many studies, the first definition being: "*Tax reform- the procedure for tax collection and ways to improve the tax administration by the government having multiple purposes which have been studied in delve to minimize the problems of tax avoidance and tax evasion through good governance, for absorbing strong lobbying, the political demands, the political agreements, the political willingness, to adjust the effect of economic crises and international influences, to neutralize the anti-incumbency effect, to beat the inflationary effect and to scan the futures of the reporting country's politics*" (Deb, 2018:40).

The second widely adopted definition being: *"Tax reform is conceptualised as occurring in an economic system that contains unique information problems for the participants When the tax system is out of equilibrium, often due to exogenous shocks, pressure builds, both within and outside the country, to restore the equilibrium. Tax reform (or tax change) is viewed as an attempt to bring the system back to equilibrium by moving toward an outcome that equates the marginal benefits of public spending with the marginal costs (loss of political support due to increased tax liabilities for certain groups)"* (Vehorn, 2011:325).

According to Kargbo & Egwaikhide (2012:442), tax reforms ought to be a continuous and systematic process, and not discretionary or sporadic, in order for an economy to grow and remain competitive. To achieve this requires a detailed analysis of information in order to design effective reforms (Kargbo & Egwaikhide, 2012:442). Abdel-Molwa (2012:53) emphasised that, in Africa, tax obstacles are still a major problem however, well-designed tax reforms can result in a large reduction of the severity of existent tax obstacles. According to Vehorn (2011:325), the relationship between tax revenues and government expenditures is critical; for this reason, it is crucial to study policies that specifically relate to the region of study in order to propose relevant policies. This section, therefore, provides a generic summary of the extensive analysis of the dominant tax reforms in order to understand why existent tax reforms have failed to substantially raise revenue for economic growth.

3.3.1 Tax Incentives

According to Munongo and Robinson (2017a:35), in order for an economy to grow and develop, it is essential for the country to attract significant foreign investments. In Africa, natural resources are the largest attraction for foreign investment (Munongo & Robinson, 2017a:35). Africa is in dire need of large amounts of capital to combat the socio-economic problems stemming from unemployment and poverty in the continent (Munongo & Robinson, 2017a:35). The necessary substantial amounts of capital required to utilise the vast and substantial natural resources in the continent need to be significantly sourced from foreign capital (Munongo & Robinson, 2017a:35).

Africa, is thus, experiencing a growing trend in reforming tax systems to largely incorporate tax incentives as a major strategy to attract foreign investors (Munongo & Robinson,

2017a:36; Collins, 2018:11; Klemm & Van Parys, 2012:393; Li, 2016:232; Munyanyi & Chiromba, 2015:27).

Tax incentives have multiple definitions. According to Munongo and Robinson (2017a:36), tax incentives are special tax concessions provided only to investment projects that meet certain qualifying criteria. Another definition of tax incentives are that they are fiscal measures which governments utilise to attract international and domestic investments (Munongo & Robinson, 2017a:36; Munongo Akanbi & Robinson, 2017b:153). Tax incentives are also defined as special tax concessions used to reduce the effective tax burden for qualifying investors (Munongo *et al*, 2017b:153;). An alternative definition of tax incentives is that, tax incentives are tax reductions and or exclusions only made available to foreign investors (Munongo *et al*, 2017b:154; Munyanyi & Chiromba, 2015:28). Last but not least, tax incentives are also defined as preferential tax treatment made available only to foreign investors and different to tax treatments applicable to all (Li, 2016:234; Munyanyi & Chiromba, 2015:28).

It is acknowledged that tax incentives are developed with the objective of stimulating economic growth, and the hope of increasing the capital that can be obtained for the use and enhancement of Africa's natural resources (Munyanyi & Chiromba, 2015:31; Li, 2016:233; Klemm & Van Parys, 2012:394; Munongo *et al,* 2017b:154).

Despite the increased use of tax incentives by African countries, the use of tax incentives has, however, become increasingly controversial, with factors pointing towards the ineffectiveness of tax incentives in attracting foreign investment (Munongo & Robinson, 2017a:36, Collins, 2018:12; Klemm & Van Parys, 2012:393;Li, 2016:232; Munyanyi & Chiromba, 2015:31). It has also been perceived that tax incentives are doing more damage than good, by detrimentally reducing the tax base at the expense of the African host country (Munongo & Robinson, 2017a:36, Collins, 2018:12; Klemm & Van Parys, 2012:420). "African countries are grappling with striking the right balance between encouraging multinationals to invest and ensuring that they give back to the domestic governments" (Collins, 2018:12). It appears that African countries get it wrong by making tax systems unreasonably lenient towards foreign investors and companies, tilting the scales disproportionally towards foreign investors and companies (Collins, 2018:12).

Tax incentives, furthermore, seemingly produce more costs than benefits as harmful tax competition arises among the African countries resulting, in a rapid race to winning the lowest tax rates (Abbas & Klemm, 2013:597; Munongo *et al*, 2017b:152; Klemm & Van Parys, 2012:420; Li, 2016:232). Some African countries have gone to as low as zero percent, which proves to defeat the purpose of tax systems being a tool to establish a tax base that is healthy for driving the transformation of the economy (Abbas & Klemm, 2013:613; Collins, 2018:12; Li, 2016:233).

The vicious cycle of harmful tax competition is intensified by fiscal decentralisation, which is common in African countries as a result of the autonomous power of subnational government divisions competing to lower taxes, even for reasons that are not credible (Li, 2016:254). Furthermore, the rapid globalisation of businesses also intensifies the harmful tax competition resulting from tax incentives as nations compete to have the lowest company taxes to attract investors (Abbas & Klemm, 2013:597).

Another disadvantage brought about by tax incentives is that, countries that do not have the best tax incentives lose out on investment projects, even though they could possibly have been the better host for those investments (Munongo *et al*, 2017b:162). Tax competition shifts production to countries with lower tax rates and not necessarily the best producers (Munongo *et al*, 2017b:162). This means Africa (as a developing economy) loses out, as host countries that do not have the best capacity to accommodate the investment to full fruition (for the benefit of Africa as a whole economy) may win vital investments projects critical to the agenda of progressing Africa as a developing economy.

On the other spectrum, tax incentives result in revenue being lost from investment projects that are rejected because they do not meet the criteria to qualify for tax incentives. The potential revenue that is lost from such projects could have contributed to revenue collection, no matter how small (Munongo *et al,* 2017b:158). Moreover, revenue can be lost due to governments being unable to monitor the compliance status of foreign investors ((Munongo *et al,* 2017b:159).

Another demerit for tax incentives is that, tax incentives result in immediate loss of revenue, as host nations forgo the revenue that can be collected at a higher rate in the hope that lower rates will attract more investments and result in more revenue (Li, 2016:235). This is a huge risk as the 'hoped-for' revenue may never materialise (Li, 2016:235).

There is also a danger of having activities or markets that are overly incentivized or under incentivized, creating an imbalance that cause tax incentives to be redundant or unable to stimulate growth and correct market failure (Munongo *et al*, 2017b:158).

Tax incentives have also resulted in resentment from domestic residents who feel the tax incentives favour foreigners at the expense of domestic residents, further damaging the already fragile social contract between resident taxpayers and the governments, which affects tax compliance (Munongo *et al*, 2017b:152). Additionally, some studies have supported the notion that non-tax factors are more effective than tax incentives in attracting foreign investment (Munongo *et al*, 2017b:153; Li, 2016:255; Klemm & Van Parys, 2012:420; Munyanyi & Chiromba, 2015: 33). The economic conditions in the host nation, such as infrastructure, public goods provision, human capital, and institutions existent, are non-tax factors that can attract foreign investment and also determine the economic position of a country, which influences the success of tax incentives (Munongo & Robinson, 2017a:37; Munongo *et al*, 2017b:152). It is also difficult to largely attribute the increase of investments solely to the success of tax incentives, as governments can integrate other growth reforms along with tax incentives (Munyanyi & Chiromba, 2015:32)

Even more, where bureaucrats have the power to determine the projects that qualify for tax incentives, corruption can fester, as, these bureaucrats will have the opportunity to partake in rent seeking activities for personal gain even at the expense of the nation (Munongo *et al*, 2017b:159; Li, 2016:235; Munyanyi & Chiromba, 2015:47).

Tax incentives, nonetheless, do have benefits, such as attracting foreign investors (as they can possibly reduce the risks for investors by offsetting the effects of poor infrastructure and macroeconomics and the absence of effective institutions), making investing in African countries more appealing (Munongo *et al*, 2017b:152, Munongo & Robinson, 2017a:37).

Tax incentives have the benefit of improving the welfare of the residents of the country through increased investment, which creates employment and revenue to be utilised by the government for funding necessities, such as public goods and infrastructure (Munongo *et al*, 2017b:152) and supporting or funding local authorities (Munyanyi & Chiromba, 2015:31). Tax incentives also have the potential to correct market failure by counterweighting revenue loss from the reduction of factors of return on production due to income taxes, loss of imports due to import taxes, and loss of production from companies due to poor or under investment (Munongo *et al*, 2017b:159; Munyanyi & Chiromba, 2015:33).

Furthermore, tax incentives can attract investments that bring about beneficial externalities, such as environmental-friendly technology, advanced technologies, infrastructural growth, which can increase production effectiveness, efficiency and quantities (Munongo *et al*, 2017b:159). Subsequently, tax incentives may improve economic conditions and make the country a viable and attractive investment, as well increase revenue for governments.

In conclusion, there is a great debate about the effectiveness of tax incentives in attracting investment to increase revenue and subsequently fund economic growth. It is acknowledged that tax incentives do have benefits however, it must be established whether these benefits outweigh the costs for tax reforms focusing on tax incentives to be appropriate and productive in African tax systems. African countries need to understand their economic positions initially and then consider if tax incentives will be more beneficial or detrimental. Furthermore, African countries need to analyse the level of tax incentives that is healthy for economic growth and the level at which tax incentives become more toxic than healthy, by not adding more burden to the economy or draining it. Lastly, African countries need to consider whether tax incentives are the only resort to increase foreign investment (before implementing tax reforms that introduce or increase tax incentives).

3.3.2   Property taxes

The reformation of property taxes has been on the agenda of tax reforms in multiple countries in Africa (Kelly, 2005:36; McCluskey & Franzsen, 2018:19; Babawale & Nubi, 2011:129, Monkam, 2011:63, Babawale, 2013:227, McCluskey & Franzsen, 2005:54). Property tax is an annual *ad valorem tax* levied on the ownership or occupation of property

(Babawale, 2013:226). There is a general consensus on studies that have been done on property taxes in Africa; these studies suggest that property taxes are in dire need of reformation (Kelly, 2005:36; McCluskey & Franzsen, 2018:19; Babawale & Nubi, 2011:129, Monkam, 2011:63, Babawale, 2013:227, McCluskey & Franzsen, 2005:54).

Property taxes undeniably have the capacity to be one of Africa's largest contributor of revenue, however, this capacity has not been utilised. There are four fundamental elements that impact the effectiveness of property taxes and these are; collection, coverage, tax rate and valuation. It is from these fundamental elements that reforms for Africa's property taxes need to stem, as problems affecting the untapped potential of property taxes to yield significant revenue to drive economic growth lie in the poor implementation and execution of these critical elements. (Kelly, 2005:36; Babawale & Nubi, 2011:146, Monkam, 2011:71, Kampampa, Mosha, Adeyemi & Mooketsi, 2018:27).

In relation to the fundamental pillar of the collection of property taxes, it has become apparent that poor tax administration has hindered effective and efficient collection of property taxes, thus, resulting in high numbers of defaulters who face no enforcement action for non-payment (Kampampa *et al*, 2018:30; McCluskey *et al*, 2005:61; Babawale, 2013:235; Monkam, 2011:68; Kelly, 2005: 49). Furthermore, the tax administration of property taxes is not being funded in Africa, due to complacency and the ignorance of the meaningful contribution that properly administered property tax systems could make to the economy (Kampampa *et al*, 2018:30; McCluskey & Franzsen, 2005:61; Babawale, 2013:235; Monkam, 2011:68; Kelly, 2005: 49). Lastly, a lack of knowledge of property taxes has also resulted in chronic non-compliance from taxpayers, making collection levels staggeringly low (Monkam, 2011:68).

In terms of the element of valuation of the property on which the tax is levied, there have been two main problems. The first problem being related to ineffective and extremely complex or outdated property valuation systems used in African countries (Babawale, 2013:235; Kampampa *et al*, 2018:34-35; McCluskey & Franzsen, 2005:60; Monkam, 2011:71, McCluskey & Franzsen, 2018:19). Secondly, a lack of qualified valuators impedes accurate valuations of property, resulting in incorrect collection of amounts of property taxes (McCluskey & Franzsen, 2005: 58; McCluskey & Franzsen, 2018: 21)

With respect to collection (which refers to the tax base that is covered by property taxes), property taxes are not collected effectively due to many taxpayers being left out. The negligence is as a result of Africa's property taxes not being fully aware of the taxpayers and having a means of keeping them accountable for the payment of their property taxes (Kelly, 2005:51; McCluskey & Franzsen, 2018:28-29; Babawale, 2013:235; Kampampa, 2018:39).

Regarding the tax rate used for property taxes, which is the rate at which the property taxes are levied, there are poor definitions of what the applicable tax rates should be due to lack of proper clarification in the legislation (Babawale, 2013:236, McCluskey & Franzsen, 2018:24, Kampampa *et al*, 2018:33). Even more, property tax rates go for several years without revision, and when changed often take time to be approved and come into effect (Kampampa, 2018:33).

The recommendations that have been made regarding the efficient collection of proper taxes include; penalties for non-compliant taxpayers and tax education of property taxes (possibly through media channels) to encourage compliance (Kelly, 2005:50; Kampampa *et al*, 2018:41). Another suggestion was sustainable tax administration procedures, through reforms that focus on the tax administration of property taxes (McCluskey & Franzsen, 2005:61; Monkam, 2011:71; Kelly, 2005:50). In order to achieve sustainable tax procedures, effective tax administration can be achieved through computer-assisted mass appraisal (which involves making manual property tax systems obsolete my computerising systems) (Ward, 2001:43; Kelly, 2005:51). Computer-assisted mass appraisal will aid in making collection efficient by ensuring more accurate valuation of property, management of processing large amounts of data relating to property taxes (such as taxpayer information and applicable tax rates) through computer-based systems (Ward, 2001:43; Kelly, 2005:51). Furthermore, tax legislation relating to property taxes should be simplified to make it easily understandable to taxpayers, which will increase compliance and, ensure that the tax does not create an administrative burden on revenue authorities (Kelly, 2005:51).

Valuation systems for property taxes in Africa should aim to be transparent, certain, simple, equitable, cost effective and convenient by being simplified and updated regularly in

alignment to the tax administration procedures implemented (Babawale, 2013:238). To adopt effective and efficient valuation systems, computer-assisted mass appraisal systems should be introduced to avoid the use of human labour, which can result in incompetent valuators performing valuation of property (subsequently affecting collection due to incorrect property values used to levy the tax) (Ward, 2001:43). Additionally the use of computer-assisted appraisal systems for valuations and administration, as well as simplification of property tax legislation and valuation basis ought to mitigate the dangers that arise from the incorrect application of tax rates due to lack of knowledge or tax complexity (Ward, 2001:43; Kelly, 2005:51; Babawale, 2013:238).

To enlarge the tax base and increase coverage and revenue, it has been advised that exemptions in legislation relating to property taxes should be reassessed to minimise the multiple generous exemptions that exclude a lot of property from being subject to property tax, subsequently eroding the tax base (McCluskey & Franzsen, 2005: 58; Monkam, 2011:71).

In conclusion, the fundamental elements and the adversities of the property tax systems in Africa have been established in prior studies. In addition, various prior studies have also made recommendations for Africa's property tax systems to yield significant revenue to fund economic growth. There has, however, been little evidence of the implementation of recommendations. The reformation of Africa's property tax systems appears to be in the same position as it was a decade ago, as evidenced by most studies in the general analysis. These studies indicate that the mechanisms to improve property tax systems in Africa in order to generate substantial revenue are still being documented. There is little to no documentation of the success of property tax reforms in generating large amounts of revenue to fund economic growth extensively, despite the several solutions that have been brought forward in prior studies. As a way forward, Africa needs to start working on the implementation of the solutions that have been suggested in prior studies. This will result in making progress in the reformation of property taxes and enable the continent to explore the potential of increased revenue that may be trapped in the inefficiency of the property tax system in Africa.

3.3.3 Tax Administration

In order for a tax system to thrive, good tax administration is paramount (Kangave, 2005:145; Bird, 2015:24). Tax administration is defined as the implementation of a tax system (Bird, 2015:24). The effectiveness and efficiency of the tax administration of a tax system determines its revenue capacity (Pantamee & Mansor, 2016:192). There is general concession that revenues can be raised considerably through tax administration. The more administratively efficient and effective a tax system is, the greater the ability to generate revenue (Pantamee & Mansor, 2016:192; Ogbonna & Appah, 2012:62; Bird, 2015:25; Kangave, 2005:175; Devas, Delay & Hubbard, 2001:211; Ha & Rogers, 2017:506). In most African countries, however, tax systems suffer from poor tax administration, which hinders the ability of the tax systems to work adequately as a tool for generating ample revenue to finance economic growth (Bird, 2015:24; Pantamee & Mansor, 2016:192; Kangave, 2005:145; Kizito, 2014:125).

The barriers to tax administration that African countries have faced include; tax evasion, corruption of taxation agents, lack of trust in the government's ability to be good stewards of tax revenue, insufficient labour in tax centers to meet the large demands and quantities of taxpayers (Kizito, 2014:113; Kangave, 2005:145).

In spite of the restrictions to tax administration, there have been significant efforts to improve tax administration in several African countries through the establishment of revenue authorities to administer taxes (Fjeldstad & Moore, 2009:12, Devas *et al*, 2001:211; Kulindwa, 2002:396; Letete, 2012:122). Recommendations for streamlining procedures and simplifying tax legislation have been made to improve tax administration (Vehorn, 2011:325). Tax administration reform models aimed at providing a framework for reformation that can be applied in most African countries have also been suggested, although they have not yet been tested as yet (Pantamee & Mansor, 2016:196; Kanagve, 2005:175). Even so, the need for Africa to reform tax administration remains critical (Pantamee & Mansor, 2016:192; Ogbonna & Appah, 2012:62; Bird, 2015:25; Kangave, 2005:175; Kizito, 2014:125; Devas *et al*, 2001:211).

A tax administration reform can be defined as the amendment of existing tax legislation and administration procedures by the government in order to augment collection of tax revenue (Bird, 2015:26; Ogbonna & Appah, 2012:63; Pantamee & Mansor, 2016:194). Kizito (2014:108) advocated that it is of utmost importance for a tax administration reform to consolidate accountability, advancement of professionalism, awareness of benefits and imperatives of taxation in corporate and personal lives. The benefits of a successful reform to the general public include facilitation of investments and savings, cultivation of strategic competitive advantages and stimulation of economic activity (Kizito, 2014:108).

According to Pantamee and Mansor (2016:195), most tax reforms in African countries have failed due to focusing solely on tax policies, instead of tax administration. This notion, however, has not been proved and the literature indicates that Africa's tax system is indeed in dire need of tax administration reforms. There has been little to no acknowledgement that the lack thereof is the ultimate cause of the poor revenue performance of Africa's tax systems.

In conclusion, there is much more that still needs to be done to reform tax administration in African countries as several constraints hindering the success of tax systems in Africa remain. If the constraints mentioned above are not mitigated, tax administration reforms may not yield the results they have the potential to achieve in Africa (Kizito, 2014; Pantamee& Mansor, 2016:192; Vehorn, 2011:323). Africa, thus, must work towards addressing the restraints that prohibit proper tax administration before the full tax benefits of a proper tax administration system can be experienced (Kizito, 2014; Pantamee & Mansor, 2016:192; Vehorn, 2011:323).

3.3.4   Direct and Indirect taxes

In Africa there are two dominant taxes, direct and indirect taxes (Pidduck & Odendaal, 2013:1521; Leyaro, Morrissey & Owens, 2010:431; Keen & Mansour, 2010:567; Feger, 2014:363; Adefeso & Tawose, 2015:49; Jalata, 2014:156). Direct taxes are defined as taxes levied on the wealth and income of companies and individuals (Pidduck & Odendaal, 2013:1521; Jalata, 2014:157). Indirect taxes, on the other hand, are taxes levied on the consumption of certain commodities or specific transactions entered into (Pidduck & Odendaal, 2013:1521; Jalata, 2014:157).

In Africa, of the two dominant taxes, indirect taxes are a greater contributor to revenue (Pidduck & Odendaal, 2013:1521; Leyaro *et al*, 2010:431; Keen & Mansour, 2010:567; Feger, 2014:363; Adefeso & Tawose, 2015:49; Jalata, 2014:156). The reason being that, Africa's tax structure is largely skewed towards indirect taxes due to policy, structural and institutional factors in the continent that create an inconducive environment for the collection of direct taxes (Feger, 2014:363; Leyaro *et al*, 2010:449; Phiri, 2016:235; Adefeso & Tawose, 2015:49; Jalata, 2014:156). Direct taxes are more susceptible and responsive to policy, structural and institutional events, thus affecting collection. Indirect taxes, on the other hand, are not and hence they can still contribute more to revenue collected (Feger, 2014:363; Leyaro *et al*, 2010:449; Phiri, 2016:235; Adefeso & Tawose, 2015:49; Jalata, 2014:156).

The current literature which concurs with the findings in the studies above; has revealed an emphasis on the need for African countries to focus on reforms which will enhance indirect taxes in order to maximise revenue and subsequently fund economic growth in the continent exponentially (Feger, 2014:377; Leyaro *et al*, 2010:449; Adefeso & Tawose, 2015:61; Phiri, 2016:249; Jalata, 2014:156)

3.4   RECOMMENDATIONS OF TAX REFORMS THAT SHOULD BE IMPLEMENTED IN AFRICA

In the previous section 3.3, an executive summary of the dominant tax reforms that have been employed in Africa was laid out. The purpose of this section is, thus, to provide suggestions for the tax reforms that should be applied in Africa in order to maximise revenue collection and finance rapid economic growth. The proffered solution is derived from the conclusions of the tax reform summaries given in section 3.3. The tax reform that the study puts forward as a recommendation is an indirect taxes reform, specifically, regional economic integration through the tax harmonisation of Value Added Tax(VAT) laws and this reform is discussed in this section in detail.

3.4.1 Indirect taxes

As established in the previous section indirect taxes are the greater contributor to revenue (Pidduck & Odendaal, 2013:1521; Leyaro *et al*, 2010:431; Keen & Mansour, 2010:567; Feger, 2014:363; Adefeso & Tawose, 2015:49; Jalata, 2014:156). Africa should focus on tax reforms that improve the collection of indirect taxes in order to maximize tax revenue as indirect taxes are not easily susceptible to economic conditions and thus can be collected more stably (Feger, 2014:377; Leyaro *et al*, 2010:449; Adefeso & Tawose, 2015:61; Phiri, 2016:249; Jalata, 2014:156).

Indirect taxes are indispensable as they have a larger tax base, unlike direct taxes (such as personal income tax and company tax) which only relate to a certain percentage of the population, those that are essentially above the tax threshold and companies making profits (Casale, 2012:27). Indirect taxes, on the other hand, affect the entire population regardless of wealth or income position since they are levied on consumption of goods and services (Casale, 2012:27). VAT, sales tax, fuel levies, customs duties, and excise duties are examples of indirect taxes in developing countries (Phiri, 2016:234).

As indirect taxes are based on consumption, they fuel tax competition between countries because individuals seek to import zero-rated goods from other countries or whose indirect tax is lower, in comparison to their own country (Letete, 2012:120). Tax competition is defined as the force that drives the battle of lowering taxes, in hope to pose a lucrative investment (Abbas & Klemm, 2013:597; Kangave, 2005:175; Munongo *et al*, 2017b:159).

Within in a nation, tax competition leads to a reduced tax base and revenue for countries with higher rates. Unemployment subsequently follows due to reduced demand and diminished purchasing power, as personages in the country turn to the countries were goods are cheaper (Munongo *et al*, 2017b:161). This is detrimental to the collection of revenue needed to fund economic growth as the tax base is condensed. Unemployment may result due to a reduction in the country's tax base due to degenerated production and spending. Direct taxes on personal incomes, in turn, plummet as income earners decline, making the economy poorer. Direct taxes on companies plunge as company profits lower due to degenerated production and spending. Crime rates consequently heighten as a means of

survival. The aforementioned events of unemployment bourgeon into the pestilence of poverty and stunted economic growth, posturing a country unattractive for investment. Lack of investments means a country is not receiving capital to fund economic growth, has limited access to funds to finance public goods, infrastructure and, in turn lead to the exacerbation of economic conditions and an impending nosedive of the economy into a recession.

Arguably, tax competition can be a good prod for countries to improve their tax systems (Munongo *et al*, 2017b:162). In African nations, however, tax competition enterprises malicious lowering of tax rates as countries ferociously compete to lower tax rates to as little as zero. This, in turn, abolishes the purpose of taxes to generate the requisite revenue to fund the economy and exterminates the benefit of healthy competition that can lead to improved tax systems (Abbas & Klemm, 598; Munongo *et al*, 2017b:162).

Tax competition is, therefore, damaging to the success of indirect taxes, which is very problematic as it cripples the revenue channel from one of the biggest contributors of revenue in African countries and affects the African countries on a larger scale as. The solution to tax competition is, thus, tax harmonisation (Letete, 2012:120; Munongo *et al*, 2017b:162). Tax harmonisation is the collaboration of nations to set uniform tax rates (Munongo *et al*, 2017b:159; Letete, 2012:119). For this reason, regional economic integration through the tax harmonisation of VAT laws is recommended as the way forward for African countries. VAT a large contributor of revenue in Africa. Tax harmonisation of VAT laws through regional economic integration will restrict the capability of other countries in the region to improve their positions at the cost of other countries in the same region (Letete, 2012:119).

3.4.2 Regional Economic Integration of VAT laws in Southern African Development Community (SADC)

Regional integration of laws means the amalgamation of policies (Dirar, 2014:125; Enaifoghe & Asuelime, 2018:103). Africa has several regional economic communities; these include the SADC, the East African Community (EAC), the common Market for Eastern and Southern Africa (COMESA), Economic Community of Central African States (ECCAS), Economic Community of West African States (ECOWAS), the Community of Sahel-Saharan

States (CEN-SAD), and Intergovernmental Authority on Development (IGAD) (Ismail, 2017:139).

It is argued that regional economic communities in Africa suffer the weakness of the so-called "Spaghetti Bowl" which is a result of several African states being member states of more than one regional economic community (Ismail, 2017:139; Organisation for Economic Co-operation and Development (OECD), 2017:23; Jordaan, 2014:530). The "Spaghetti Bowl" effect has made regional economic integration in Africa highly predisposed to failure as it sources redundant costs, legal uncertainty, sluggish enactment of reforms (Ismail, 2017:139; OECD, 2017:23). For this reason, the study proffers the regional economic integration of VAT laws in one regional economic community (the SADC) for enhanced ease of collaboration.

African states are more accessible and open to other continents except the African continent states; this is inimical to regional trade and the formulation of viable regional value chains (Ismail, 2017:144; OECD, 2017:11; Jordaan, 2014:529; Golit & Adamu, 2014:120).

Tariff barriers of VAT laws within the SADC can be reduced by intelligible regulatory policies across the SADC states and information transparency amongst member states (OECD, 2017:23,35). Specifically, the mechanisms for orchestrating the integration of VAT legislation comprise; co-ordination and alignment of VAT rates and a homogeneous list of reductions and exemptions of VAT (OECD, 2017:39)

Regional integration of the SADC's VAT laws will upsurge latent growth for all SADC states. Integration will result in improved resource allocation athwart the region, augmented market size for member states enhanced trade opportunities for member states and increased economies of scale (OECD, 2017:6; Jordaan, 2014:529; Kayizzi-Mugerwa, Anyanwu & Conceição 2014:2; Vakataki' Ofa & Karingi, 2014:96). Increased economies of scale enabled the ability of the SADC members to operate and influence in the global market, subsequently increasing economic growth through the generation of substantial revenue (OECD, 2017:6; Jordaan, 2014:529; Kayizzi-Mugerwa, Anyanwu & Conceição 2014:2; Vakataki' Ofa & Karingi, 2014:96).

Regional integration will be beneficial to all African member states in the region of integration. The integration of VAT legislation in the SADC will boost cross-investments among member states, intra-regional trade of member states through the advancement of liberal movement of trade and goods, increased productivity within states (OECD, 2017:39; Kayizzi-Mugerwa *et al*, 2014:2; Jordaan, 2014:529; Vakataki' Ofa & Karingi, 2014:96; Golit & Adamu, 2014:120; Enaifoghe & Asuelime, 2018:102). In turn, this will propel equitable and vigorous economic growth, subsequently extenuating the plague of unemployment and poverty in Africa (Kayizzi-Mugerwa *et al*, 2014:2; Vakataki' Ofa & Karingi, 2014:96; Golit & Adamul, 2014:120; Enaifoghe & Asuelime, 2018:85).

3.5   RESEARCH ETHICS

According to Fouka and Mantzorou (2011:3) ethics in research involve the integrity in the daily work of collecting data, interpreting data, and drawing conclusions in the research.

In this study there was no data collection from primary sources; no data was gathered through surveys, questionnaires or interviews, thus, no ethical code for human participation had to be followed. Data was, however, collected through secondary sources, all of which were honestly referenced and given credit in the study. No credit was taken for information that was not original. The researcher also adhered to the ethics policy of the University of Pretoria, the academic institution at which the researcher is enrolled. Furthermore, the conclusion was made honestly from the evidence in the data collected.

3.6   SUMMARY

With fourteen elements, this chapter orchestrated two forms of analysis on the fifty-three articles collated as the literature of the study. The first analysis entailing the general analysis of the literature (adopting a wholistic view on the fifty-three articles which enabled the research study to ascertain the relevance of the study and to identify a gap in the literature). This analysis revealed that there are four dominant tax reforms that have been executed in Africa, namely tax incentives, property taxes, tax administration and direct and indirect taxes. This enabled the research objective to proffer solutions of tax reforms that need to be implemented in Africa to substantially raise revenue for economic growth to be achieved.

This objective was achieved by using the fourteen elements to analyse the four prominent tax reforms, resulting in the identification and exploitation of the gap in the tax reforms on these dominant tax types. The use of the elements to scrutinise the dominant tax reforms comprised the second analysis referred to as the analysis of tax reforms, which illuminated the gap in the literature (being the causes for the failure of each dominant tax reform). Fixating on the gap allowed the study to contribute meaningfully by suggesting a salient tax reform for the continent, which is the regional integration of VAT laws in the SADC region.

CHAPTER 4

CONCLUSION

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4   CHAPTER 4 - CONCLUSION

4.1   INTRODUCTION

In this final chapter, the discoveries that the research study elaborated on are presented in a conclusive summary. The strengths and the limitations that governed the systematic review carried out in the study to collate findings are elucidated. The gaps in the literature that the study sought to fill are illuminated. The framework in which the research question of the study was answered is also explicated, together with the recommendations for future studies. Lastly, final remarks of the research study are made.

4.2   HOW THE RESEARCH QUESTION WAS ANSWERED

It is irrefutable that Africa's tax revenue levels are detrimentally low and not in a deleterious manner (Kangave, 2005: 145; Obgonna & Appah, 2012:65; Bird, 2015:34; Pantamee & Mansor, 2016:192; Munongo & Robinson, 2017a:35). Low levels of revenue have truncated economic growth in the nation, funnelling into the evident pestilence of poverty and unemployment that have plagued the continent time immemorial (Kangave, 2005: 145; Obgonna & Appah, 2012:65; Bird, 2015:34; Pantamee & Mansor, 2016:192; Munongo & Robinson, 2017a:35). Increased revenue is needed to combat the economic and social issues that have spiralled from unemployment and poverty in order to drive economic growth and development of the continent (Kangave, 2005: 145; Obgonna & Appah, 2012:65; Bird, 2015:34; Pantamee & Mansor, 2016:192; Munongo & Robinson, 2017a:35). For this reason, this study sought to proffer tax reforms that ought to be effected in Africa in order to raise extensive revenue to finance substantial economic growth in Africa through answering the research question, what tax reforms should African countries implement to maximise and increase economic growth in the continent.

The initial step was to understand the functionality of the currently employed tax reforms that have failed to consequently generate ample revenue to fund economic growth. This was done to ascertain the relevance of the study and identify the gap in the literature. This was accomplished through the systematic review process using fourteen elements to collect and analyse literature, in order to discern meaningful conclusions. The fourteen elements were; the construct of each journal article, year of publication, discipline, research classification, research method, data analysis technique, country perspective, taxpayer perspective, period of reform, the nature of the data (qualitative or quantitative, and primary or secondary), method of reasoning, time horizon and the ABDC listing.

The elements of research classification, disciplines, and the year of publication gave an indication of the relevance of the study. The study of tax reforms in Africa is pertinent as gaining traction from numerous disciplines. The study of tax reforms in Africa gained impetus from 2012 up to, and including, 2019 as studies within this research area are incessantly being published in 2019.

The element of country perspective highlighted the regions in Africa that have been focused on and neglected. Focused regions emphasised the pertinence of the study in Africa. On the other hand, neglected regions emphasised the capacity of the study to influence numerous African countries that have yet attempted to significantly maximise tax revenue and increase economic growth.

The element of taxpayer perspective revealed that studies have focused on a holistic approach to tax structures and not specific taxpayers; this enabled the generation of solutions with nation-wide impact on all taxpayers. The element of tax period of reforms gave an overview of the timeline of reforms that have been studied; this revealed that tax systems have been reformed from as early as 1960 up until 2017. Thus, stressing the importance of the study to commend effective reforms for maximising tax revenue and increase economic growth.

The elements of time and nature of the data gave an indication of how information in prior studies was collated, and this was mainly through secondary sources and at one point in time. This highlighted the limitation of a lack of literature that had been collated over time in

order to implement and monitor reforms previously conferred. The ABDC listing gave guidelines on the credibility of the literature used in the research study.

Lastly, the construct element identified that property tax, tax incentives, direct and indirect taxes, and tax administration are the contemporary prevailing tax reforms in African countries. This enabled the gap in the literature to be identified. The gap being the reasons for the failure of each dominant tax reform. Fixating on the gap entailed scrutinising the existing framework and structure in which the predominant tax reforms are operating to understand the reasons for their failure.

Tax reforms that heavily advocate the use of tax incentives have been futile because, more often than not, the costs of tax incentives outweigh the benefits. In relation to property taxes, no ground-breaking measures have been reached; property taxes remain a big contributor of revenue with latent potential that has not been fully exploited. With reference to tax administration, reforms are merely the tip of the iceberg, African states need to excavate and resolve the barriers to proper tax administration. These barriers to tax administration include tax evasion, corruption of taxation agents, lack of trust in the government's ability to be good stewards of tax revenue, insufficient labour in tax centers to meet the large demands and quantities of taxpayers (Kizito, 2014:113; Kangave, 2005:145). Lastly in relation to indirect tax reforms (although the largest contributor of tax revenue), they have been hindered by harmful tax competition athwart African countries (Pidduck & Odendaal, 2013:1521; Leyaro *et al*, 2010:431; Keen & Mansour, 2010:567; Feger, 2014:363; Adefeso & Tawose, 2015:49; Jalata, 2014:156).

The systematic review, therefore, facilitated an identification of the factors that led to the failures and hindrances of the eminent tax reforms in Africa in generating increased revenue for economic growth, successively enabling the study to contribute meaningfully to commending tax reforms that Africa's tax systems ought to execute to apprehend the objective of yielding significant revenue to propel substantial economic growth in Africa.

Ultimately, the study reached a conclusion that Africa should focus on tax reforms that improve the collection of indirect taxes in order to maximize tax revenue as indirect taxes

are not easily susceptible to economic conditions and thus can be collected more stably. One of the biggest obstacles to the success of indirect taxes in generating substantial revenue is harmful tax competition and this would be overcome through the regional integration of VAT laws in SADC. Regional economic integration through tax harmonisation of VAT laws was the proffered tax reform that Africa needs to employ to maximise tax revenue and increase economic growth in the continent.

Regional integration of VAT laws in the SADC will maximise tax revenue and increase economic growth through enhancing cross-investments among member states; increase productivity and economies of scale. Enlarged market sizes, global market influence and improved resource allocation will also be the benefits of regional integration of VAT laws in the SADC.

4.3   LIMITATIONS

In carrying out the study, the following limitations were encountered:

- Limited literature: not many studies have been carried out on the integration of VAT laws. This limited the research from making recommendations on how, and which VAT laws should be integrated in SADC.
- Difficulty in compiling coherent tax reforms in Africa: several reforms were one country-related, consequently not being reflective of Africa as a whole. This restricted the study from covering more reforms as there was insufficient time to synchronise all single-country related tax reforms and identifying if possible solutions lay in those reforms.
- Taxes affect countries differently: this limitation posed difficulty in deriving the similar impact of taxes on most African countries.
- All the studies were cross-sectional: this limited the study from exposure to literature which has been collated over time, taking into account the implementation of prior suggestions of reforms to prevent suggesting another solution which is yet to be proven.

The following assumption was made in the study:

- Economic growth and economic development are synonymous

4.4 RECOMMENDATIONS FOR FUTURE RESEARCH

African states are more accessible and open to other continents, except the African continent states. This is inimical to regional trade and the formulation of viable regional value chains. Regional integration is currently barricaded by multiple barriers, such as overlapping membership of African states in multiple regional economic communities, complex regulatory policies and a lack of transparency of information (Ismail, 2017:144; OECD, 2017:11; Jordaan, 2014:529; Golit & Adamu, 2014:120).

Multiple barriers exist to the effective employment of regional integration in Africa. Regional integration has the potential to largely shift Africa's economic growth onto an upward trajectory. Future research should, thus, be carried out to identify how barriers to regional integration of VAT laws in Africa should be eradicated and pave a way for a new era of an integrated Africa, with a larger global market influence. Furthermore, future research should focus on compiling an effective integrated SADC VAT legislation.

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