

- Final mini-dissertation -
EXPLORING TAX SYSTEMS IN AFRICA

by

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CHAPTER 1

Introduction and project overview

1 CHAPTER 1 – INTRODUCTION AND PROJECT OVERVIEW

1.1 RATIONALE / MOTIVATION FOR THE RESEARCH

Effective tax systems are critical in ensuring sustainable development in a country. They can assist in widening the domestic tax base, reinforcing the credibility of government and achieving a fairer allocation of the costs and benefits attributed to the phenomenon of globalisation (Fjeldstad & Heggstad, 2011). Essentially, the main reason for a tax system is to allocate the cost of government, in other words, public expenditure in a fair manner.

Africa, as a developing economy, has inherited various tax systems over the centuries (Fjeldstad & Heggstad, 2011). Odd-Helge and Lise (2003) found that apart from a few exceptions, colonial tax systems inherited by many African countries remain largely in place and one of the challenges with these tax systems is the fact that they were inherited without any adaptations to the African economic environment. They do not focus on the various nuances to the economies in Africa including the rich natural resources available on the continent as well as the specific socio-economic issues that are only found in Africa. A tax system should be chosen by taking into account these nuances in order to achieve the specific goals and needs of respective governments.

The tax systems in place in sub-Saharan Africa focus on measures to broaden the tax base, or the amount on which tax can be charged, while also flattening the tax rates at the same time (Odd-Helge & Lise, 2003). Many colonial tax systems only saw amendments or reforms during the fiscal crises in the 1980s in Africa (Odd-Helge & Lise, 2003). These fiscal crises arose as a result of a global economic crisis. According to Odd-Helge and Lise (2003), recommended tax policies for developing countries have been similar to those advocated for more developed countries, and focus on measures to broaden the tax base. Developing

countries, including many African countries have modified their tax systems to be comparable to those introduced in more developed countries. The following trends in taxation have been noticed by Odd-Helge and Lise (2003):

- The introduction of value-added tax (VAT);
- Simplification of tax bands in conjunction with the broadening of the tax bases of personal and corporate income taxes;
- Reduction of import duties;
- Simplification of excise duties; and
- Termination of export taxes.

The current tax systems in Africa are defined by a proliferation of different taxes that are complex and face challenges including the administration thereof (Odd-Helge & Lise, 2003). According to Godar, Paetz and Truger (2014), developing countries face many challenges in establishing effective tax systems. These challenges include the structure of the economy, the limited capacity of the revenue authorities due to skills and resource shortages, and the scarcity and poor quality of basic data in developing economies. A further challenge is the political environment in developing countries, which is more often than not, less open to tax policy changes (Godar *et al.*, 2014). The challenges faced by economies in Africa are evidenced by an interesting theory that shows that income inequality, before considering taxation, appeared to be lower in developing countries than in developed countries, that also supplements the notion that the tax systems currently in place in developing economies appear to be widening the income inequality gap (Chu, Davoodi & Gupta, 2000).

Ruhashyankiko and Stern (2006) noted the wider implementation of VAT and other taxes on goods and services in Africa, with the gradual introduction of personal income taxes. The average tax structure in Africa during 2016 was as follows in descending order (OECD, 2018):

- VAT – 29%
- Other taxes on goods and services – 25%
- Personal income taxes – 16%
- Corporate income taxes – 15%

- Social security contributions – 8%
- Other taxes – 6%

The above shows that the trend of governments preferring indirect tax structures, including the imposition of VAT and other taxes on goods and services. This is in line with the global trends in taxation highlighted above by Odd-Helge and Lise (2003). In addition, it is interesting to note that the second highest portion of Africa's tax systems relate to other taxes on goods and services, as opposed to more personal and corporate income taxes (OECD, 2018).

Despite the challenges of establishing an effective tax system, governments of African economies are starting to notice that taxation and economic growth are linked and that in order to have positive economic growth, an effective tax system is pertinent (Ayee, Fjeldstad, Marais & Keanly, 2010). However, the collection of revenue through the implementation of appropriate tax systems can only lead to further development opportunities in Africa if public expenditure by governments is not seen to be negligent and non-productive by taxpayers (Ayee *et al.*, 2010).

Another significant factor impacting the choice of an appropriate tax system in developing economies is the presence of large shadow economies. Any economic activity that falls beyond the scope of government is considered to form part of the shadow economy (Fleming, Roman & Farrell, 2000). Another type of economy that makes Africa different is the informal economy. An informal economy does not make a conscientious effort to avoid being identified like a shadow economy, but rather refers to an unregulated economy (Fleming *et al.*, 2000). African tax systems are often defined by extensive Informal economies (Joshi, Prichard & Heady, 2014). Tax revenues from those informal economies could possibly be a significant source of tax revenue for governments if the correct tax system is devised and implemented to include that informal economy. However, there has not been much evidence to show how big the source of revenue would be since the individual players in the informal economy are often low-income earners and the expected tax rates would also be low, resulting in an underwhelming collection of revenue (Joshi *et al.*, 2014).

Taking into account all of the above nuances and considerations, the choice of an appropriate tax system in many developing countries is often based on the redistributive effect of that tax system. The effects of even the most progressive income tax on distributional outcomes are likely to be small compared to the effects of consumption taxes including value-added tax (VAT) and excise taxes.

On the other hand, many studies focusing on developed economies have identified a pattern of progressive tax systems having poor re-distributive effects. Personal income tax appears to have had a more substantial effect in reducing inequality in developed countries (Sharpe, 2003).

Moutos (2001) identified a pattern with the governments in developing countries typically collecting more trade tax revenue than developed countries, including tariff revenue such as customs duties. In his study, Moutos (2001) found that a large number of households in developing economies tend to consume locally produced products of a lower quality, which may explain the popularity of tariff revenue as opposed to wider income taxes.

It appears from existing literature that the determination of an effective tax system for African countries has its own set of challenges, such as the consideration of large informal economies (Joshi *et al.*, 2014), the structure of the economy, the limited capacity of the revenue authorities due to skills and resource shortages, and the scarcity and poor quality of basic data in developing economies (Godar *et al.*, 2014). What tax system will see African countries bridge the gap in inequality through fair fiscal redistribution? Can African countries introduce tax systems that assist in building its economies and aiding foreign investment while also balancing the administrative and cost challenges of implementing tax systems?

This paper seeks to investigate the current tax systems in Africa by exploring the challenges of those tax systems, to determine the future of tax systems for developing economies in Africa.

1.2 PROBLEM STATEMENT

Africa has inherited various tax systems since colonial times (Odd-Helge & Lise, 2003), and finding an appropriate tax mix that takes into account the various idiosyncrasies of African markets is a tricky task. One has to consider the fact that Africa consists of various developing economies, which have high levels of inequality (Chu *et al.*, 2000). The high level of inequality is an important factor in determining the most suitable tax system, as the tax system should not overly increase the tax burden for the poor, and should see positive redistributive effects in order to close the income gap (Chu *et al.*, 2000). The shadow and informal economies form a big part of most African countries and this provides governments with a challenge in determining an appropriate tax system for these countries. Although this paper does not probe into the multifaceted impact of the informal economy on the choice of an appropriate tax system, it should be noted that an informal economy has an impact on tax systems, specifically with regards to the tax administration. This paper seeks to delve deeper into understanding the current tax systems which are in place in Africa in order to understand what works and what does not work in those tax systems.

1.3 RESEARCH QUESTION

What tax systems are currently in place in Africa as a developing economy, and what are the challenges posed by these taxes?

1.4 RESEARCH OBJECTIVES

The current study aims to achieve the following research objectives:

- To explore the existing tax systems in Africa by conducting the following specific objectives:
 - To explore the history of tax systems in Africa.
 - To explore the challenges of tax systems in Africa.
 - To explore and analyse the tax systems in Africa.

1.5 STRUCTURE OF THE MINI-DISSERTATION

This section outlines the structure of this mini-dissertation.

1.5.1 Chapter 1: Introduction

The first chapter introduces the background and existing understanding of the research topic, namely Africa's tax systems. This chapter provides the theoretical framework which forms the basis of the study. In addition, the study objectives and methodology are denoted in this chapter.

1.5.2 Chapter 2: Research design and methodology

This chapter outlines the research design and methodology that has been applied to the existing research, while continuing with the research methodology used in order to analyse the relevant literature systematically.

1.5.3 Chapter 3: Data analysis and discussion

Chapter 3 forms the basis of the detailed literature review. A comprehensive analysis of the literature gathered on Africa's tax systems is performed and is critically analysed using specific research elements.

1.5.4 Chapter 4: Conclusion

The final chapter of the mini-dissertation is the concluding chapter and provides a summary of the overall findings and recommendations. In addition, this chapter denotes any gaps in the study, which may give way for future studies in the field.

CHAPTER 2

Method for conducting the systematic review

2 CHAPTER 2 - METHOD FOR CONDUCTING THE SYSTEMATIC REVIEW

2.1 INTRODUCTION

This chapter addresses the research design and methodology applied in order to conduct the research. A research design is a roadmap for the gathering, quantification and analysis of data collected with the aim of answering a research question (Sekaran & Bougie, 2016:95).

The research strategy used for this study is a systematic review. A systematic review follows a structured approach in order to provide a clear understanding of the process undertaken in identifying information (Booth, Sutton & Papaioannou, 2016). This type of review is intended to produce an output, such as findings that may have an impact on policy development. It may not lead to new research but can assist in identifying a gap in knowledge and also clarify if there is further research needed (Jesson, Matheson & Lacey, 2011). The goal of the present study is not to perform a comprehensive search for literature, but rather to perform an initial information gathering exercise through a systematic review.

This chapter explains the research design and methodology adopted for the purposes of this study, including the steps followed in identifying and recording of academic literature used in the study.

2.2 RESEARCH DESIGN ELEMENTS

This part describes the research elements taken into account in performing this study.

2.2.1 Philosophical style

There are four philosophical styles that can be used in a research design, namely positivism, realism, interpretivism and pragmatism. Each philosophical style is described below.

Positivism refers to a study aimed at uncovering the truth. This philosophical style is based on objective data and the author believes that there is an objective truth, which can be identified independent of humanity. The essential approach for a researcher practicing the positivist approach is to experiment, which enables the researcher to test the cause and effect of relationships (Sekaran & Bougie, 2016:95). The author using the positivist philosophical style accepts that the world around us is real and that through research, we can find out about those realities (Walliman, 2017).

Realism sees the goal of the article being to progress towards the truth, while still knowing that the truth is unattainable. Realism relies on the idea that reality is independent to the human mind. The realist author assumes a scientific approach to the development of knowledge (Methodology, 2019).

An interpretivist's goal is to understand the world from a human point of view. The data used in this style is subjective and sees the author using people as social actors. An interpretivist researcher believes that in order to understand something, it should be interpreted (Rolfe, 2006). Interpretivism is based on idealism and humanism, both philosophical doctrines, and focuses on the fact that although the world is real, what we see is based on the human mind (Walliman, 2017). The role of an interpretivist's research is to discover alternative interpretations of the world based on people (Walliman, 2017).

The pragmatic philosophical style sees research being performed using a process where concepts and theory are generalisations of the past (Sekaran & Bougie, 2016).

This study follows an interpretivist approach, as the aim of the research is to explore the existing tax systems in Africa, as a developing economy as well as the challenges associated with those tax systems, while keeping in mind the various social and economic factors that differentiate Africa from other geographies and economies.

2.2.2 Nature of the study

The nature of the study can be either exploratory, descriptive or causal. These natures are discussed in further detail below.

An exploratory study is often employed in a scenario in which few facts are known about a scenario, conclusions in existing research are unclear, the phenomenon in question is complex or there is not enough information available in order to develop a theoretical framework (Sekaran & Bougie, 2016). Exploratory studies tend to rely on secondary, qualitative approaches. Typically, the results identified by an exploratory study cannot be generalised, but are flexible.

A descriptive study is designed to identify data that describes specific situations, but can be widened to include a description of the characteristics of persons, organisations, or brands (Sekaran & Bougie, 2016). The nature of a descriptive study is often correlational and describes the relationships between predetermined variables.

A causal study focuses on the delineation of one or more variables and can be considered to be the essence of the scientific approach to research (Sekaran & Bougie, 2016).

For the purposes of this research, the nature of the study will be exploratory. There are various pieces of information available on tax systems globally, from both developed and developing economic perspectives. Using this existing data, and finding additional, wider information to supplement that data, the purpose of the research is to explore the tax systems in place in Africa and the challenges faced by Africa with respect to those tax systems taking into account the various nuances of the African economy. The research will be undertaken in the form of a systematic literature review, which follows a qualitative research approach, in line with an exploratory study.

2.2.3 Method of reasoning

There are three types of reasoning used by authors when performing research. These are: inductive reasoning, deductive reasoning and abductive reasoning. Each type of reasoning is described in further detail below.

Inductive reasoning sees its starting point being an observation and concludes with theories which arise as a result of observations. This approach calls for meaning and understanding to be generated from the data in order to identify patterns and relationships (Dudovskiy, 2016). In addition, the specific observation identified is then used in order to develop a general conclusion, in other words the conclusion is generalised (Walliman, 2017).

A deductive reasoning method is concerned with developing a hypothesis based on existing theories. This is then followed by the design of an appropriate research strategy to test the hypothesis initially developed (Dudovskiy, 2016). Deductive reasoning is different from inductive reasoning in that it starts with a general statement in order to reach a specific conclusion as opposed to reaching a more general conclusion (Walliman, 2017).

Abductive reasoning is undertaken when the researcher is more concerned with the pursuit of choosing the best possible explanation for a specific phenomenon (Dudovskiy, 2016).

This research paper will include the understanding of existing literature in order to create and gain a better view of the challenges faced by African economies as a result of the tax systems implemented. This study undertakes to identify patterns in the existing literature in order to generate general conclusions on the challenges posed by certain taxes that have been implemented in Africa. In other words, it is expected that the research will follow inductive reasoning.

2.2.4 Time horizon

There are two different types of time horizon used in academic literature, namely cross-sectional and longitudinal. Research can be based on either and can also be limited to one

specific point in time (Kothari, 2004). The two types of time horizon are discussed in further detail below.

A cross-sectional study is undertaken once data has been gathered. The data gathered can be derived from a data collection process spanning a specific period of time, such as months or years. In its essence, a cross-sectional study looks at data that has not been collected before and will not be collected again for the purpose of research (Sekaran & Bougie, 2016).

Where a researcher would like to study a phenomenon at more than one point in time in order to address a research question, this can be classified as a longitudinal study. Experimental researchers often use longitudinal studies and the data used for these studies is collected both before and after manipulation (Sekaran & Bougie, 2016).

Although the articles used for the purpose of this research were published over the period January 2000 to August 2019, the review of the literature was undertaken at a specific point in time. In addition, a total of 50 articles were used for this research study. Based on this, one can state that the research performed can be classified as a study that follows a cross-sectional time horizon.

2.2.5 Unit of analysis

Lewis-Beck, Bryman and Liao (2003) have denoted that a unit of analysis refers to the who or what, or the subject on which the study is based. A unit of analysis describes the level of aggregation of data collected, which is determined by the research question. A unit of analysis can include individuals, dyads, groups, divisions, industries and even countries. (Sekaran & Bougie, 2016).

In the current research, the unit of analysis can be considered to be tax systems in Africa. In addition, certain tax types, or taxpayer groups, may also be considered as the unit of analysis. However, the unit of analysis can also be considered to be published academic articles in order to identify tax systems in Africa.

2.2.6 Nature of the data

In conducting research, one must note the vast array of data collection techniques available to the researcher. Data is available in two main forms, namely primary and secondary data.

Primary data refers to first-hand data, or the original data collected. It is the initial information gathered and used to arrive at certain results. If the results of primary data are used, it is then considered to be secondary data. Primary data is gathered through various processes including interviews, observations or questionnaires in order for the researcher to collect a wide variety of data. When choosing the data gathering method, one must obtain the information needed and the research process integrates other steps (Sekaran & Bougie, 2016). Walliman (2017) states that primary data can be split into four types, namely:

- Measurement – the collection of numbers.
- Observation – the recording of events or situations that have been experienced and observed by the author.
- Interrogation – the collection of data through questioning.
- Participation – the collection of data through experiencing a situation.

Primary data is usually considered to be more reliable, but is often too labour intensive and expensive to organise (Walliman, 2017).

Secondary data refers to data that has already been recorded and interpreted (Walliman, 2017). It involves the use of existing data, which has been used in previous studies (Heaton, 2008).

In addition to the above, data can be either qualitative or quantitative in nature.

Qualitative data cannot always be measured accurately as the data is based on words and is generally descriptive in nature (Walliman, 2017). More often than not, exploratory studies will follow a qualitative research methodology in order to gain an understanding of reasons,

opinions and motivations. This type of research assists in providing deeper insights into a problem and assists in the development of hypotheses (DeFranzo, 2011).

Sekaran and Bougie (2016) noted three steps in a qualitative analysis, namely data reduction, data display and data coding. Once data has been analysed, a conclusion can be made and the research question should be answerable.

Quantitative data is often used when quantifying a problem through the generation of numerical data. This research method can be used for the quantification of opinions, behaviours and other variables as defined in a study, and generalises the results (DeFranzo, 2011). This type of data utilises data that is measurable to formulate facts and discover patterns. Quantitative data contains some form of magnitude, usually expressed in numbers (Walliman, 2017).

In the case of this research, the data source will be secondary data that already exists in the form of books and journals. In addition, the researcher will use a combination of qualitative and quantitative data, dependent on the type of data used by the authors of the secondary data sources analysed.

2.3 SYSTEMATIC REVIEW

A systematic review is suitable for use in the context of research in the field of taxation as it appears to be more neutral than other types of reviews. The process undertaken in performing a systematic review is standardised and more suitable for an objective and transparent article (Jesson *et al.*, 2011). A systematic approach to a literature review simplifies the research process for the reader. A clear research question, along with an explicit search strategy, clarifies the scope of the research (Booth *et al.*, 2016). A well-conducted systematic review is expected to promote the reliability of a conclusion (Booth *et al.*, 2016).

The intended research aims to explore the existing tax systems in Africa, as a developing economy. In addition, the research seeks to understand the challenges faced by Africa in terms of the implementation of tax systems. There is a plethora of information available on

tax systems and the various stakeholders to tax systems, such as tax policy, economic growth and fiscal distribution. Due to the large number of information sources available, a systematic review is imperative to the performance of this study.

As mentioned above, the goal of the present study is not to perform a comprehensive search for literature available on the topic of tax systems in Africa, but rather to perform an initial information gathering exercise through a systematic review. The reason for this is to get a basic understanding of tax systems in Africa, and where that is not available, tax systems in other developing economies. Since the literature review has such a narrow scope, a systematic review has been chosen as the most suitable for this study.

The sections below outline the research design process, which evidences the strict and systematic process undertaken in performing this preliminary review of information.

2.4 IDENTIFICATION AND RECORDING OF ACADEMIC LITERATURE

A systematic review has been conducted in order to discover the base of existing knowledge for the topic under review. This systematic review seeks to broaden the spectrum of information relating to tax systems in Africa in order to gain a better understanding of the benefits and burdens of different tax types in Africa. The analysis is aimed at articulating the steps taken in order to arrive at the initial information on which this study will be based.

The analysis has been performed with the assistance of an online programme called Qiqqa. Qiqqa is a reference management software program, which aids in efficiently managing and analysing research articles (Qiqqa, Unknown). In performing this systematic review, Qiqqa will be used to assist with analysing key data across all articles identified. The tool will also be used in order to assist in managing the references used and managing key information in each article. Qiqqa will assist in performing this analysis more effectively as it enables authors to consolidate their data onto one system and analyse it using specific keywords and elements on the system.

2.4.1 Databases and information sources

The objective of the systematic review is to gather a comprehensive list of information about tax systems in Africa. This will provide the researcher with a basic understanding of the existing tax systems in Africa and assist in exploring the challenges faced by Africa with respect to the imposition of certain taxes. The search for literature included other developing economies, as African countries are considered to be developing. In other words, there may be parity between the economic conditions in Africa and the economic conditions in other developing economies. The information on developing economies will be transposed to understand the potential implications of certain tax regimes, should they be introduced in Africa. The literature review will also seek to cover the intricacies of tax systems in African countries, which are not generally found on other continents.

The starting point in the systematic review is to identify appropriate literature, which can be used as part of the study. Google Scholar was used as the starting point in order to search for articles relevant to this study. Google Scholar was also used as the initial database as it is broad and gives the researcher access to a wide variety of scholarly articles.

2.4.2 Inclusion – and exclusion criteria

Tax systems are constantly evolving, and it may be difficult to analyse those that were in place in Africa many years ago due to the paucity of data available. In addition, the tax systems that were in place two decades ago, may not be the same as those currently in place. In an effort to make the search more relevant to tax systems, which can be found in Africa and other developing economies at the moment or in the recent past, the search was limited to sources of information available from the January 2000 until August 2019.

The type of literature used in the search was also limited to information sources that were accessible online to which access was obtainable through the University of Pretoria database. This step was applied as many articles and/or books that may have been accepted for further review based on their titles and abstracts were not available in full or could not be downloaded. This step ensured that only completed journal articles and books were downloaded and analysed. Table 1: Inclusion and exclusion criteria below provides a

summary of the inclusion and exclusion criteria applied in order to identify the most relevant set of literature for purposes of this study.

Table 1: Inclusion and exclusion criteria

Criteria	Inclusion Criteria	Exclusion Criteria
Years	Literature published after 2000	Literature published before 2000
Relevancy	Literature relevant to the research topic	Literature not relevant to the research topic
Availability	Literature available online through the University of Pretoria database	Literature not available online through the University of Pretoria database
Duplications	Literature that has not been duplicated	Duplicate literature

2.4.3 Keywords

Keywords are used in order to narrow the pool of information to identify only relevant information sources. The use of keywords assists in filtering the plethora of information available on the field of taxation in order to identify information sources that link directly to the chosen research topic. In this case the chosen research topic is “Tax systems in Africa”.

The search for literature began with a keyword search in Google Scholar. The initial keywords applied were “Africa” and “tax system”. This produced a large number of results. It was decided to revisit the keywords as the objective of the research was not to do a comprehensive review of all available literature. The next step was to add further keywords in order to narrow down the search and identify articles that were closely linked to the research topic in question. Ultimately, the final keywords used on Google Scholar were: “Africa”, “tax structure”, “tax system” and “tax mix”. These four keywords were used together in one wide search as this combination identified what appeared to be the most relevant literature for the purposes of this study. This keyword search resulted in 290 results after taking into account the exclusion of any source of information published before the year 2000.

2.4.4 Method for analysis

Three techniques can be used to analyse data, namely textual or thematic, statistical, or a combination of textual and statistical data analysis techniques. These data analysis techniques are described below.

A statistical technique is generally quantitative in nature, and sees a systematic and objective process being undertaken in order to analyse and conclude based on a numeric sample of the total population (Maree, 2007).

A textual or thematic technique is generally qualitative in nature. The objective of a textual data analysis technique is to understand and explain the qualitative data collected through specific processes (Maree, 2007).

The final technique refers to a combination of the two techniques described above and sees the researcher applying both quantitative and qualitative approaches in order to draw a conclusion (Maree, 2007).

For the purpose of this study, a textual or thematic analysis will be undertaken, in order to obtain a better understanding of textual data available on tax systems in Africa. This technique will be used in order to analyse qualitative data already available, which has already been collected.

2.4.5 Summary of literature to be analysed

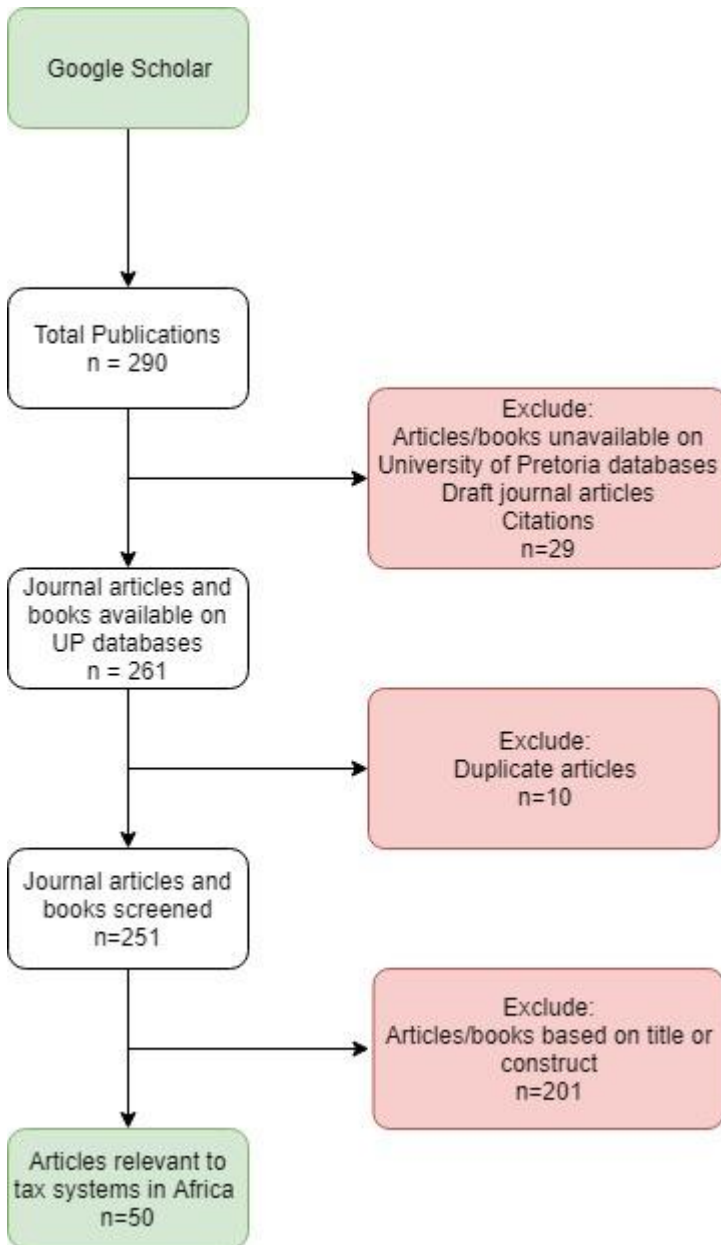
Figure 1 provides a summary of the process followed in identifying the journal articles and books included in the scope of this research.

The keywords used in Google scholar were “Africa”, “tax structure”, “tax system” and “tax mix”. This resulted in 290 sources of information from various journals. The next step excluded any information sources that were not available through the University of Pretoria’s database along with articles that were still in draft. This step eliminated 29 literature sources.

The next step excluded any duplicate sources where an additional 10 literature sources were eliminated.

The final screening was the most detailed screening and resulted in the elimination of 201 literature sources based on the titles and the abstracts. Articles that were found to describe either developed economies, economic and finance models and tax reforms were eliminated in this step. These literature sources were rejected based on the fact that this research proposal is intended to only focus on a very specific research question, which is: What tax systems are currently in place in Africa as a developing economy, and what are the challenges posed by these taxes?

Figure 1: Systemised review process



CHAPTER 3

Analysis of data & findings

3 CHAPTER 3 – ANALYSIS OF DATA & FINDINGS

3.1 INTRODUCTION

This chapter seeks to analyse the literature identified in Chapter 2 by using pre-determined elements. Thereafter, a literature review of all information sources was performed. This is done in order to provide general information on the existing literature. For the purposes of this study, the literature was analysed based on the following elements in order to gain a deeper understanding of the respective authors' aims:

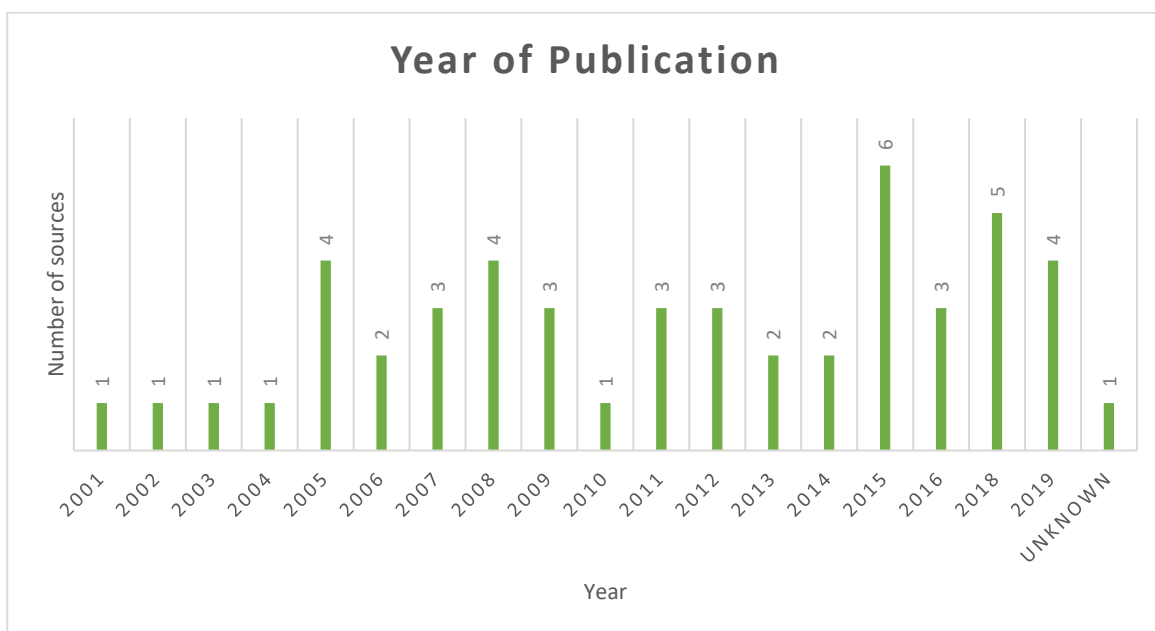
- Year of publication
- Country perspective
- Taxpayer perspective
- Discipline
- Research classification
- Research method
- Construct
- Data analysis technique
- Unit of analysis
- Philosophy style
- Nature of study
- Time horizon
- Source of data
- Type of data

Each of the above pre-determined elements was used as it provided the researcher with an overall view of the existing literature. Each element is discussed in detail together with the importance of each element to the study is provided in the next sub-sections.

3.1.1 Year of publication

The year of publication refers to the year in which a specific article, book, information source or other literature was published. The 50 articles chosen for this analysis are outlined in the Figure 2, year of publication. The graph shows the number of articles published per year based on a colour key. As indicated in the exclusion criteria, only sources of information published in or after the year 2000, were used.

Figure 2: Year of publication



As illustrated in figure 2, 32 of the final 50 articles chosen for this research were published after 2008, showing an increasing interest in the area of taxation, tax systems and economic growth in various economies. In addition, the influx of new research being undertaken has resulted in more existing data available, based upon which other researchers are able to conduct new studies. The availability of data and the use of technology to share that data has made it easier to perform more comprehensive research in the field of taxation.

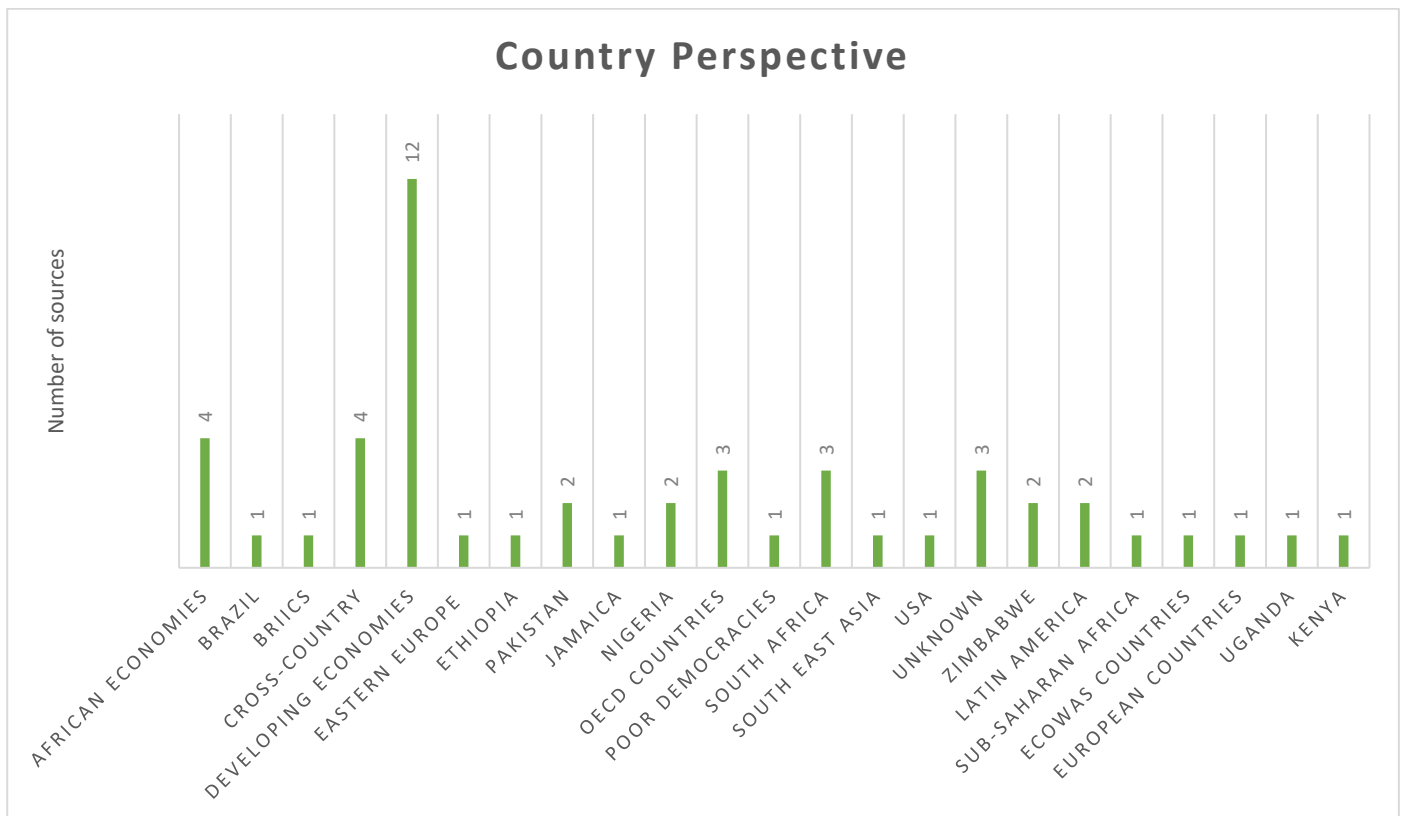
It should be noted that one article had an unknown year as the journal article did not clearly define when it was published. After further research, the researcher was not able to identify the year of publication, as such it has been characterised as having an “unknown” year of publication.

3.1.2 Country perspective

The country perspective refers to the geographical perspective from which each information source has been written. It can be based on one country, or a group of countries.

The country perspective is an important part of this research study as it assists in delineating patterns, if any, across similar economies. In addition, certain economies may be more comparable to the economies found in Africa and may be more appropriate to consider when comparing to the existing tax systems in Africa. Figure 3 provides a bird’s eye view of the country perspective for each of the 50 articles analysed.

Figure 3: Country perspective



The keyword search was specifically aimed at identifying articles that undertook research in Africa. The results, as can be seen in Figure 3, included other economies as well. However, 28 of the articles were written from an African economy perspective, making up 56% of the data identified. In addition, a further 12 articles identified were written from “developing economy” perspectives, and some of these mention African economies (as most, if not all

African economies are developing economies). Those that do not mention Africa, an African country or a developing country in its title, were used as a reference point in order to determine what may be appropriate in a similar economy to an African economy. With that in mind 10 articles related to other countries, including some more developed countries in order to understand the key driver of tax systems in those economies, and compare those to African economies. These 10 articles were purely anomalies in the set in that they were identified as part of the search for tax systems in Africa. This may be due to the fact that these papers mention either African or developing countries, even though they focus more on the other country.

Thirty-two articles covered more than one country. Of the articles that grouped more than one country together, seven of the groups, made up of 24 articles were written from an African or developing economy perspective. These articles saw coverage of various African countries as well as various developing countries, including African countries. One such article covers Mozambique, Tanzania and Zambia and describes the detail on the capacity and constraints of their tax systems (Fjeldstad & Heggstad, 2011).

The BRIICS countries (Brazil, Russia, India, Indonesia, China and South Africa) were considered in one article as they are thought to be the highest growing emerging economies. The article sought to examine the taxation of labour income in the BRIICS countries and determine the tax burden based on certain methodology. This was considered as an appropriate source for the proposed study as the countries are comparable to developing economies in Africa, and include a developing economy in Africa. In addition, the article discusses a tax type, being the tax on labour income, which can be used in the proposed research to determine whether this tax type is appropriate in African economies.

The largest number of articles considered their research from developing economy perspectives. As mentioned, developing economies have their own nuances and have different requirements to their developed counterparts. This is evidenced in scenarios where taxes that work well in developed economies are not suited for developing economies, as is the case with personal income tax (Bird & Zolt, 2005).

The only developed economy included in the information sources was the United States of America. Even though this may seem contrary to the steps included in the systematic review, we now know that Africa struggles with reliable data (Godar *et al.*, 2014). Based on this reasoning, information sources containing quantitative datasets were included in the scope of the review (McNabb, 2016) (Adkisson & Mohammed, 2014) as they used reliable data on which more concrete facts were identified.

Three articles did not specify the geographical perspective. These articles referred to more general tax principles as opposed to specific geographies (Alma, Martinez-Vazquez & Schneiderb, 2005) (Conesa, Kitao & Krueger, 2009).

3.1.3 Taxpayer perspective

The taxpayer perspective refers to the taxpayer perspective from which the article was written. This can include individuals, trusts, companies and other bodies of persons that may be taxable.

Since the purpose of this study is to understand the tax mix and an appropriate tax system that may work for Africa as a developing economy, the taxpayer perspective for the 50 articles identified is often a mixture of individuals and corporates. Only one of the 50 articles focused on a specific group of taxpayers, namely individuals. That article considers the effectiveness of personal income tax in developing countries and will be used comparatively against the other articles that outline the effectiveness of various taxes on both individuals and corporates.

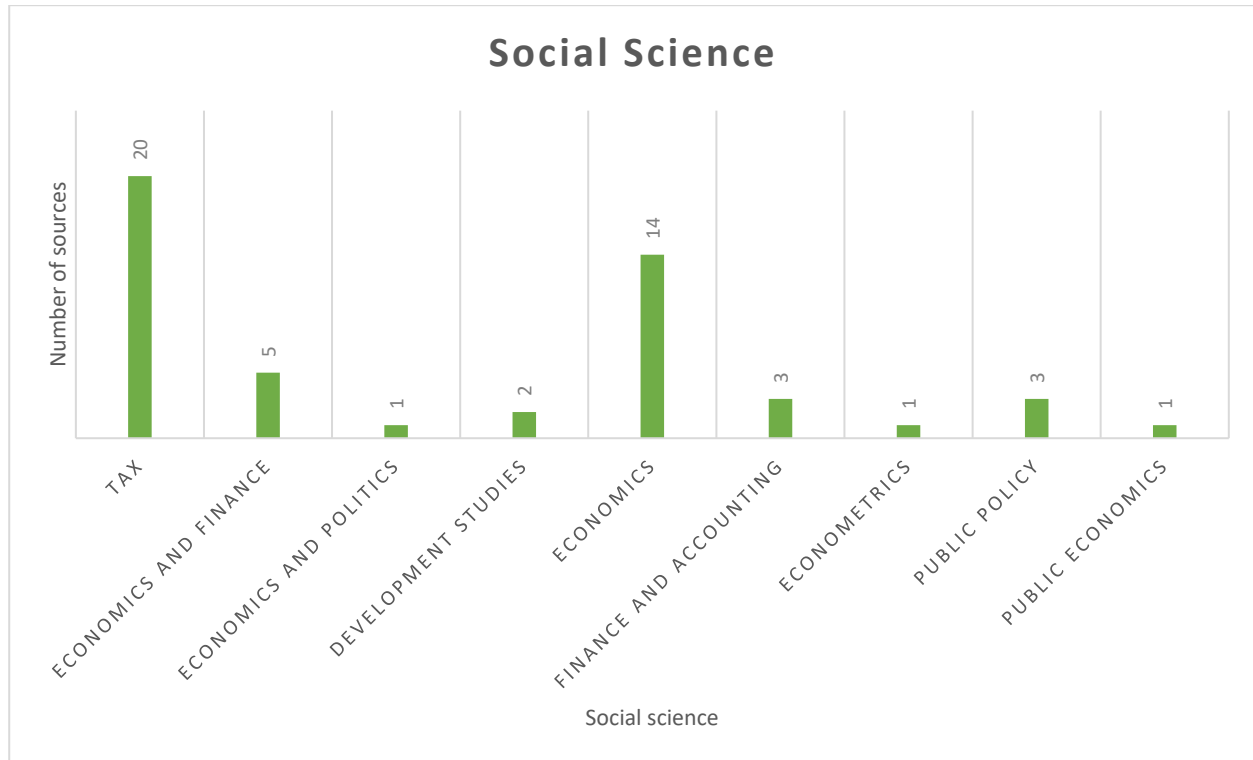
3.1.4 Discipline (social science)

Social science as a whole is considered to be the study of society and the way in which people's actions and behaviour are able to impact that society (ESRC, 2019). Social science tells us more about the world than is immediately experienced by humans.

The social science for each of the 50 articles analysed is summarised in Figure 4. In order to determine the social science in each information source, the journal in which the article

was published was used as a starting point. Where the information source was not available from a journal specifically, the title and course or academic department for which the article was written was used as the reference point for identifying the social science.

Figure 4: Discipline



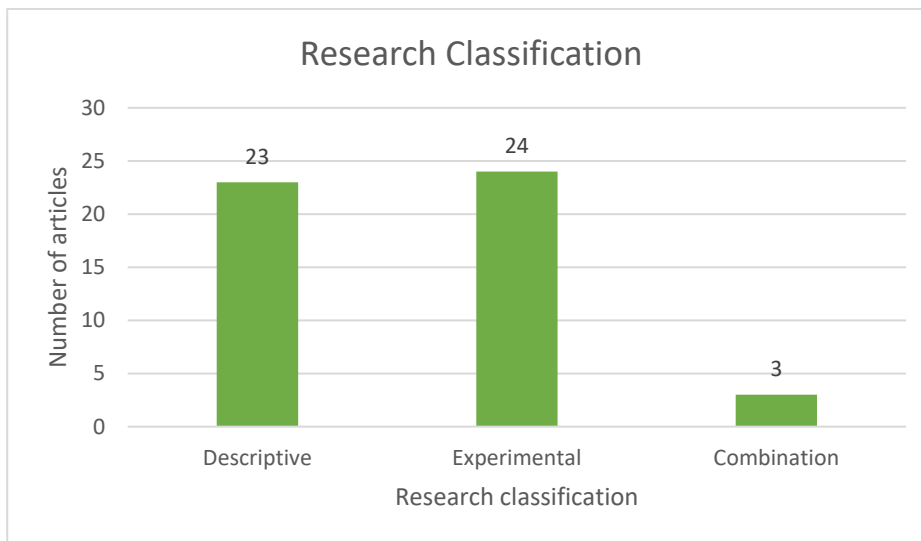
As would be expected for a search using “tax systems” as a keyword, the majority of information sources identified were written with tax being the social science. Many sources are also written in the economics social science or discipline as tax policy and design has a direct impact on the economics of a country.

A large number of articles analysed the relationship between tax types and the redistribution of income, as shown in Bird and Zolt (2005) and Godar *et al.* (2014). This is indicative of the relationship between public policy, tax and economics. These information sources also focus on the wider importance of having an appropriate and effective tax system in African economies or developing countries.

3.1.5 Research classification

The research classification refers to the type of research performed and can be either descriptive, experimental or based on a combination of the two. Figure 5 below provides a summary of the research classification for the 50 articles analysed for the purposes of this study.

Figure 5: Research classification



The figure above shows the fairly even distribution of articles that were classified as being descriptive in nature versus articles that were classified as being experimental in nature. This is an expected result as studies in the field of taxation can vary distinctly. Descriptive studies tend to describe the current or existing phenomena and hypothesize theories or conclusions based on the current facts or understanding. An experimental study may try and determine what could happen if a specific phenomenon is observed.

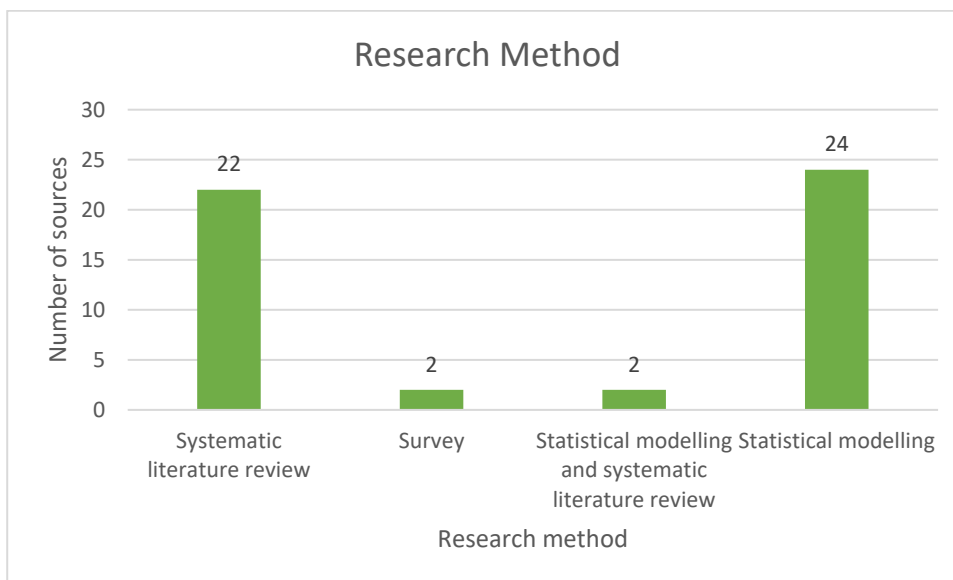
In this case specifically, twenty-three journal articles described the existing tax systems or tax types already in existence in the specific countries or economies. An additional twenty-four articles hypothesized based on various variables, including playing with ideas such as the optimum tax ratio for specific countries.

3.1.6 Research method

The research method is based on the research classification and describes the actual manner in which the research will be conducted. There are four types of research method identified in the 50 articles analysed for the purposes of this research, namely systematic literature review, survey, statistical modelling, and a combination of statistical modelling and a systematic literature review.

Figure 6 below provides a summary of the research methods used by the authors of the 50 articles analysed for this research.

Figure 6: Research method



24 of the 50 articles analysed used statistical modelling as the research method. This shows the richness of data available in which the researchers used statistical techniques in order to create theories and quantitatively test what may be the most appropriate tax system (Ayele, 2015; Van Heerden, 2008).

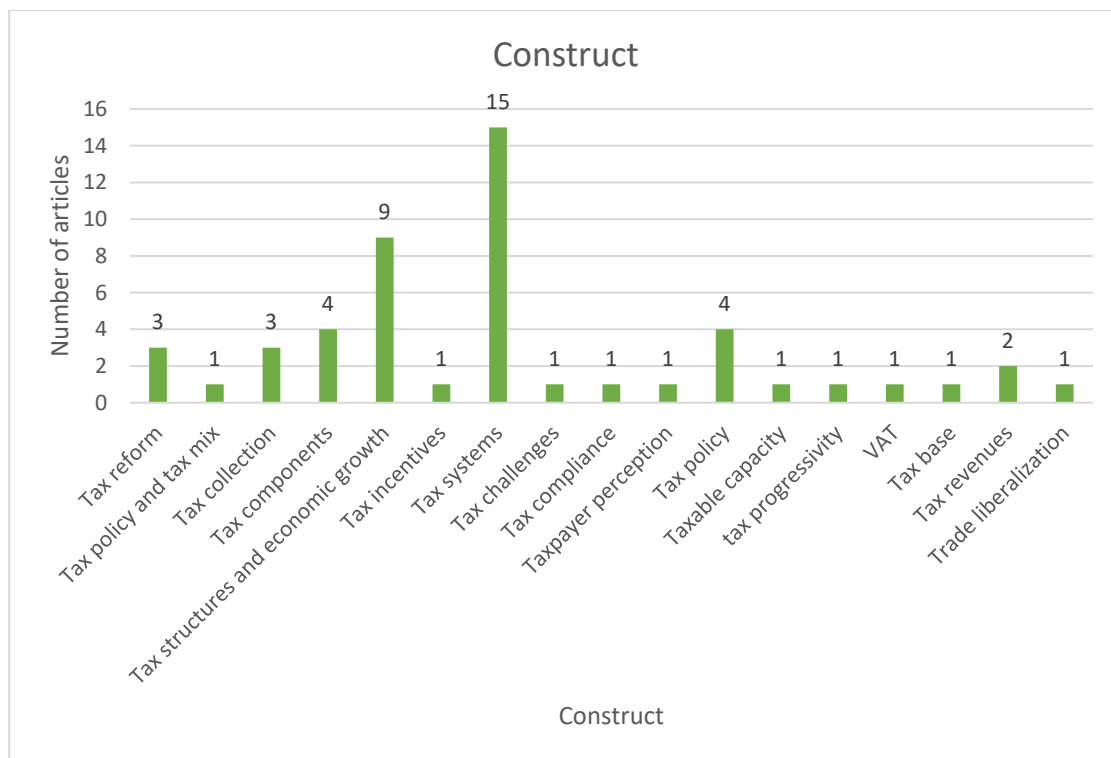
In addition to the above, a further 21 journal articles analysed, followed a more qualitative research method in that they analysed existing qualitative data.

Two of the 50 articles used a combination of a systematic literature review and statistical modelling by using existing literature in order to identify a gap and using statistical modelling in order to prove specific theories.

3.1.7 Construct

A construct refers to a concept or idea about an object, attribute or phenomenon. The literature reviewed was analysed under various constructs or themes. The main idea from an article is generally identifiable in the abstract. Figure 7 below summarises the main constructs that were identified from the reviewed literature.

Figure 7: Construct



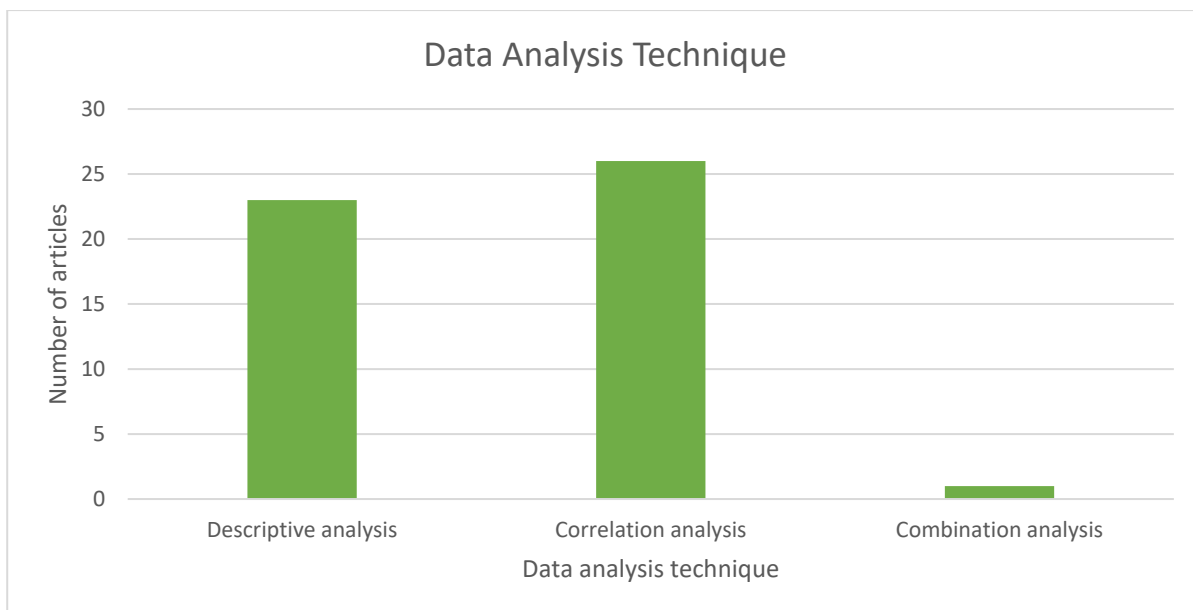
As can be seen from Figure 7 above, the majority of the articles analysed, namely 15 articles, were based on tax systems as a construct. This is in line with the steps taken in order to identify relevant literature for this topic. The articles that identified tax systems as the construct focused on the concept of tax systems and what makes up those tax systems (EMIRU, 2018), (Ruhashyankiko & Stern, 2006), (Fjeldstad & Heggstad, 2011).

3.1.8 Data analysis technique

Annexure A provides a summary of the data analysis technique of each of the 50 articles analysed. A data analysis technique describes the technique used to analyse the information further in each article. This refers to an actual type of analysis of the variables in a study, such as a correlation analysis, or a descriptive analysis.

The table in annexure A can be summarised in the figure below, which outlines the data analysis technique across the 50 articles analysed.

Figure 8: Data analysis technique



46% of the articles analysed used a descriptive data analysis technique. This shows the wealth of qualitative research performed over the past decade plus. The descriptive analysis relied on certain observations in order to effectively collect data. Descriptive data analysis can be used in scenarios in which the author seeks to identify the norm (Walliman, 2017).

A more quantitative approach was used for 52% of the articles (that used correlation data analysis techniques). A correlative research design is used as a means of examining the relationship between two variables (Walliman, 2017).

3.1.9 Unit of analysis

According to Sekaran (2003: 132), a unit of analysis refers to the: “level of aggregation of the data collected during the subsequent data analysis stage”. It is essentially the what or the who on which the research will be based. The unit of analysis for the 50 articles analysed is summarised in Figure 9.

Figure 9: Unit of analysis

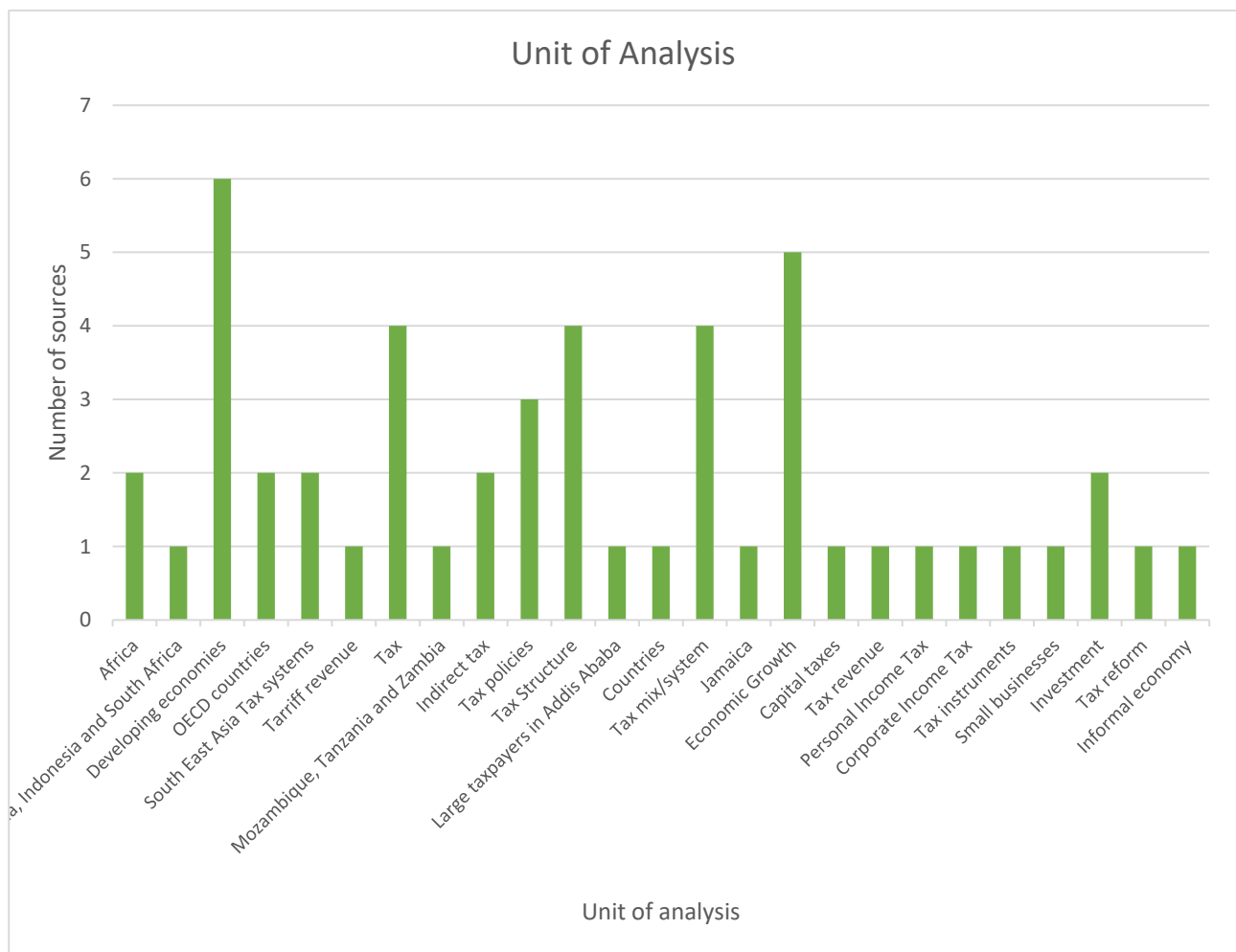


Figure 9 shows that the journal articles identified for the purposes of this research each focused on varying units of analyses. Six articles analysed developing economies as described above, thereby showing the focus on the type of economy we are trying to understand. The second largest focus area in terms of the unit of analysis refers to economic growth. This is an indication that a correlation may exist between tax systems or structures and economic growth. In addition to the above, there are various other units of analyses,

which focus on specific types of taxes, such as personal income tax, corporate income tax and tariff revenue to name a few.

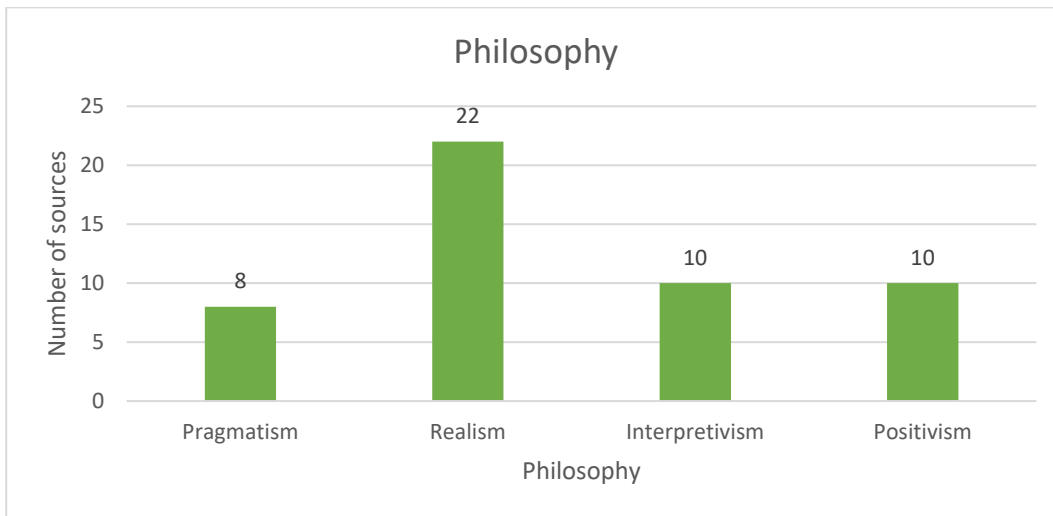
3.1.10 Philosophy style

In the analyses performed Positivism, Realism, Interpretivism and Pragmatism was considered and discussed below:

- Positivism – The goal of a positivist is to uncover the truth in an attempt to predict and control it. The author will collect objective data from an observable event and try and observe a pattern or a relationship. The final findings in an article following the positivist philosophical style will be generalised.
- Realism – The realist does research in order to come closer to the truth, while still knowing that it may not be attainable. The data analysed in articles written using this philosophical style is generally objective data, which may or may not be underpinned by broader subjective emotions.
- Interpretivism – An interpretivist writes in order to understand the world from the point of view of people. In this case, the data used would be subjective in nature and the results are generally quite in-depth.
- Pragmatism – A pragmatist aims to see the practical relevance of the research performed to (business) problems. The data used comes from varying sources (both subjective and objective). The conclusion in this philosophical style is potentially only a provisional truth that changes over time.

The philosophical styles of the 50 articles are summarised in Figure 10.

Figure 10: Philosophical style



A large number of sources followed a realist philosophical style. This seems appropriate for the proposed study as the information required is objective and describes the truth of “what tax systems are in place”. This information is factual and should not be subjective. However, when a theory is generated identifying the most appropriate tax system and tax mix, the conclusion may be somewhat underpinned by subjective emotions.

3.1.11 Nature of study

Studies can be either exploratory, descriptive or causal in nature.

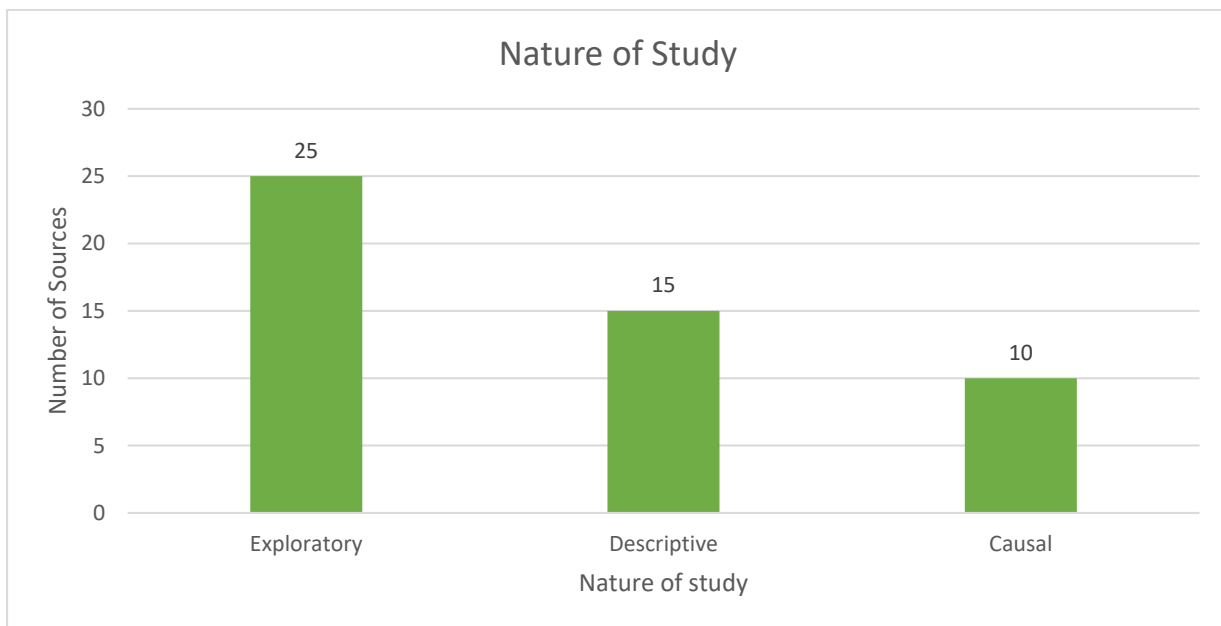
An exploratory study refers to a study based on little known facts. More often than not, little to no information is available on similar research. Generally, an exploratory study requires a significant amount of preliminary work in order to understand the scenario, before developing a rigorous design for an in-depth investigation (Sekaran & Bougie, 2003:119). An exploratory study seeks to better understand the nature of a problem. This type of study is suitable for scenarios in which a few facts are known, but more are required in order to develop a sound framework on which a study could be based.

A descriptive study takes an existing situation or scenario and is aimed at describing the characteristics of the variables in that situation. The aim of a descriptive study is to describe the characteristics of a situation and ultimately offer ideas for further research.

A causal study refers to a study in which it is essential to establish a cause-and-effect relationship (Sekaran & Bougie, 2003:119). The main idea is to establish a connection between two factors and focuses on delineating one or more variables in order to solve a problem.

Figure 11 below outlines the nature of the study for the 50 articles analysed.

Figure 11: Nature of study



The majority of journal articles identified were exploratory in nature. This speaks to the fact pattern that literature exists, but more is required in order to answer a specific research question. This seems appropriate as there is a wide body of knowledge available regarding taxation, but specific information regarding other variables and their impact on taxation is scarcer. An example of this is the effectiveness of personal income tax in developing countries. Research had been undertaken on how personal income tax has had an increased effect in the reduction of inequality in certain developed countries (Sharpe, 2003), however, there had not been an in depth investigation into the role of personal income tax in developing countries. Based on this, an exploratory study was undertaken in which existing information was gathered and formed the foundation of a new study (Bird & Zolt, 2005).

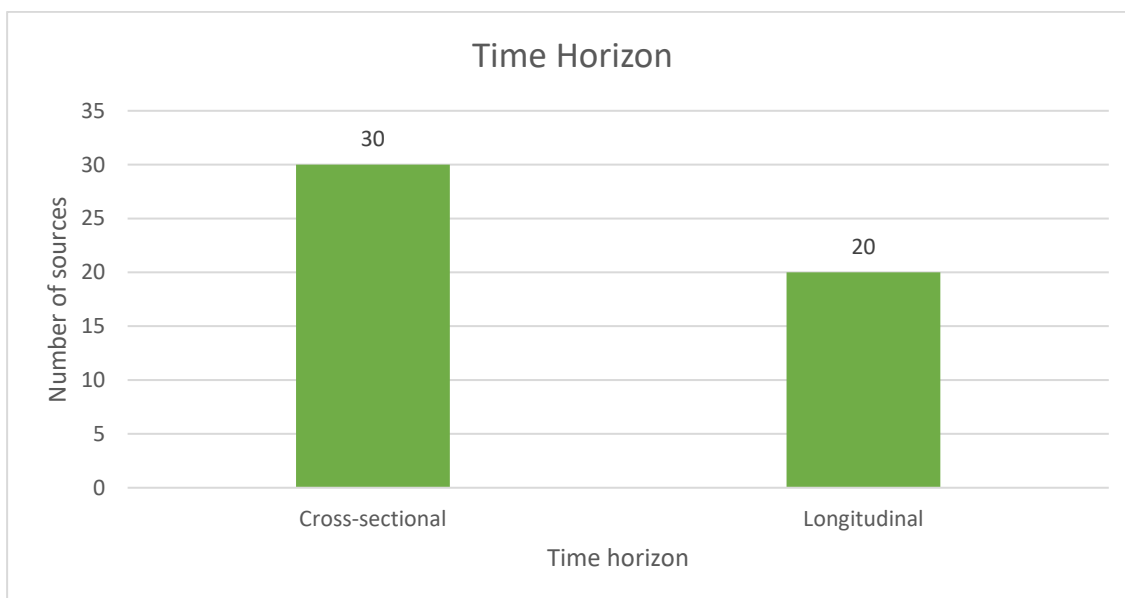
3.1.12 Time horizon

The time horizon of a study refers to the point in time over which research was undertaken. There are two different time horizons, namely:

- Cross-sectional – information identified or research performed at one point in time; or
- Longitudinal – information identified or research performed over a period of time.

Figure 12 outlines the time horizon for the 50 articles analysed.

Figure 12: Time horizon



With taxation being an ever evolving topic, it is not surprising to note the number of cross-sectional information sources found in this dataset. A cross-sectional data source evaluates information at a specific point in time. An example of this would be a study discussing the capacity and constraints of tax systems in Tanzania, Mozambique and Zambia (Fjeldstad & Heggstad, 2011). This study would not be considered a longitudinal study as it looks at the tax systems in place at the time the research was performed. A similar pattern was observed with the 30 articles identified as having a cross-sectional time horizon.

As can be seen in Figure 7, 20 articles followed a longitudinal time horizon. One such example is a study on the determinants of tax revenues in Africa. The author used

unbalanced panel data for the period covering 1997 to 2016 (Ariwayo, 2018). This study follows a longitudinal time horizon.

3.2 LITERATURE REVIEW

This section sets out a detailed analysis of the literature identified in the research design. The analysis starts with a short history of taxation globally, followed by tax in Africa and its origins. Thereafter, the challenges faced in Africa with respect to taxation is discussed. Finally, the existing tax systems in Africa are analysed in further detail.

3.2.1 Introduction to taxation: A history

The raising of taxes is used for different purposes and includes the raising of revenue for government services funding, to encourage or discourage behaviour and to change the distribution of income (Bird & Zolt, 2005). Taxation has been seen to be an important fiscal policy instrument used by governments to raise revenue and promote economic growth and development (Odhiambo & Olushola, 2018) (Mhizha, 2015).

Tax systems vary considerably across countries, but the general primary objective of a tax system is to raise as much revenue as possible and encourage economic growth (Odhiambo & Olushola, 2018).

The most suitable tax system for a country should reflect its economic structure, its administration capacity and access to revenues, other than those raised through taxation (Bird, 2008). In addition, the level of taxes a country can afford, and the budgeted tax revenue it aims at collecting is determined with reference to a fiscal budget (Evans & Krever, 2017). There is a vast amount of literature available on the theory of optimal taxation, which sees authors trying to generate theories on what would make up the optimal tax of a given country or region however, these do not necessarily echo the idiosyncrasies of developing countries (Tanzi & Zee, 2000). In addition, Tanzi and Zee (2000) state that in developing countries, existing literature on optimal taxation has not been significant and has not influenced tax policies for developing countries.

Most tax systems currently in place around the globe are composed of a mix of both direct and indirect taxes. The key difference between the two is that direct taxes are generally levied on income, while indirect taxes are levied on consumption (Walugembe, 2017). A country's tax system is a proxy for fundamental political and philosophical choices (Bird & Zolt, 2005).

In order to adequately explore the differences in the tax systems of African countries, which are less developed, and more developed countries, one must consider the traditional tax systems in place in the more developed countries.

The OECD¹ released a *Global Revenue Statistics Database*, which can be described as the largest available public source of harmonised tax revenue data (OECD, 2018). The database contains revenue statistics for more than 90 countries across the world, including many African countries. Figure below provides some key information from that database and illustrates the differences in tax structures across various regions. The three graphs towards the top end of the picture show the average composition of taxes across three regions, namely the OECD region, the LAC² region, and the African region. Only 21 countries were analysed for the African region, namely Botswana, Burkina Faso, Cabo Verde, Cameroon, the Republic of the Congo, the Democratic Republic of the Congo, Cote d'Ivoire, Egypt, Eswatini, Ghana, Kenya, Mali, Mauritius, Morocco, Niger, Rwanda, Senegal, South Africa, Togo, Tunisia and Uganda.

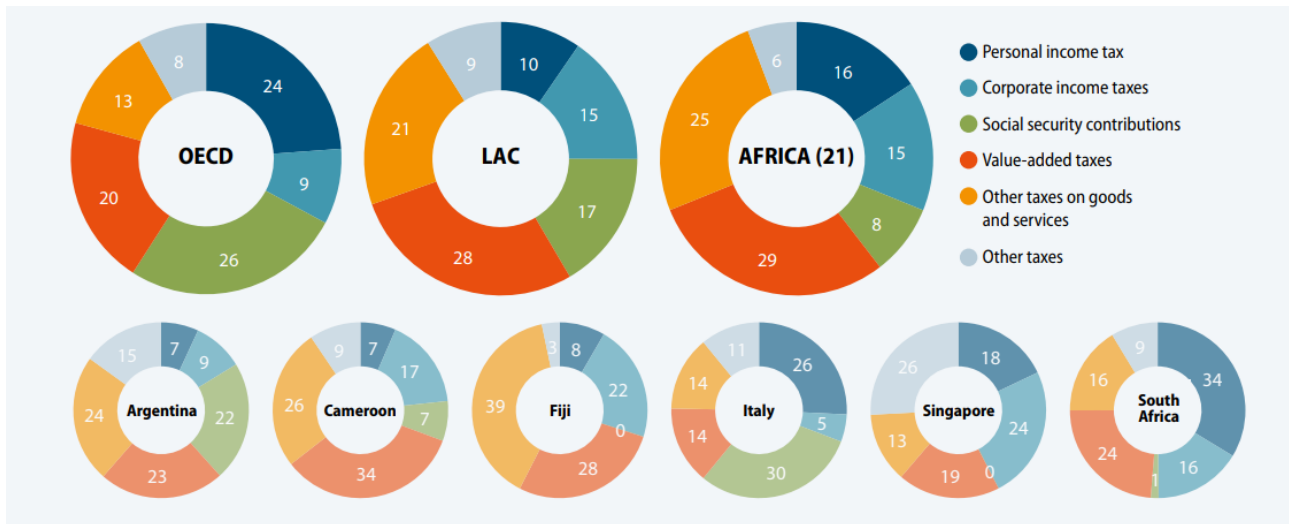
One can consider the OECD countries to be more developed than the LAC and African countries as the OECD countries consist mainly of European countries, many of which are more developed than African countries. There are certain OECD countries that may be considered to be less developed, such as the Ukraine and Mexico, but this study has not considered these. The LAC countries are often considered to be more closely linked to the economies of developing countries. In addition to the regional averages as described above, certain countries' tax structures for 2016 were denoted separately.

¹ The Organisation for Economic Cooperation and Development

² Latin America and Caribbean countries

From Figure 13, one can see that African and LAC countries are relatively similar to one another in terms of structure, with both regions collecting the majority of their tax revenues from indirect taxes, namely VAT and other taxes on goods and services (such as excise and customs duties).

Figure 13: Tax structures for the OECD, LAC and Africa (21) averages in 2016 and for selected countries (%)



Source: (OECD, 2018)

3.2.2 Taxation in Africa

Many African countries were previously colonised by what we now refer to as developed countries. As a result, many African countries adopted similar tax systems as their colonisers (Odd-Helge & Lise, 2003). In the 1980's, Africa went through a fiscal crisis, but before that the colonial tax systems that were adopted were still in place and were largely untouched (Odd-Helge & Lise, 2003). Further tax reforms took place in the 1990's as a result of wider adjustment programmes (Odd-Helge & Lise, 2003). The goal for tax reforms is to build modern tax systems, which aid sustained economic growth and development (Thisen, 2003).

Further reasons for tax reforms included the greater awareness of administrative problems and constraints, which resulted in increased tax evasion. Most notably, tax reforms have been focused on the central government tax system. This was illustrated by Odd-Helge and Lise (2003), by showing the tax reforms of Tanzania, which mirror the general characteristics

of tax reforms in the region during the same period. The key highlights of Tanzania's tax reforms included the simplification of the tax structure with respect to direct taxes; the reduction or abolition of export taxes; the simplification and reduction of excise duties; the introduction of VAT (Odd-Helge & Lise, 2003).

Unfortunately, when African countries took in or abolished certain taxes and tax rules, many were ill-advised as the tax policies recommended for African countries, as developing economies, were often the same as those recommended for more developed economies. The flaw in this methodology is that there are vital differences in the economic conditions, investment climate, as well as social and cultural backgrounds between developed and developing economies (Ruhashyankiko & Stern, 2006).

Following the fiscal crises, tax reform grew in importance, with many suggesting the flattening of tax rates as well as the broadening of the tax base. However, many countries raise whatever taxes they are able to raise and often do not consider wider consequences and distributive effects that those tax systems create (Odd-Helge & Lise, 2003). In other words, tax reforms were necessary, but the tax systems adopted were not optimized for African countries.

One must consider that certain developing economies can be considered to be *less developed* than others. According to Baker (2018), the economies of developed countries vary from those of developing countries. Baker (2018) found that the ratio of average personal tax revenue as a percentage of GDP to the corporate tax revenue as a percentage of GDP for OECD countries was 2.3:1, while the same ratio for a sample of developing countries was 0.7:1. This illustrates that personal taxes are less important than corporate tax revenues for developing economies. This also implies that a traditional tax structure in a more developed economy focuses more heavily on personal taxes than other taxes when structuring its tax systems.

Tax reforms in the 1980's in Africa were necessary as the world went through an economic crisis. The result of a number of tax reforms was the introduction of the value-added tax (VAT) in many countries. In addition to the introduction of a consumption tax, being VAT,

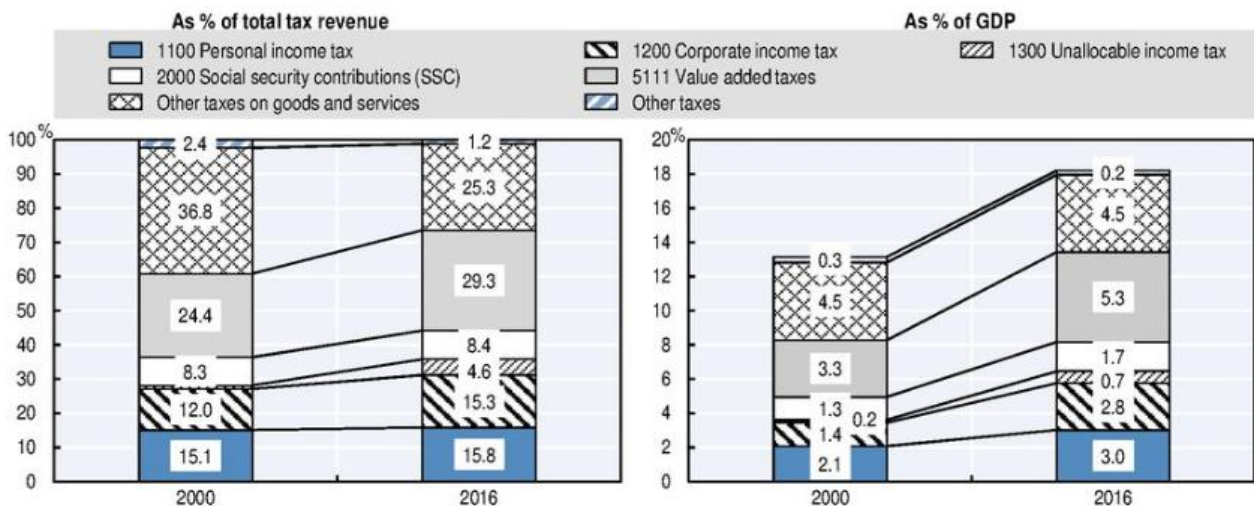
some other tax reforms included wider personal and corporate income taxes, the reduction of import duties, as well as the abolishment of export taxes (Ruhashyankiko & Stern, 2006).

This impact of tax reforms on an African country's tax structure was examined by Walugembe (2017) where he noted that the government of Uganda undertook tax reforms in order to improve tax revenue collection sustainably. He noted that the Ugandan government focused more towards indirect taxes as opposed to direct taxes. In addition, Uganda followed the trend of the implementation of VAT as identified by the OECD (2018), and provided the reasoning that direct taxes are limited by administrative and other constraints (Walugembe, 2017).

Figure in the previous section affirms the position of Ruhashyankiko and Stern (2006), that Africa has seen wider implementation of VAT and other taxes on goods and services, with the gradual introduction of personal income taxes.

In addition to the tax structures above, the OECD also showed the average of specific taxes as a percentage of revenue and GDP for both 2000 and 2016 for certain African countries. These are shown in Figure .

Figure 14: Average tax structure as a percentage of revenue and GDP for certain³ African countries, 2000 – 2016



Source: (OECD, 2018)

³ Botswana, Burkina Faso, Cabo Verde, Cameroon, the Republic of the Congo, the Democratic Republic of the Congo, Cote d'Ivoire, Egypt, Eswatini. Ghana, Kenya, Mali, Mauritius, Morocco, Niger, Rwanda, Senegal, South Africa, Togo, Tunisia and Uganda.

Figure shows the progression in Africa's tax system from 2000 to 2016. One can consider the tax structure as a percentage of total tax revenue. Personal income tax as a percentage of total tax revenues has remained relatively stagnant from 2000 to 2016, with personal income tax only increasing by 0.7%. The tax that has increased the most in popularity (as a percentage of total tax revenues) was VAT, seeing an increase of 4.9%. This is in line with the findings of Odd-Helge and Lise (2003), which showed that Africa was moving towards wider tax trends around the world, including the introduction of VAT.

The majority of tax revenues among the 21 African countries featured by OECD (2018) was sourced from taxes on goods and services. Taxes on goods and services accounted for on average 54.6% of total tax revenues of the 21 countries, with VAT on its own contributing to 29.3% of the tax revenues collected in the region. In addition to taxes on goods and services, taxes on income and profits accounted for another third of the average tax revenues in the region, at 34.3%.

Although the majority of the tax revenue appears to have been raised through indirect taxes, in the form of taxes on goods and services, this is only true for 17 of the 21 countries used in the database for 2016. The four remaining countries, namely Botswana, Egypt, Eswatini and South Africa, the majority of tax revenues arose from taxes on income and profits (direct taxes) (OECD, 2018). Of the 17 countries that focus on taxes on goods and services, 13 of them levied VAT as the main component of the taxes on goods and services, while Cote d'Ivoire, Ghana, Kenya and Uganda rely more on other taxes on goods and services.

The OECD noted that in order to promote economic growth, the most suitable tax policy would be a recurrent tax on immovable property, followed by taxes on consumption, then personal income tax and finally corporate income tax (OECD, 2010a: 20-21).

One should note that African countries cannot all be generalised as there are smaller countries still involved in conflict, such as the Central African Republic, and more well-established countries such as South Africa and Kenya. These nuances are not considered in this study.

3.2.2.1 *Challenges faced in Africa*

As can be seen from the preceding paragraphs, the establishment of efficient and effective tax systems in a developing economy, such as Africa, comes with its own specific set of challenges. These challenges include the structure of the economy, the constrained capacity of tax administrations in Africa, and the scarcity of accurate data (Tanzi & Zee, 2000). Odd-Helge and Lise (2003) identified a trifecta of dilemmas faced by many sub-Saharan African countries with respect to taxation, namely:

1. The great need for revenue to enable poorer countries to provide and maintain basic public services;
2. The number of people that have political power and economic ability is low, and those people do not want to pay tax; and
3. The people who do not have political power, being the majority, do not have much to tax.

This trifecta is augmented by some trends, which are found in many African countries. One imperative trend is democratisation. Democratisation may impact the tax structures in certain countries where governments now need a majority of votes by the people (Odd-Helge & Lise, 2003). In addition to democratisation, another key trend in Africa is the rapid reduction of aid flows. The last major trend is globalisation, which leads to the integration of the world's markets and have seen countries being obliged to adhere to certain international trade agreements, which in turn makes it difficult for developing countries to decide on their own tax systems (Odd-Helge & Lise, 2003).

Odhiambo and Olushola (2018) found that despite many reforms similar to those discussed above, Nigeria's tax system faces many challenges, including the paucity of tax statistics, a poor tax administration, a plethora of taxes, tax evasion and avoidance, and a thriving informal and shadow economy. This could be seen to be characteristic of many countries in Africa.

The characteristics found in developing countries, such as: the large informal economy, a proliferation of smaller businesses and establishments, lower wages and a small share of

consumer spending being made in modern establishments, all contribute to the difficulties of implementing an effective tax system. These characteristics reduce the reliability of certain modern taxes such as personal income taxes and VAT, although to a lesser extent on the VAT side (Tanzi & Zee, 2000).

Considering the lack of development in Africa, a large portion of the economy is made up of small business taxpayers, who pose their own challenges (Wallace & Bird, 2003). Rakner and Gloppen (2003) noted that policymakers in Africa have concentrated their efforts on increasing collection and compliance from a handful of large business taxpayers as opposed to attempting to engage with smaller enterprises.

African tax systems are often defined by extensive Informal economies (Joshi *et al.*, 2014). Tax revenues from those informal economies could possibly be a significant source of tax revenue for governments if the correct tax system is devised and implemented to include that informal economy. Individual players in the informal economy are often low-income earners and the expected tax rates would also be low, resulting in an underwhelming collection of revenue (Joshi *et al.*, 2014). Odhiambo and Olushola (2018) found that despite many reforms similar to those discussed above, Nigeria's tax system faces many challenges, including a thriving informal and shadow economy.

There have been many opposing views on whether informal economies should be taxed. Much research in the field of taxation and the informal economy has focused on direct revenue and equity implications and appears to show that this may be an imperative source of government revenue (Joshi *et al.*, 2014).

Unfortunately, in practice, the revenue from taxing informal economies is expected to be quite low as individual players in the sector earn low incomes, while the cost of collection is expected to be high. The taxation of this sector of the economy also raises certain equity concerns due to the low income nature of businesses in this sector (Joshi *et al.*, 2014).

Joshi *et al.* (2014) found that there is some cross-sectional evidence that taxing the informal sector may create a culture of tax compliance as businesses operating therein grow. In

addition, they found that taxing the informal sector has improved the growth of small and medium sized enterprises (“SMEs”) (Joshi *et al.*, 2014).

3.2.2.2 *An analysis of tax systems in Africa*

The tax systems in many African countries have many different taxes and many different rate structures and legislation is often not written in a simple manner (Odd-Helge & Lise, 2003).

The design of a tax system, in either a developed or a developing country, is based on the feasibility of that tax system given the requirement for more revenue to fund public expenditure, administrative considerations, history and wider political considerations (Volkerink, 2009).

(Ruhashyankiko & Stern, 2006) noted an important concept, namely that higher incomes in developed countries means that tax systems can be designed to encourage domestic savings, which assist in promoting economic growth. Fjeldstad and Heggstad (2011) stated that tax systems in Africa are split into the following tax bases: (i) Direct taxes; (ii) Indirect taxes; (iii) Trade taxes; and (iv) Taxes on natural resources.

Africa has seen a steady increase in tax revenue raised from direct taxes, while indirect taxes have stagnated as a percentage of GDP (Fjeldstad & Heggstad, 2011). Koch, Schoeman and Van Tonder (2005) noted that there is a relationship between total taxation and the mix of taxation and economic growth. Decreased tax burdens for taxpayers are strongly associated with increased economic growth potential.

Quite importantly, the OECD (2018) found that tax-to-GDP ratios are influenced by various factors including macroeconomic characteristics, including the importance of agriculture in the economy and the openness to trade and the size of the informal economy. In addition, the power of tax administrations, the level of corruption, and the willingness of taxpayers to pay taxes have a strong correlation to tax revenue in Africa.

Interestingly, higher shares of agriculture are associated with a lower tax-to-GDP ratio as most people working in the sector receive low incomes and as such might not be registered for tax purposes and the sector often benefits from various tax exemptions (OECD, 2018).

Direct Tax

Personal taxes, or income taxes as they are most commonly known refers to the taxation of one's personal income. It is a direct tax as it is payable on income earned as opposed to the goods or services consumed.

It has been found that gross domestic product growth has a substantial effect on the tax mix of a country (Tosun & Abizadeh, 2005). Personal taxes responded positively to economic growth, when compared to certain indirect taxes such as taxes on goods and services, as such, direct taxes generally increase as a result of economic growth (Tosun & Abizadeh, 2005).

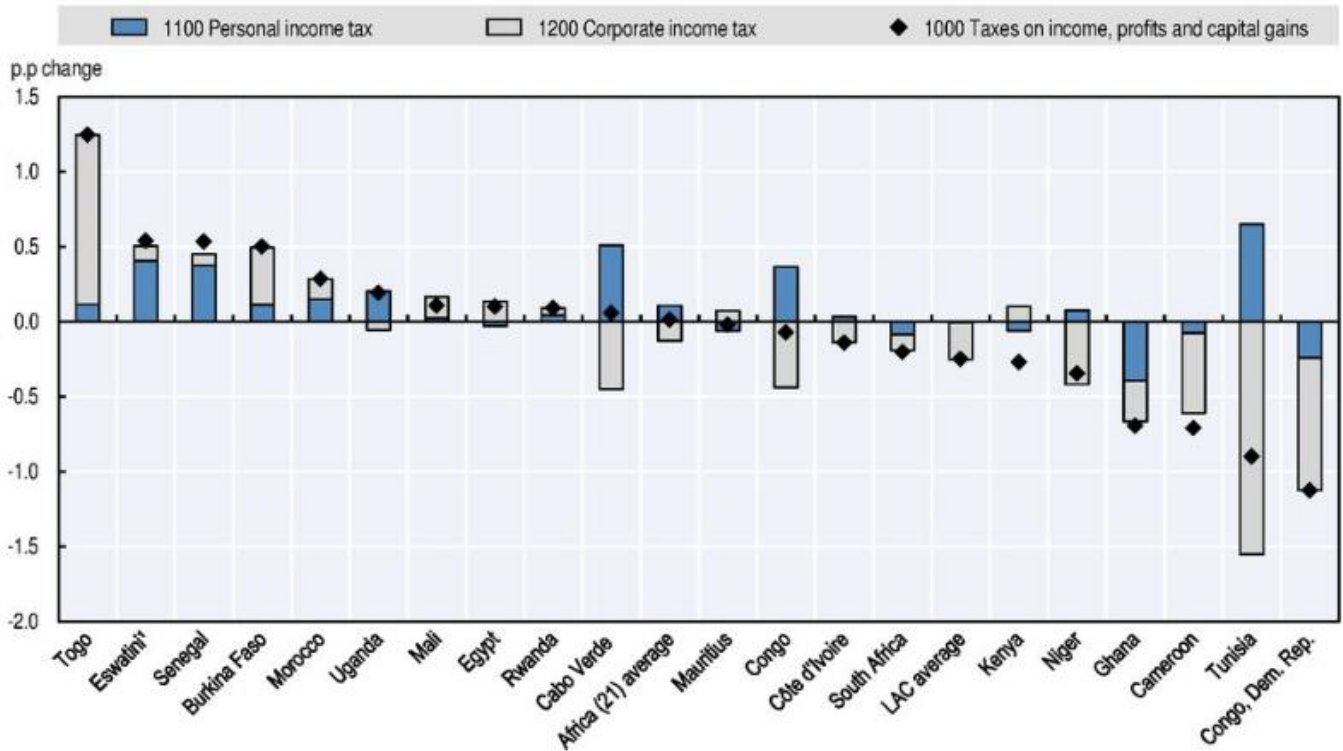
Although the above states that personal taxes are correlated to positive economic growth, Bird and Zolt (2005) found that personal income tax has not assisted in reducing inequality and brings with it high administrative, compliance, economic efficiency and political costs. Bird and Zolt (2005) did however conclude that personal income tax should not be eliminated completely as they do have a place in developing countries. There is an admission that personal income tax does not have great positive redistributive effect and that consumption taxes may have a greater impact on redistribution (Bird & Zolt, 2005).

Since 2001, Tanzania has seen a steady increase in tax revenue arising from both personal and corporate taxes. Similarly, Mozambique has also seen a gradual increase in direct taxes between 1996 and 2008, however, Mozambique is considered to be more dependent on Indirect tax than Tanzania. Zambia, on the other hand is less dependent on indirect taxes and has seen a slight increase in tax revenues from direct taxes (Fjeldstad & Heggstad, 2011).

(OECD, 2018) found that the changes in tax revenue collected from personal income tax and corporate income tax as a percentage of GDP between 2015 and 2016 varied significantly across 21 countries in Africa. It was found that Cameroon, the Democratic Republic of the

Congo and Tunisia recorded decreases in corporate income tax revenues. The changes in corporate income tax, personal income tax and taxes on income, profits and capital gains are illustrated in Figure 15.

Figure 15: Annual change in revenue from taxes on income and profits between 2015 and 2016 (percentage points of GDP)



Source: (OECD, 2018)

Revenue from income taxes were the main driver for the increase of the average tax-to-GDP ratio from 3.6% to 6.2% between 2000 and 2016 of 21 African countries according to an analysis by the OECD (2018). Presumably, this is showing a trend towards the imposition of more personal and corporate income taxes across Africa.

Indirect Tax

As mentioned above, many African countries introduced VAT, and it was probably the most successful tax reform implemented in Africa. It has been shown that tax authorities in Africa

have a preference toward levying tax on goods and services as taxation on income is an ambitious task (Thisen, 2003) .

The OECD (2018) found that the average tax structure for 21 African countries between 2000 and 2016 moved towards VAT and taxes on income and profits. VAT made up the highest share of tax revenues for these 21 countries in 2016, at 29.3%, an increase of 4.9% since 2000. This supports the notion that African governments prefer to levy VAT and indirect taxes (Odd-Helge & Lise, 2003).

Walugembe (2017) undertook a study examining the impact of indirect tax revenue on economic growth in Uganda over a specific period in 2015. The specific types of indirect taxes included VAT, excise duty and taxes on international trade. The results of the study found that VAT had a negative effect on economic growth, while excise duty appeared to have a positive effect thereon. The conclusion suggested that the Ugandan Revenue Authority maintain a minimal VAT rate in order to increase overall GDP, as well as increase or maintain excise duty in order to maintain and encourage growth.

Developing countries tend to find themselves collecting higher proportions of tariff revenue than developed countries (Moutos, 2001). It is believed that this is the case due to the relative ease of collecting tariff revenues in countries where tax administration is not the top priority. This reasoning has been questioned as many developing countries allow numerous duty-free imports.

The above is supported by the fact that Tanzania's tax base was largely made up of indirect taxes, namely VAT and excise duties for the period 1999 – 2008. By 2008, indirect taxes formed 4.6% of the tax share of GDP in Tanzania (Fjeldstad & Heggstad, 2011).

Mozambique has been even more dependent on indirect taxes (as a percentage of GDP), with indirect tax revenues reaching 7.4% of GDP in 2008 (Fjeldstad & Heggstad, 2011).

The opposite has been seen in Zambia, where direct taxes and trade taxes constituted the largest GDP share for the period 1996 – 2008, with a gradual decrease in trade taxes from 2003 onwards. The significance of indirect taxes has diminished over the years showing that

Zambia is less dependent on indirect taxes and actually, more in line with the African average (Fjeldstad & Heggstad, 2011).

Kenya has seen a steady rise in the level of tax collected from indirect tax, specifically during the period 1973 – 2010. This was coupled with dwindling economic growth (Owino, 2018).

Certain evidence from Western economies speak to the fact that countries that rely on consumption taxes rather than labour or capital income taxes tend to save more and grow faster. However, in order to reach an equitable and fair tax system, personal taxes are a better option (Fjeldstad & Heggstad, 2011).

Koch *et al.* (2005) used time series data from South Africa for the period 1960 – 2002 in order to analyse the relationship between taxes and economic growth, followed by the effect of the ratio of indirect taxes to total revenue on economic growth. Koch *et al.* (2005) determined, contrary to a lot of theoretical research, a decrease in indirect taxation as compared to direct taxation is strongly correlated with increased economic growth potential.

Opponents of indirect taxation are of the opinion that indirect taxes increase inequality since both the poor and the wealthy pay the same portion of tax on the same commodity, which ultimately widens the income gap in a particular country (Ilaboya & Mgbame, 2012).

Ilaboya and Mgbame (2012) found that indirect taxation has a negative impact on economic growth in Nigeria, an African developing country, despite the mass movement towards the implementation of indirect taxes across the globe.

Trade taxes

There has been an increase in tax revenues raised from natural resources on the African continent since 1999, while at the same time seeing a steady decline in tax revenue collected from trade taxes (Fjeldstad & Heggstad, 2011). It is believed that this has been be as a result of the reduction in trade barriers.

Excise taxes

Excise taxes are often used in order to influence consumer behaviour. Many common excise taxes include tax on tobacco or alcohol, and environmental taxes (OECD, 2018). Nine⁴ of the 21 countries for which data was collected by the OECD were able to provide detailed breakdowns of excise tax revenue. All nine of these countries tax fuel and other petroleum products. In addition, taxes on tobacco and beverages also made up a significant share of total tax revenues.

Other excise taxes in Africa include vehicle excise, mining excise and communication excise amongst others (OECD, 2018).

Tax administration

It has been noted above that each tax type has its own merits as well as certain burdens that do not work for African countries. It should however be noted that no matter what taxes are said to be the most suited for an African country, the implementation thereof relies on a robust tax administration. Unfortunately, it is often the case that the staff of a tax administration are not well educated and trained (Tanzi & Zee, 2000). As a result, many countries often develop tax systems that are based on what is available as opposed to developing contemporary tax systems that result in efficiency (Tanzi & Zee, 2000).

In order to administer taxes in a more efficient manner, a number of African countries have reformed their tax administrations in order to limit any potential political interference (Odd-Helge & Lise, 2003). These reforms included the administrations being run as a business and being semi-autonomous, which results in good quality staff being retained as the authorities are able to pay competitive salaries (Odd-Helge & Lise, 2003).

Odhiambo and Olushola (2018) noted a few points regarding the tax administration system in Nigeria, which could be used for other countries in Africa. The authors noted that the tax administration system in Nigeria should be strengthened and voluntary compliance should

⁴ Botswana, Burkina Faso, the Democratic Republic of the Congo, Egypt, Eswatini, Mali, Mauritius, Senegal and Tunisia.

be encouraged through taxpayer education and the introduction of a functional tax administration system. Odhiambo and Olushola (2018) recommended that the tax administration should forge good relationships with the professional associations involved in tax matters to gather their support, which may assist in reducing corruption.

3.3 SUMMARY

It has been shown that tax authorities in Africa have a preference toward levying tax on goods and services as taxation on income is an ambitious task (Thisen, 2003). This has been confirmed by the most recent data available from the OECD (2018), which shows that Africa as a region is more dependent on VAT and other goods and services taxes on average. There are a few exceptions, such as South Africa, which relies slightly more on personal income taxes in comparison to other African countries.

In addition, developing countries tend to find themselves collecting higher proportions of tariff revenue than developed countries (Moutos, 2001).

Although Tosun and Abizadeh (2005) found that personal taxes responded positively to economic growth and direct taxes generally increase as a result of economic growth, Bird and Zolt (2005) found that personal income tax has not assisted in reducing inequality and brings with it high administrative, compliance, economic efficiency and political costs. There is an admission that personal income tax does not have a greatly positive redistributive effect and that consumption taxes may have a greater impact on redistribution (Bird & Zolt, 2005).

A 'flat tax' has been a widely discussed concept and consists of a broad-based consumption tax on personal and business income. A flat tax is expected to be more efficient in terms of administration as it is similar to a VAT system, while addressing concerns that low-income taxpayers often bear a bigger burden when consumption tax systems are in place (Hall & Rabushka, 2013). The idea of a flat tax may be more suitable in an African context as much of the continent consists of low-income earners.

Africa faces many challenges, and the OECD (2018) found that tax-to-GDP ratios are influenced by various factors including macroeconomic characteristics, including the

importance of agriculture in the economy and the openness to trade and the size of the informal economy. In addition, the power of tax administrations, the level of corruption, and the willingness of taxpayers to pay taxes have a strong correlation to tax revenue collection in Africa.

3.4 RESEARCH ETHICS

The research is intended to explore the existing tax systems in Africa, including their challenges without prejudice. It also encompasses a holistic view of tax systems taking into account every facet of the economy, including the shadow economy that should be liable for tax.

The intention of the proposed study is to promote a fair distribution of public expenditure.

This research paper was prepared without being unethical, and was prepared in line with the research ethics policy of the University of Pretoria. Every step of the research process has been undertaken ethically.

CHAPTER 4

Conclusion

4 CHAPTER 4 - CONCLUSION

4.1 INTRODUCTION

The aim of this paper was to gain a better understanding of the existing tax systems in Africa. In addition, the research was undertaken to also explore the challenges of tax systems in Africa. This chapter starts off with a summary of the findings and draws a conclusion on the research question. In addition, the limitations to the research, as well as suggestions for future research are communicated.

4.2 HOW THE RESEARCH QUESTION WAS ANSWERED

This section provides a dialogue and conclusion on whether the research question and the research objectives specified in Chapter 1 were achieved and answered through the performance of a systematic literature review.

Three objectives were formulated to assist the researcher in answering the research question. The first research objective of this study was: To explore the history of tax systems.

Taxation has been used as a fiscal policy instrument by governments in order to raise revenue as a means of covering public expenditure and promoting economic growth (Odhiambo & Olushola, 2018) (Mhizha, 2015). The raising of taxes is also used to raise revenue for government services funding, to encourage or discourage behaviour and to change the distribution of income (Bird & Zolt, 2005).

In order to impose a mix of taxes, a tax system is required. The most suitable tax system for a country should take into account the idiosyncrasies of a country or economy in order to be effective (Bird, 2008).

Globally, tax systems consist of a mix of both direct and indirect taxes, with the key difference being that direct taxes are generally levied on income, while indirect taxes are levied on consumption (Walugembe, 2017).

The second research objective of this study was: To explore the challenges of tax systems in Africa.

When African countries inherited certain tax systems (Odd-Helge & Lise, 2003), many were ill-advised as the tax policies recommended for African countries were often the same as those recommended for more developed economies. The flaw in this methodology is that there are vital differences in the economic conditions, investment climate, as well as social and cultural backgrounds between developed and developing economies (Ruhashyankiko & Stern, 2006).

From the research performed, one can see a strong link between certain taxes and economic growth, with Fjeldstad and Heggstad (2011) and Koch *et al.* (2005), amongst others affirming the fact that although indirect taxes, such as VAT and customs duties are more easily implementable, and countries that rely on consumption taxes save and grow more, increased economic growth potential is directly correlated to direct taxation.

The above has been affirmed through the work of other authors, such as Tosun and Abizadeh (2005), who found that personal taxes responded positively to economic growth, when compared to certain indirect taxes, and direct taxes generally increase as a result of economic growth (Tosun & Abizadeh, 2005).

Odd-Helge and Lise (2003) identified a trifecta of dilemmas faced by many sub-Saharan African countries with respect to taxation including the urgent need for revenue, the low

number of viable taxpayers and the majority of the population do not have much on which a tax can be imposed.

This trifecta is amplified by some trends, which are found in many African countries, including democratisation, which may impact the tax structures in certain countries where governments now need a majority of votes by the people (Odd-Helge & Lise, 2003). Another trend is globalisation, which leads to the integration of the world's markets and has seen developing countries being obliged to adhere to certain international trade agreements, which in turn makes it difficult for developing countries to decide on their own tax systems (Odd-Helge & Lise, 2003).

Additional characteristics found in developing countries, such as: the large informal economy, a proliferation of smaller businesses and establishments, lower wages and a small share of consumer spending being made in modern establishments, all contribute to the difficulties of implementing an effective tax system (Tanzi & Zee, 2000).

In addition, governments must make a decision on whether taxing the large informal economies present in their countries is worth the administrative and cost burden. Should governments decide that taxing the informal economy is a viable option, it may create a culture of tax compliance and improve the growth of SMEs (Joshi *et al.*, 2014). The informal economy is still a challenge for many Africa economies, even in more developed African countries such as Nigeria (Odhiambo & Olushola, 2018).

The third and final research objective of this study was: To explore and analyse the tax systems in Africa.

The design of a tax system is based on the feasibility of that tax system given the requirement for more revenue to fund public expenditure, administrative considerations, history and wider political considerations (Volkerink, 2009).

In Africa, there appears to be favour towards indirect taxes in the existing structures with the majority of tax revenues collected arising from VAT and other taxes on goods and services, including customs and excise duties amongst others (OECD, 2018). This is affirmed by

Fjeldstad and Heggstad (2011), who found that Africa has seen a steady increase in tax revenue raised from direct taxes, while indirect taxes have stagnated as a percentage of GDP (Fjeldstad & Heggstad, 2011).

Figure shows the progression in Africa's tax system from 2000 to 2016. and shows the increase in tax revenue collection in VAT (OECD, 2018). This is in line with the findings of Odd-Helge and Lise (2003), which showed that Africa was moving towards wider tax trends around the world, including the introduction of VAT.

Ilaboya and Mgbame (2012) found that indirect taxation, including VAT has a negative impact on economic growth in Nigeria despite the mass movement towards the implementation of indirect taxes across the globe. This illustrates the difficulty of implementing a system in Africa, as something that has worked in other more-developed countries, has not necessarily had the same overall effect in African countries.

Ultimately, the purpose of this study was to answer the following research question: **What tax systems are currently in place in Africa as a developing economy, and what are the challenges posed by these taxes?**

The choice of an appropriate tax system in Africa is dependent on the goal of the specific country. It appears that developing economies have to balance a fine line between encouraging economic growth, which has been seen to be attached to taxes on income and profits (Tosun & Abizadeh, 2005); and the redistributive effects of that tax system. The redistributive effects of tax types have been discussed in this paper, and there is an admission that personal income tax does not have a positive re-distributive effect, while consumption taxes may have a greater impact on redistribution (Bird & Zolt, 2005).

Africa is plagued with challenges that are not characteristic of other economies in the world. This includes the shadow economy, a multitude of smaller businesses and lower wages amongst others. These all contribute to the difficulties of implementing an effective tax system in Africa (Tanzi & Zee, 2000).

Bird and Zolt (2005) found that personal income tax has not assisted in reducing inequality and is associated with high costs from an administrative, compliance, economic efficiency and political perspective. This could perhaps explain the decision made by governments to stick with indirect taxes. It has been shown that tax authorities in Africa have a preference toward levying tax on goods and services as taxation on income is an ambitious task (Thisen, 2003). The OECD (2018), shows that Africa as a region is more dependent on VAT and other goods and services taxes on average. There are a few exceptions, such as South Africa, which relies slightly more on personal income taxes in comparison to other African countries.

Opponents of indirect taxation are of the opinion VAT increases inequality since both the poor and the wealthy pay the same portion of tax on the same commodity, which ultimately widens the income gap in a particular country (Ilaboya & Mgbame, 2012).

All in all, Africa's tax systems are currently characterised by high tax revenues from consumption taxes, with VAT forming the bulk of those tax revenues and increasing focus on both personal and corporate income taxes (OECD, 2018). Previously, based on recommendations generally made for developed economies, African governments implemented tax systems that were not necessarily suited to the African economy (Odd-Helge & Lise, 2003).

It has been noted above that each tax type has its own merits as well as certain burdens that do not work for African countries. Unfortunately, no matter what taxes are said to be the most suited for an African country, the implementation thereof relies on robust tax administration. Unfortunately, it is often the case that the staff of a tax administration are not well educated and trained (Tanzi & Zee, 2000).

4.3 RECOMMENDATIONS AND LIMITATIONS

This study's objective was to explore the existing tax systems in place in African countries, while also determining the challenges faced by African governments with respect to these tax systems. However, this study did not differentiate between countries in Africa that are more developed, such as South Africa and Nigeria, and countries in Africa that are less

developed including the likes of Sudan and the Central African Republic. One should note that each country's economy, while being broadly similar in the context of Africa, will have its own specific nuances, which are open to future research.

This research did not analyse the details of specific African countries, but rather generalised and used averages where available. There is an opportunity for future researchers to analyse specific country tax systems.

This research did not seek to identify the most appropriate tax system, but rather discuss the current realities of tax systems in Africa and what may or may not potentially work in African countries. Future researchers may choose to focus on the comparison of more than one country's tax system in order to create a theory of what the most appropriate tax system would be. More quantitative research can also be performed in order to objectively identify patterns and trends in the nexus between economic growth and the tax systems in place.

5 ANNEXURE A

No	Title of Article	Data Analysis Technique
1	Progressive Tax Reform in OECD Countries: perspectives and obstacles (Godar <i>et al.</i> , 2014)	Descriptive analysis
2	Tax system and tax reforms in South and East Asia (Bernardi, Fumagalli & Gandullia, 2005)	Descriptive analysis
3	The influence of tax mix and tax policy on savings and capital formation in developing economies: a survey (Peter & Kerr, 2001)	Descriptive analysis
4	Why do poor democracies collect a lot of tariff revenue? (Moutos, 2001)	Correlation analysis
5	'Sizing' the problem of hard to tax (Alm, Martinez-Vazquez & Schneider, 2004)	Parametric and non-parametric analysis
6	The tax systems in Mozambique, Tanzania and Zambia: capacity and constraints (Fjeldstad & Heggstad, 2011)	Descriptive analysis
7	The limited role of the personal income tax in developing countries (Bird & Zolt, 2005)	Descriptive analysis
8	Indirect tax and economic growth (Ilaboya & Mgbame, 2012)	Diagnostic testing
9	Modelling the tax burden on labour income in Brazil, China, India, Indonesia and South Africa (Gandullia, Iacobone & Thomas, 2012)	Descriptive analysis
10	Tax structures and size-based tax policies: A cross country database and analysis (Abramovsky, Bachas & Jensen, 2015)	Correlation analysis
11	Incentive structure of tax systems in Africa (Ruhashyankiko & Stern, 2006)	Descriptive analysis and correlation analysis
12	A study on the determinants of tax revenue in Africa (Ariwayo, 2018)	Correlation analysis
13	Economic growth and tax components: an analysis of tax changes in the OECD (Tosun & Abizadeh, 2005)	Empirical analysis through econometric tests
14	Economic growth and the structure of taxes in South Africa: 1960 – 2002 (Koch <i>et al.</i> , 2005)	Correlation analysis
15	Assessment of large taxpayers' perception towards the existing tax system in Addis Ababa (EMIRU, 2018)	Descriptive analysis
16	Expanding taxable capacity and reaching revenue potential: Cross-country analysis (Le, Moreno-Dodson & Rojchaichanthorn, 2008)	Correlation analysis
17	Finding the optimum tax rate and tax mix to maximise growth and revenue for South Africa: A balanced budget approach (Van Heerden, 2008)	Correlation analysis
18	From income to consumption tax?: The case of Jamaica (Bahl & Wallace, 2006)	Descriptive analysis

No	Title of Article	Data Analysis Technique
19	Tax composition and economic growth. A panel-model approach for Eastern Europe (Petru-Ovidiu, 2015)	Correlation analysis
20	Tax systems and tax reforms in South and East Asia: Overview of the tax systems and main policy tax issues (Bernardi <i>et al.</i> , 2005)	Descriptive analysis
21	Taxing capital? Not a bad idea after all! (Conesa <i>et al.</i> , 2009)	Correlation analysis
22	The level and composition of tax revenue in developing countries: Evidence from unbalanced panel data (Mahdavi, 2008)	Correlation analysis
23	The progressivity of personal income tax in South Africa since 1994 and directions for tax reform (Steenekamp, 2012)	Descriptive analysis
24	Tax Policy for Emerging Markets: Developing Countries (Tanzi & Zee, 2000)	Descriptive analysis
25	An Analysis of the Corporate Income Tax Policy of less developed countries (Baker, 2018)	Correlation analysis
26	Corporate tax policy for the 21 st century (Merrill, 2010)	Descriptive analysis
27	Does Democracy Affect Taxation? Evidence from Developing Countries (Profeta, Puglisi & Scabrosetti, 2009)	Correlation analysis
28	Does tax evasion influence the composition of tax instruments? Examining the effect of tax evasion on tax structure (Walker & Sennoga)	Correlation analysis
29	Exploring the Origins and Global Rise of VAT (James, 2011)	Descriptive analysis
30	Fiscal Policy and Growth in Africa: Fiscal Federalism, Decentralization and the Incidence of Taxation (Thisen, 2003)	Empirical analysis
31	Globalization and Tax systems – Brazilian Experience (Pereira, 2003)	Descriptive analysis
32	Globalization and Developing Countries – a Shrinking Tax Base? (Aizenman, 2007)	Empirical analysis
33	Tax revenues in transition countries: structural changes and their policy implications (Khujamkulov, 2016)	Empirical analysis
34	Tax challenges facing developing countries (Bird, 2008)	Descriptive analysis
35	Tax system change and the impact of tax research (Bird, 2009)	Descriptive analysis
36	The impact of trade liberalization on Tax structure in developing countries (Karimi, Kaliappan, Ismail & Hamzah, 2016)	Descriptive analysis
37	Economic growth and tax structure in Zimbabwe 1984 – 2009 (Marire & Sunde, 2012)	Empirical analysis
38	Are some taxes better for growth in Pakistan? A time series analysis (Munir & Sultan, 2016)	Correlation analysis
39	Tax structures in Latin America (Martínez Vázquez & Vulovic, 2014)	Descriptive analysis
40	Taxation and Economic Growth in a resource rich country: The case of Nigeria (Odhiambo & Olushola, 2018)	Descriptive analysis

No	Title of Article	Data Analysis Technique
41	Analysis of presumptive income tax for small business in informal economies – A case for Pakistan (Memon, 2010)	Descriptive analysis
42	The impact of taxation on investment and development in developing countries: A case for Zimbabwe (Mhizha, 2015)	Descriptive analysis
43	Do tax structures optimize private fixed investment in Sub-Saharan Africa? A Data Envelopment Analysis (Ayele, 2015)	Empirical analysis
44	Tax revenue and economic growth in selected ECOWAS countries, evidence from SURE Model (Oboh, Chinonyelum & Edeme, 2018)	Empirical analysis
45	Taxing Times - Where might additional tax revenues be found? (Silim, 2013)	Descriptive analysis
46	Indirect tax revenue and its impact on economic growth in Uganda (Walugembe, 2017)	Descriptive analysis
47	Global trajectories of tax reform: Mapping tax reform in Developing and Transition Countries (Stewart, 2002)	Descriptive analysis
48	Business organisations, party systems and tax composition in developing countries: A comparison between Colombia and Peru (von Schiller, 2016)	Descriptive analysis
49	The influence of tax compliance burden upon the size of the informal economy (Saint-Supéry Ceano-Vivas, Muñoz-Torres & Rivera Lirio, 2014)	Correlation analysis
50	The influence of tax compliance burden upon the size of the informal economy (Saint-Supéry Ceano-Vivas <i>et al.</i> , 2014)	Correlation analysis

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