

Sustainable mobilisation of tax revenues to enhance economic growth in Sub-Saharan Africa: Challenges, opportunities, and possible areas of reform

 Favourate Y Mpofu ^(a)



^(a) Post-Doctoral Research Fellow, Department of Accountancy, University of Johannesburg, Auckland Park, Johannesburg, South Africa

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ABSTRACT

Domestic revenue mobilisation is fundamental if African countries are to fund investments in health, education, infrastructural development, economic growth, human capital development, security, and prosperity to attain the Sustainable Development Goals by 2030. Some goals focus on eradicating poverty, reducing inequalities, strengthening institutions, and providing decent work. This requires resources and investment, yet Sub-Saharan African countries continuously struggle to mobilise enough revenue to meet basic government objectives. Through a critical literature review, this paper focuses on sustainable tax revenue mobilisation in Sub-Saharan African Countries, discussing the challenges, opportunities, and prospects for possible amelioration of tax systems. Challenges identified to explain the ineffectiveness of revenue mobilisation in these countries include the presence of a significant informal sector, weak tax administration capacities, the growth in the digital economy, corruption, governance quality, and increased tax avoidance and evasion by multinational companies. Possible prospects include taxation of the digital economy, taxing the informal sector, the capacitation of tax authorities, and the broadening of tax bases.

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Introduction

Many developing countries are working towards the realisation of Sustainable Development by 2030. The fruition of these goals requires significant resources and investment. This creates problems for most Sub-Saharan African Countries (SSA), as these countries are continuously experiencing revenue mobilisation challenges, budgets deficits, and have narrow tax bases as well as a considerable and growing informal sector (El Badaoui & Magnani, 2020; Mpofu, 2021a; Sebele-Mpofu, 2021). Funds could be generated from international public sources, international private sources, and domestic public and domestic private resources. Domestic resources especially taxes are the most fundamental. Domestic revenue mobilisation has been growing in African countries, but the growth remains inadequate to finance governments' key objectives and the realisation of SDGs. Building finance for sustainable development and for reducing the debt crisis in emerging economies and developing countries requires sustainable revenue mobilisation (Oppel, McNabb, & Chachu, 2022). Sustainable revenue mobilisation is not only essential for revenue generation but also plays a critical role in state-building and cementing the implicit social contract between the state and its citizens.

Researchers and development bodies submit that most SSA countries generate tax revenues that are below 15 percent of their GDP, and this is far below the resources that they need to fulfil basic government obligations. SSA is one of the regions with most countries with tax-to-GDP ratios that fall below the World Bank's stated minimum of 15% (World Bank 2021). Scholars and development organisations such as the World Bank, International Monetary Fund (IMF), Organisation of Economic Development and Cooperation (OECD), and African Tax Administration Forum (ATAF) have called on African countries to step up efforts and reforms to enable them to mobilise tax revenues in a sustainable way that is fair, effective, and efficient. Some of the suggestions have been for these

* Corresponding author. ORCID ID: 0000-0002-6309-1697

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countries to improve the administration of Value Added Taxes (VAT), focus on taxing the digital economy through Direct Service Taxes (DSTs), and broadened VAT rules (Destination based taxation) (Akpen; Ndajiwo, 2020; Onuoha & Gillwald, 2022), as well as harnessing digital technologies and digital transformation in tax revenue collection and increasing property taxation. The proposals also include expanding excise taxes, taxing the informal economy (Meagher, 2018; Sebele-Mpofu, 2020), and shutting loopholes exploited by Multinational Enterprises (MNEs) and wealthy persons to engage in Base Erosion and Profit Shifting (BEPS) from higher tax jurisdictions (most African countries) to lower tax jurisdictions (Sebele-Mpofu, Mashiri, & Schwartz, 2021). African countries must also consider revisiting the policy on awarding tax incentives and exemptions and conducting a cost and benefit analysis on these tax incentives.

Daude, Gutierrez, and Melguizo (2013) state that mobilising domestic revenue on a sustainable basis is crucial for African countries for four main reasons (1) to generate funds for fiscal financing (2) to improve capabilities and capacities in the institutional settings (3) build state legitimacy and minimise reliance on donor funding (4) stimulate government-citizen engagement, state accountability, and dialogue. The comparatively low tax revenue generation in the region points to shortcomings in tax revenue mobilisation, abuse of tax incentives and exemptions (Oguttu, 2018), weaknesses in tax administration capacities (Mashiri, 2018; Mpofu, 2021), increased tax evasion and avoidance by MNEs and wealthy persons (Sebele-Mpofu, Mashiri, & Korera, 2021), corruption, low tax morale and poor governance quality (Sebele-Mpofu, 2021). Owing to the region's heavy reliance on agriculture, the presence of a large informal sector, the tremendous expansion of the digital economy, and increased manipulation of transfer pricing rules by MNEs, the propensity to mobilise tax revenue is accordingly minimal. The maximum tax-to-GDP revenue generation potential of the region is approximately 19.6 percent of GDP on average, which is nearly 7.5 percent lower than the world average (World Bank, 2021).

This paper, therefore, explores the possibility of achieving sustainable tax revenue mobilisation in SSA countries. The article focuses on three main sections, the challenges faced by SSA in trying to mobilise tax revenue on a sustainable basis, the opportunities that can be exploited by these countries to improve tax revenue generation in SSA, and lastly the recommendations to improve tax revenue collection in SSA.

This paper was a critical literature review and therefore place greater reliance on previous studies in the subject area and document analysis. Snyder (2019) defines a critical review as where a literature review is used as a stand-alone approach to conduct a study to highlight gaps such as theoretical, conceptual, methodological as well as inconsistencies in findings. The paper also focused on other informational texts such as policy briefs and articles from international organisations such as the World Bank, IMF, ATAF, and AU. Working papers from research bodies such as the International Centre of Taxation and Development and Institute of Development Studies, Africa Portal, and UNU-WIDER. The diversity of sources also enabled the researcher to get various views and statistics to justify the importance, challenges, opportunities, and implications of revenue mobilisation in Africa. This allowed the researcher to draw similarities and inconsistencies among researchers on sustainable tax revenue mobilisation. Data were analysed thematically in line with themes and subthemes drawn from the review. Braun and Clarke (2006) encourage the use of thematic analysis in qualitative research.

Literature Review

Theoretical Framework

This review is guided by two tax theories that relate to tax compliance and effective domestic revenue mobilisation. These two theories are the deterrence theory (Allingham & Sandmo, 1972) and the fiscal exchange theory (Mckerchar & Evans, 2009).

The Economic Deterrence theory

This theory was proposed by Allingham and Sandmo (1972). The Economic deterrence model points to the fact that productive domestic revenue mobilisation especially through tax collections can be driven by the effectiveness of the deterrents used by revenue authorities to force taxpayers to comply with tax legislation. These deterrents include the effectiveness of tax administration (tax administration capacity), the fear of being caught and the probability of being detected through mechanisms such as tax audits in the case of tax evasion. Therefore, in African countries where tax administration capacities are fragile, governance quality is poor and resources (financial, technical, and human) are limited, effective domestic revenue mobilisation faces significant impediments (Sebele-Mpofu, 2021). Mpofu (2021) associate the growth of the informal sector in Zimbabwe with weak tax administration capacities, low probability of detection and the economic challenges in the country.

The Fiscal Exchange Theory

According to Mckerchar and Evans (2009), the fiscal exchange theory builds on the fulfilment of the implicit social contract between government and its citizens. If government delivers quality public goods and services in a fair, accessible and efficient manner, citizens will voluntarily comply with tax legislation. In situations where taxpayers feel that they are not getting a fair return on their tax investment, they tend to evade tax. Tax morale (the willingness to pay taxes) is associated with the fiscal exchange contract. Sebele-Mpofu (2021) points out that in most African countries, corruption is high, service delivery is poor and government expenditure is not transparent. Therefore, tax morale is very low, tax non-compliance is high and ultimately domestic revenue mobilisation is challenging leading to budget deficits.

Empirical Review

Challenges to Sustainable Tax Revenue Mobilisation

Dom (2019) adduces that revenue mobilisation in SSA is volatile. Different scholars have tabled a variety of challenges to effective tax revenue mobilisation. Gwaindepi (2021) points out the revenue instability in SSA and Latin America. Gwaindepi (2021) further alludes to tax evasion, political instability, economic challenges, policy inconsistencies, and institutional weaknesses. Boly, Nandelenga, and Odour (2020) submit that African countries face economic challenges, institutional capacity challenges as well as government and taxpayer attitudes and behaviours. The economic factors include the dominance of the informal economy in most African nations and the minimal levels of financial development and inclusion. The International Labour Organisation (ILO) (2018) attributes 85.8 percent of total employment to the informal sector in Africa. Levin (2021) points out weaknesses in tax systems in SSA and calls for the urgent need for well-designed tax systems that enable structural transformative processes that support employment creation. The researchers call for efforts to improve administrative structures and fiscal capacity to be contextualised to each country's political, economic and social environment. Concerning transfer pricing legislation enforcement, Sebele-Mpofu, Mashiri, and Warima (2022) point to insufficient tax administration and enforcement capacities, lack of tax treaties, ineffective dispute resolution mechanisms as well as weak audit frameworks. Even though many challenges are hindering effective tax revenue mobilisation in Africa, this paper focuses on seven challenges. These are the prominence of the informal economy, the substantial growth of the digital economy, weak tax administration capacities, increased tax avoidance, evasion, and capital flight, weak technologies, low trust and tax morale (government and taxpayers' behaviours), and lastly complexity of tax structures.

Presence and growth of the informal economy

In most SSA countries sustainable tax revenue generation is argued to be negatively affected by the prominence of a large informal economy that is contributing negligibly to tax revenue (Makochehanwa, 2020; Mpofu, 2021a; Rogan, 2019). The informal sector is challenging to tax due to its mobile nature, heterogeneity, and ease of hiding and evading tax. Even though the informal sector is substantial and contributes remarkably to GDP in SSA, researchers disagree on whether its taxation must be prioritised (Kundt, 2017; Makochehanwa, 2020; Meagher, 2018; Resnick, 2021). The debate has coalesced itself around the five motives of taxing the sector, the potential governance advantages, the revenue generation motive, growth and formalisation gains, equity advantages, and the fostering of tax compliance (Mpofu, 2021a). While some scholars advocate for taxation based on the realisation of the motives (Joshi, Prichard, & Heady, 2014), others question the likelihood of these advantages coming to fruition (Joshi, Prichard, & Heady, 2013; Meagher & Lindell, 2013). Whatever the case, the informal economy is prominent and must contribute to taxes. The question is maybe how to tax the sector without impeding its growth and without the costs of collection surpassing the revenue collected.

Expansion of the digital economy

Digitalisation has simplified cross-border trading making it cheaper, quicker, and easier to conduct. This has led to considerable growth in the digital economy and at the same time made it elusive to taxation due to the advancements in technology and complexity of business models. Companies such as Amazon, Facebook and Google make significant profits in Africa and pay very little in terms of taxes. Onuoha and Gillwald (2022) and Bunn, Asen, and Enache (2020) while citing UNCTA (2018), articulate that those engaged in e-commerce in Africa exceed over 21 million and Facebook has more than 200 million subscribers. The digital economy is forecasted to be more than US\$ 300 billion in Africa by 2025 (Onuoha & Gillwald, 2022; Hope & Stuart, 2019). SSA and the rest of the world face challenges in effectively collecting tax revenues from the sector (Bunn et al., 2020; Ganter, 2021; Kelbesa, 2020). Singh (2018) estimates that developing countries are losing in excess of US\$500 billion in tax revenues annually. The magnitude of the digital economy points to possible consequential tax revenues that remain untapped. Non or the under-taxation of the digital economy affects sustainable tax revenue mobilisation. SSA countries should intensify efforts to tax the economy through digital service taxes (DSTs), VAT, and withholding taxes. These efforts must be accompanied by proper cost and benefit analysis of tax policy implementation, assessment of possible unanticipated consequences, comprehensive development of legislation, and improved technical and administrative capacities.

Increased tax avoidance, evasion, and capital flight

SSA countries are heavily affected by tax avoidance and avoidance from both domestic taxpayers and MNEs. According to Boly et al. (2020) and UNCTAD (2020), Africa loses over US\$60 to US\$89 billion yearly in illicit financial flows, due to trade mispricing, mis-invoicing of goods, services, and intangibles, tax evasion, corruption, and other abusive transfer pricing strategies. Weak tax administration capabilities and underdeveloped transfer pricing legislation compound the challenge.

Weak technology or minimal use of ICT in tax administration

Transfer pricing and the digital economy among other challenges have exposed the need for tax revenue services to be digitalised and make use of ICT. The business world is continuously changing, and most activities are getting digitalised, yet most revenue authorities in SSA still rely on ineffective technologies and in some instances outdated technology (AU, 2020). This is a gap that should be urgently addressed to ensure effective tax revenue mobilisation.

Low trust in government and low tax morale

Trust in government is very low in most SSA countries. This is due to the damaged implicit social contract. Due to a lack of accountability, transparency, responsiveness, and stakeholder engagement citizens have low or no trust in government and therefore are unwilling to contribute to financing the government through taxes. Trust in government and its arms (institutions) increases tax morale and compliance and lack of trust reduced tax morale and compliance (Meagher, 2018; Sebele-Mpofu, 2020, 2021). Corruption and aggressive behaviour of tax officials lower tax morale and compliance in most African countries. Lack of voluntary tax compliance means tax evasion is increased and tax enforcement must rely more on the enforcement and deterrence measures, which in turn increases tax administration costs.

Weak tax administration capacities

Due to a lack of resources, an inadequate workforce, lack of adequate skills, and shaky administration capacities, SSA countries find it difficult to mobilise enough tax revenue, especially in hard-to-tax areas such as digital services, transactions between related companies or MNEs and their affiliates as the informal sector (Kabala & Ndulo, 2018; Sebele-Mpofu et al, 2020).

The complexity of tax systems

Effective tax revenue mobilisation is linked to the promotion of voluntary tax compliance. Voluntary tax compliance is in turn inextricably connected to the complexity or simplicity of the tax system. According to Saad (2014), taxpayers can only be able to timely file tax returns, compute tax liabilities correctly and honour their tax obligations timeously and voluntarily if they can easily and comprehensively understand tax legislation. Complexity or simplicity of the tax system affects tax compliance, yet tax systems in SSA are described as complex and ambiguous (Sebele-Mpofu, 2021)

Opportunities for Sustainable Tax Revenue Mobilisation in Sub-Saharan Africa

Many African countries have the likelihood to generate more tax revenues. This can be possible through the amelioration and strengthening of the tax administration, expanding excise taxes and property taxes as well as broadening the tax base by bringing the digital economy into the tax net (Bunn et al., 2020; Latif, 2020; Munoz, Mascagni, Prichard, & Santoro, 2022). Other efforts could include taxing the informal economy (Kundt, 2017; Resnick, 2018, 2021; Rogan, 2019), together with doing away with ineffective tax concessions (Oguttu, 2018; Stausholm, 2017). Furthermore, it is essential to consider the introduction of environmental taxation (green taxes) such as carbon taxes, pollution taxes, and fossil fuel and forestry taxes among other taxes (ATAF, 2021). In addition, revenue authorities need to reduce avenues through which international tax laws are abused by MNEs to engage in BEPS through aggressive tax planning and tax evasion (Oguttu, 2017, 2020). Structural weaknesses in the tax system should also be minimised to make them more effective, governance quality should be improved to boost taxpayer trust and increase voluntary tax compliance (Everest-Phillips & Sandall, 2009; Prichard, 2015; Sebele-Mpofu, 2020). Harnessing digital technologies and Information and Communication Technology is essential to improve revenue mobilisation (Eilu, 2018; Eilu, Walyawula, & Soita, 2021; Mallick, 2021) in the dynamic business environment that is increasingly becoming digitalised as the Fourth Industrial Revolution continues to gain momentum.

Revisiting and Restructuring Tax Incentives Policies

SSA countries should remove tax structures and policies that are harmful to revenue mobilisation or are ineffective or result in negative externalities. While tax incentives are used to attract investments and enhance economic growth, they result in significant revenue losses (Stausholm, 2017). These tax incentives include special treatment, exemptions, credits, deductions, concessions, deferred tax, tax holidays as well as reduced tax rates or preferential treatment given to foreign and domestic companies to encourage them to invest. Proper cost and benefit of awarding tax incentives are lacking in most SSA. SSA countries are among governments that fail to comprehensively quantify, publish, aggregate, and analyse data on whether the tax incentives awarded are commensurate with the revenue generated or whether they are justifiable concerning the investment attracted (Oguttu, 2018). Revenue losses due to tax expenditures such as tax incentives are approximately 7.5% in African countries. Three important challenges that SSA countries would want to pay attention to about tax incentives are identified. They are described as (1) domestically harmful, resulting in negative externalities and welfare losses (2) consequently giving rise to negative spill-overs to other nations (3) they are ineffective as they do not attract the anticipated investment or result in the envisaged growth (Redonda et al., 2018; Oguttu, 2018, Chikova, 2021).

SSA countries are encouraged to re-evaluate, renegotiate redesign and redesign tax incentives in line with comprehensive cost and benefit analysis. In the case where the incentives are not serving the intended purposes of attracting foreign investment and improving tax compliance, these must be repealed.

Taxation of the Informal sector

Researchers argue that for African countries to ensure sustainable mobilisation of tax revenue, they must focus on bringing the huge and growing informal economy into the tax net (Joshi et al., 2014; Resnick, 2020, 2021; Rogan, 2019). Taxing the informal economy is arguably very critical in domestic revenue mobilisation in SSA where countries rely on narrow tax bases. These countries place too much overreliance on large taxpayers from whom they can collect corporate tax and VAT while overlooking the informal sector,

while most of the economies have a significant informal economy that contributes consequentially to GDP (Mpofu, 2021; Rogan, 2019). Researchers offer different reasons why taxation of the informal economy is a critical route that must be pursued by SSA countries. These motives include the enhancement of revenue collections, the improvement of tax morale, ensuring equity, increasing tax morale and compliance and stimulating the growth of small firms, and improving governance (Kundt, 2017; Meagher, 2018; Sebele-Mpofu, 2020, 2021). Mpofu (2021a) categorises the rationalisations for taxing the informal sector into five broad categories and these are governance gains, equity considerations, revenue generation motives, growth and formalisation gains and the tax morale and compliance reasons. These reasons are intertwined and addressing one affects the other and ultimately sustainable tax revenue mobilisation. For example with governance gains, researchers portend that taxing the informal economy will help stimulate representation and engagement with the government (Meagher, 2018; Resnick, 2020). While paying taxes would enable the informal sector to hold the government to account and engage with the sector on matters that concern the sector, it also provides an opportunity for the government to bring the sector under its control (Makocheanwa, 2020; Meagher & Lindell, 2013). Therefore, through that engagement and interaction trust in government will be fostered, thus improving tax morale and tax compliance and this would in turn help in sustainable tax revenue generation.

According to Castañeda, Doyle, and Schwartz (2020) when citizens have low trust in government they tend to opt out of the implicit social contract between government and its citizens. Several researchers have alluded to the potential attainment of the revenue gains and the other advantages emanating from taxing the informal sector in African countries. For example in Zimbabwe (Dube & Casale, 2016; Ligomeka, 2019; Newman, 2019; Sebele-Mpofu, 2021), Nigeria (Meagher, 2018), Ethiopia (Bongwa, 2009), Kenya (Ndaka, 2017), Sierra Leone (Jibao, Prichard, & Van den Boogaard, 2017; Van den Boogaard, Prichard, & Jibao, 2019) and Zambia (Resnick, 2018, 2021). Even though taxing the informal sector is encouraged for sustainable revenue mobilisation in SSA, it is important to acknowledge that there are many challenges to be surmounted. These problems include the lack of informal sector operators' databases, inadequate capacities and capabilities to administer tax to the sector, lack of requisite workforce, financial resources and technical expertise, outdated technology, and lower tax morale. SSA countries must find ways of addressing these challenges to effectively mobilise revenue from the sector. Scholars have encouraged developing countries to use presumptive taxes due to their simplicity and ease of administration (Bucci, 2020; Duve & Schutte; Duve & Schutte, 2021), but the presuppositions are still contested (Dube & Casale, 2019). Other researchers state that presumptive taxes cripple growth in the sector, compromise equity and fail to foster governance gains and instead increase marginalisation and exploitation of operators in the sector (Meagher, 2018; Meagher & Lindell, 2013). Another thorny issue affecting effective tax revenue mobilisation is how countries in the region could collect revenue from the digital economy.

Taxation of the Digital Economy

The digital economy has grown markedly globally. The sharp expansion is attributed to digital transformation and the 4IR (Bunn et al., 2020; Kelbesa, 2020). This increase was further fuelled by the Covid-19 pandemic which did not only transform lives, human interactions, and the ways companies undertake business activities (Mhlanga & Moloi, 2020), but also brought challenges to sustainable tax revenue mobilisation (Akpen; Audu & Ishola, 2021; Gulkova, Karp, & Tupalina, 2019; Olbert & Spengel, 2017). African countries were heavily affected (Latif, 2020; Ndajiwo, 2020). The digital economy has not only brought various advantages to SSA countries, but also threatens effective revenue generation in the region (Simbarashe, 2020). Therefore, to boost tax revenue mobilisation tax authorities in the world in general and in SSA specifically should start looking towards the digital economy that is presumably paying little or no taxes. The covid-19 pandemic has made the need for sustainable revenue mobilisation rather eminent to help finance economic recovery worldwide. Taxation of the digital economy could help provide such resources (Ahmed, Chinembiri, & Govan-Vassen, 2021; Onuoha & Gillwald, 2022, Mpofu 2022a).

International efforts have started focusing on tapping tax revenue from this new but rapidly expanding economy. Despite multilateral and unilateral endeavours being undertaken and ongoing discussions on taxing the digital economy, there is no concurrence among countries on the most appropriate way to tax the sector. Organisations such as the OECD are working towards building an international consensus on the use of DSTs of around 3% of gross revenues generated in market jurisdictions, the ATAF has also advised its members to implement DSTs while waiting for the release of the OECD guidelines. Developed countries such as France and Italy have adopted these taxes (Bunn et al., 2020), while in Africa, Tunisia, Zimbabwe, Nigeria, and Kenya have put in place DSTs regulations (Munoz et al., 2022; Ndajiwo, 2020). Most of the SSA countries have implemented VAT legislation on digital taxes to mobilise tax revenues (Simbarashe, 2020; Mpofu, 2022b). Despite the calls to collect tax revenue from the digital economy, researchers disagree on whether to use DSTs or VAT (Kennedy, 2019; Lowry, 2019; Rukundo, 2020). Disagreements emanate from the structure of digital taxes and the fact that they are calculated based on turnover.

The other pressing question anchors on the possibility to mobilise revenue from this contentious part of the economy owing to the possible challenges and negative consequences of tax policy. Challenges raised include the invisible nature of the digital economy, lack of technologies, the inadequacy of the existing international tax laws, the frail tax administration capacities in SSA countries as well as the lack of appropriate expertise (Ahmed & Gillwald, 2020; de Lima Carvalho, 2020; Janse van Vuuren, 2019; Philip et al., 2021). These challenges converge and diverge concerning the two possible tax heads to be used (VAT and DSTs). The opportunities and implications also differ accordingly to the tax heads. Generally, opportunities include the likelihood of increased tax collections, the chance to level the competitive playing field between foreign digital services providers and domestic firms (Onuoha & Gillwald,

2022) as well as an avenue to curb tax avoidance and evasion by MNEs. For example, the non-taxation of digital MNEs like Amazon, Google, Facebook, Alibaba, and Uber creates unfair competition for local companies. Implications also vary in line with the two tax heads (DSTs and VAT). These consequences also include tax incidence, the possibility of market distortions, and the reduction in the usage of digital services as well as a decline in investment in companies offering digital services. The negative externalities could result not only in a decline in tax revenues collected but also constrain the fulfilment of the SDGs. For example, when prices of digital services rise due to the tax cost, these services become unaffordable. This affects the usage and access to these services, thus affecting digital inclusion and perpetuating inequalities, and affecting poverty reduction efforts.

Reduce Avenues for BEPS

Tax avoidance by MNEs remains a global challenge. Tax avoidance, though not illegal leads to revenue losses. MNEs use strategies such as profit shifting through management fees, mis-invoicing, mispricing, and debt shifting to avoid taxes (Mashiri, 2018; Sebele-Mpofu et al., 2021). SSA countries rely to a greater degree on Income taxes (corporate taxes), thus becomes they are more vulnerable to transfer abuse by MNEs (Beebeejaun, 2019; Kabala & Ndulo, 2018; Tanasić, 2019). International and national efforts to mitigate the impact of tax avoidance and evasion by MNEs are important. SSA countries should work towards improving their transfer pricing regulation and enforcement efforts to reduce BEPS by MNEs. Transfer pricing rules need to be clear, documented, and enforced consistently in SSA African countries. SSA countries also need to build technical capacities to effectively enforce TP rules. Beebeejaun (2019) points to the infancy of TP legislation in most African countries as well as their ineffectiveness owing to several challenges. In addition, the implementation of minimum DSTs rates and thresholds as well as the expansion of VAT regulations toward taxing the digital economy is still novel and contested. International tax legislation should also take into account the needs of developing countries given their weak capacities, underdeveloped legislation, limited financial resources, and weak technologies. Reliance on international tax bodies such as OECD to put the interests of African countries into consideration is not enough, African countries should champion their interests by being part of the international discussion on tax matters as well as through their own regional and continental collaboration such as SADC and ATAF.

The increased role of intangible assets in value creation and the digitalised nature of economies complicate the fight to curb tax avoidance. The nexus principle calls for taxation of the profits where value is generated. The digitalisation of the economy creates novel business models and shared digital platforms, and these also make taxation and addressing tax avoidance intricate, as the location of profits might be different from where value creation takes place. In most instances, value creation is not linked to physical presence (Kennedy, 2019; Simbarashe, 2020). Digitalisation can be a panacea to reduce tax evasion and at the same time avail opportunities for tax evasion. The use of cryptocurrencies and blockchain information-sharing technologies can be used for information exchange to enhance tax systems and at the same time used by high-net-worth individuals that are politically powerful, connected, and economically rich to siphon and hide money by transferring it to tax havens such as Panama. Developing countries need to harness digital technologies for effective revenue mobilisation. According to the World Bank (2000), "Better technology enables better revenue collection-and to reduce corruption, improve service delivery and revolutionize public-private communications".

Addressing tax evasion is also key. This requires an exchange of tax information, SSA countries need to exchange information on a wide scale. Tax reform endeavours should enhance the capacity and credibility of revenue authority officers

Harnessing ICT, Digital Transformation, and other 4IR Tools

There is generally a lack of sufficient capacity to mobilise domestic revenues to finance economic development and growth, thus accounting for the comparatively low tax to GDP in most SSA countries. Eilu (2018) avows that most SSA nations exhibit a growth rate that is below 7 percent, therefore how to make domestic revenue mobilisation efficient and effective in SSA is key. Domestic revenue generation is considered a solution to developmental challenges. The integration of ICT and digital transformation as well as the harnessing of the 4IR and other digital technologies is one such pivotal area toward ameliorating domestic revenue mobilisation. Though many of the SSA countries have started implementing a variety of measures to integrate ICT and other digital technologies in domestic revenue generation, some are still lagging. In this digital world that is continuously evolving, it is inconceivable that tax administration can deliver its key roles (redistribution, revenue generation, addressing inequalities, ironing out market externalities, and stimulation of representation), without any considerable reliance on digital technologies and ICT. Digitalisation must be exploited to reap its possible advantages in revenue mobilisation. Notwithstanding the importance of ICT in tax revenue generation (de Mello & Ter-Minassian; Mallick, 2021), it is crucial to acknowledge that tax authorities in Africa face significant cost constraints and technological skills deficiencies in harnessing ICT (Adegboye et al., 2022; Eilu, 2018). According to Eilu et al. (2021), the adoption of an array of online tax return services in SSA was targeted to enhance tax compliance and expand tax revenue generation for improved economic development and growth as well as infrastructural development. The outcomes of these different online service systems are contested as some researchers table that these measures improved tax compliance and sustainable tax revenue mobilisation to some extent (Ofori, Ofori, & Asongu, 2021; Wandaogo, Sawadogo, & Lastunen, 2022), while others submit that these further complicated the already intricate tax systems in developing countries. The complexity of tax systems is argued to lower tax morale and tax compliance leading to a reduction in tax revenues (Mpofu, 2021b; Sebele-Mpofu & Chinoda, 2019). Ofori et al. (2021) argue that collaborative efforts toward enhancing revenue generation in Africa, reducing tax evasion and corruption as well as minimising high tax administration costs should include making use of ICT and digital technologies. The

researchers argue that ICT can be harnessed to achieve three important objectives. Firstly, to improve tax compliance. Secondly, to enhance industrialisation. Thirdly, to foster innovation and participation in the labour market, (Asongu & Nwachukwu, 2017; Isaac K Ofori & Asongu, 2021; Ofori et al., 2021). Akitoby (2018) contends that exploiting ICT can also avail opportunities for developing countries to widen their tax bases, address corruption, reduce complexities in tax systems, and close loopholes exploited for tax evasion. McCluskey and Huang (2019) affirm the positive externalities of using ICT in revenue mobilisation while alluding to the possibility of broadening tax bases in African countries. Akitoby (2018) portends that ICT diffusion, and the application of digital technologies need to be properly planned for developing countries to improve revenue mobilisation efforts and reap the envisaged gains. Lack of appropriate planning and application could result in unintended consequences or negative externalities. (Ofori et al., 2021) adduce that in SSA harnessing ICT could be beneficial in bringing the large informal economy into the ambit of taxation, minimisation of the marginal cost of generating a unit of tax and lastly lowering of the cost of tax compliance.

According to Wandaogo et al. (2022), there is limited empirical evidence explaining the relationship between sustainable tax revenue mobilisation and the use of ICT in African countries. There is empirically supported evidence pointing to positive outcomes of exploiting IT and the internet in domestic revenue generation. These findings suggest the ability to heighten domestic revenue generation (Gnagnon & Brun, 2018; Kiema, 2017; Koyuncu, Yilmaz, & Ünver, 2016), fostering tax reforms (Gnagnon, 2020) and increased tax revenue stability (Brun, Chambas, Tapsoba, & Wandaogo, 2020). Wandaogo et al (2022) posit that the use of mobile money in making government payments such as taxes can foster informal sector tax compliance and increase chances for formalisation. Sierra Leone embarked on efforts to upgrade customs and tax administration to digital platforms, with the help of the World Bank, and owing to these efforts their tax revenue collections increased in the first quarter of 2019 to twice as much as the revenue generated in the first quarter of 2018 (World Bank, 2019). Brun et al. (2020), Barasa (2021), and Nwachi (2021) conclude that the use of ICT in tax revenue mobilisation and e-platforms in paying tax enhances tax compliance and reduces corruption in tax administration (as the reliance on cash transactions diminishes).

While the evidence of positive consequences is persuasive, the possibility of negative externalities is also worth considering. Amary (2020) submits evidence of reduced tax collections and voluntary tax compliance in Tanzania and attributes it to the complexity of tax systems linked to the use of ICT. The conspicuous voids and inconsistencies in research evidence could be attributed to the lack of extensive empirical research on tax revenue generation and the harnessing of information technology in Africa. This is an evident research gap that needs to be addressed.

Prospects and Possibilities for Reforms to improve Sustainable Tax Revenue

Akitoby et al. (2020) and Akitoby (2018) suggest that efforts to build sustainable tax revenue generation in developing countries and emerging economies should focus on reforms targeting indirect taxes and exemptions, multifaceted tax administration improvements, and sustainable tax administration modifications in fundamental compliance areas such reporting, payments, filing of returns, registration for tax purposes as well risk-focused audits. Effective revenue mobilisation requires political commitment from the government and stakeholder buy-in tax reforms (Akitoby et al., 2020). Lebdioui (2021), tables that to improve revenue generation, developing countries need to consider environmental, economic, and social factors that affect revenue mobilisation. Oxfam (2019) points to the need for capacitation of tax administration and calls for international organisations such as the World Bank and IMF to give capacitation-focused support that anchors on skills development, training, and ICT infrastructural development that enables these countries to exploit IT advantages and opportunities. Developing countries must heighten transparency and accountability in their tax revenue expenditures.

Gwaindepi (2021) laments the continuous dependence of SSA nations on donor financing and external expertise on tax-related matters arguing that this is neither appropriate nor sustainable. According to the researcher “For ownership and commitment, local policymakers, citizens and elites must assume greater responsibility for tax policy design and implementation. Overreliance on external advice may delay the adoption of sustainable tax designs and innovations required in developing world conditions...” The call for African home-grown solutions to revenue mobilisation is also raised by Moore, Prichard, and Fjeldstad (2018). Boly et al. (2020) posit that sustainable tax revenue mobilisation in Africa requires that countries build transparent, accountable, fair, and efficient tax systems that instil confidence in taxpayers so that they voluntarily comply with tax laws, take advantage of digital technology, create comprehensive databases for the identification of taxpayers (firms and individuals). Furthermore, the authors call for capacity building, knowledge, and technology transfer among African countries.

Conclusion

The paper explored sustainable tax revenue mobilisation in SSA. The paper comprehensively reviewed the literature on the options available to SSA countries to improve tax revenue mobilisation, the challenges of sustainable tax revenue mobilisation, the possible avenues that can be exploited to improve tax revenue mobilisation as well the possible implications. Furthermore, the paper discussed possible ways to improve tax revenue generation in SSA. The findings revealed that the digital economy, the informal economy, reduction in tax avoidance and evasion as well as the use of ICT and other digital technologies can be options for increasing tax revenue mobilisation. Future research could explore the relationship between the use of ICT and revenue mobilisation in African countries. Further research could also focus on the performance of presumptive taxes and taxes on digital services (DSTs and VAT) as tools to collect tax revenues from the informal sector and the digital economy. This paper makes the following recommendations

SSA countries need to build voluntary tax compliance under the different tax heads through awareness campaigns, tax education, and stakeholder engagement. In addition, improved service delivery, and transparent and accountable government spending of tax revenues could stimulate trust in government and ultimately improve tax compliance. The way government and tax authorities engage with taxpayers could also build or destroy trust. Respectful, cooperative, and less aggressive treatment of taxpayers boosts tax compliance.

Governments in SSA countries and their tax authorities need to create databases for taxpayers and streamline tax systems to reduce tax system complexities. This could promote voluntary tax compliance. SSA countries need to set aside financial resources to invest in technological infrastructure, human capital, and technical resources to reduce tax avoidance and evasion around all tax heads and especially in taxing contentious sectors such as the digital economy, the informal sector, and regulating transfer pricing. It is important to strengthen regulatory enforcement. SSA countries should consider digitally transforming not only the revenue authorities' functions and processes but the economies at large. Digital transformation is key for innovation, financial inclusion, and sustainable development. It can stimulate employment creation, reduce poverty and inequalities as well as enhance service delivery. The use of technologies can improve efficiency and effectiveness in tax revenue mobilisation.

SSA nations must devote money and efforts toward taxing the informal sector. To tax encourage compliance, the countries could ensure registration processes are simplified and tax rates take into cognisance the low-income nature of the sector and the unstable nature of incomes as the sector's contribution to GDP. The tax contribution of the sector could be improved by providing operators access to financial support and tax incentives such as allowable deductions and exemptions. Stakeholder engagement is key also to building acceptance, trust, and tax compliance in the informal economy.

Countries globally cannot afford not to tax the digital economy and SSA is no exception. Despite some of the African countries that have put in place DSTs legislation and expanded their VAT rules to tax the digital economy, many SAA countries remain without tax policies in place for taxing the digital economy. Significant tax revenues are lost through this economy

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