Revenue Statistics in Africa

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

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

Revenue Statistics in Africa 2019 provides data on 26 African countries: Botswana, Burkina Faso, Cabo Verde, Cameroon, the Republic of the Congo, the Democratic Republic of the Congo, Côte d’Ivoire, Equatorial Guinea, Egypt, Eswatini, Ghana, Kenya, Madagascar, Mali, Mauritania, Mauritius, Morocco, Niger, Nigeria, Rwanda, Senegal, the Seychelles, South Africa, Togo, Tunisia and Uganda. It includes a special feature on the African Continental Free Trade Area (AfCFTA) and its impact on public revenues.

Definitions and classifications

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

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

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


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

This document, as well as any data and map included herein, are without prejudice to the status of or sovereignty over any territory, to the delimitation of international frontiers and boundaries and to the name of any territory, city or area.
Key results

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

TAX RATIOS FOR 2017

In 2017, the unweighted average tax-to-GDP ratio for the 26 countries in this publication (the “Africa (26) average”) was 17.2%. The tax-to-GDP ratio refers to total tax revenue, including social security contributions, as a percentage of gross domestic product (GDP). The Africa (26) average is below the Latin America and the Caribbean (LAC) average of 22.8% and the OECD average of 34.2%. Tax-to-GDP ratios ranged from 5.7% in Nigeria to 31.5% in the Seychelles in 2017, with nearly three quarters of the countries falling between 11.0% and 22.0%. The tax-to-GDP ratio exceeded 22% in four countries (Morocco, Seychelles, South Africa and Tunisia).

Figure 1. Tax-to-GDP ratios (total tax revenue as % of GDP), 2017

TAX-TO-GDP RATIOS SINCE 2008

Tax revenues increased by 1.5% of GDP on average between 2008 and 2017, driven by increases in revenues from VAT (0.7 percentage points [p.p.]) and from taxes on income and profits (0.3 p.p.) driven entirely by a 0.7 p.p. increase in revenues from personal income taxes. The increase in the Africa (26) average tax-to-GDP ratio was higher than the increase for the LAC and the OECD averages (both 1.3 p.p.). The Africa (26) average has plateaued at 17.2% since 2015, with increases in tax-to-GDP ratios in some countries being offset by decreases in others.

Figure 2. Tax-to-GDP ratios, 2000-2017


Special feature: African Continental Free Trade Agreement

This edition also includes a special feature on the African Continental Free Trade Agreement (AfCFTA), which came into force in May 2019. Its objective is to create a single market for goods and services covering 1.7 billion people and with aggregate GDP of USD 3.4 trillion by 2030. Although the AfCFTA is expected to boost tax revenues in the long term due to its positive impact on GDP, the elimination of trade taxes will reduce revenues in the short run. Data from Revenue Statistics in Africa 2019 show that the importance of trade taxes has declined since 2008 across most of the 26 countries but still accounted for 11.8% of total tax revenues on average in 2017. It also shows that low-income countries are most reliant on revenue from trade taxes, underlining the importance of mechanisms proposed in the AfCFTA to support vulnerable countries in transition to the new arrangements.
TAX STRUCTURES

The greatest source of tax revenues among countries featured in this publication were taxes on goods and services, which accounted for 53.7% of total tax revenues on average in 2017, with VAT alone contributing 29.4%. Taxes on income and profits accounted for 36.2% of tax revenues. This was a similar tax structure to that of the average LAC country, except in relation to social security contributions: social security contributions as a proportion of GDP in LAC were more than twice the level seen in Africa.

Taxes on goods and services were the principal source of tax revenues for 21 countries in 2017, ranging from 36.6% of tax revenues in Tunisia to 78.5% in Togo. For the five other countries (Botswana, Equatorial Guinea, Eswatini, Nigeria and South Africa), taxes on income and profits accounted for the principal share of total tax revenue. The share of social security contributions in total tax revenue was highest in Tunisia (30.7% of total revenues), Morocco (19.3%) and Egypt (15.0%).

On average, in 2017 revenue from environmentally related taxes amounted to 1.3% of GDP in Africa, slightly lower than the OECD unweighted average of 1.6% of GDP (2016 figure) but higher than the LAC average of 0.9% of GDP. In 2017, tax revenues from energy products generated 70% of total environmentally related tax revenue on average, followed by revenues from motor vehicle and transport taxes.

The VAT revenue ratio (VRR), included for the first time in this publication, shows the difference between VAT revenues that would be expected if standard rates were uniformly applied and what was actually collected. These differences could come from exemptions and reduced rates, fraud, evasion and tax planning as well as weaknesses in tax administration. In 2016, South Africa and Togo had the highest VRR (0.66 and 0.65 respectively) whereas Nigeria, the Democratic Republic of the Congo, and Equatorial Guinea had the lowest (0.19, 0.17 and 0.07 respectively). In 2016, the VRR of 0.37 in Africa was below the LAC average of 0.59 and the OECD average of 0.56.

Figure 3. **Tax structures (% of total tax revenue), 2017**

NON-TAX REVENUES

In 2017, total non-tax revenues were lower than tax revenues in all countries except Botswana, the Republic of the Congo and Equatorial Guinea. The highest shares were in Botswana (18.7% of GDP) and Eswatini (14.3%) – both of which were net recipients of funds from the Southern African Customs Union (SACU) – followed by the Republic of the Congo, which reported oil revenues amounting to 13.0% of GDP. Non-tax revenues were below 5% of GDP for 17 of the 26 countries.

Non-tax revenues tend to vary more between years than tax revenues, often due to changing commodity prices or the variability of grants. However, non-tax revenues have been on a downward trend since 2008, offsetting gains in tax-to-GDP ratios. Most countries saw a decline over this period in both grants and resource revenues.

The sources of non-tax revenues vary across the countries in the report. For 10 countries (Niger, Rwanda, Togo, Burkina Faso, Senegal, Mali, the Democratic Republic of the Congo, Madagascar, Côte d’Ivoire and Uganda), grants were the principal source of non-tax revenues. Seven countries (the Republic of the Congo, Equatorial Guinea, Mauritania, Cameroon, Tunisia, Nigeria and South Africa) received more revenues from rents and royalties. Botswana and Eswatini received a majority of their non-tax revenue (56% and 86%, respectively) from the SACU revenue-sharing agreement.

Figure 4. Total tax and non-tax revenue as a percentage of GDP, 2017

Towards harmonised regional statistics

- **Revenue Statistics in Africa** provides tools that have been developed by tax policy makers and adapted for tax policy analysis, such as:
  - An annual publication, available in hard copy and online, that allows for cross country comparison.
  - A highly-detailed dataset freely accessible online.
  - **Compare your country**, a free online interactive tool, and other tools for data presentation and analysis.

- **Participation is free of charge**: there is no payment required, and participation involves approximately 1-2 weeks of work a year for national officials. Most data compilation tasks are carried out by the OECD.

- **Comparability and trustworthiness**: a common method for collecting, analysing, aggregating and presenting data across over 95 countries around the world, with data validated by national authorities. These data are accessible through the Global Revenue Statistics Database.

- **Continuous dialogue**: bilateral exchanges and seminars on tax policy and statistics with experts in African countries to share experiences and best practices.

**Partners**

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

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

The African Union is a continental organisation representing 55 African States. Founded in 1963 as the Organization of African Unity, it became the African Union in 2002. The organisation is made up of both political and administrative bodies to promote unity and solidarity among African States and to co-ordinate and intensify co-operation for development.

In collaboration with:
Contacts

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

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A global initiative

Revenue Statistics in Africa is part of a global series that includes four annual publications for different regions and the Global Revenue Statistics Database. Launched in 2018, the Global Revenue Statistics Database draws on the publications to provide detailed, comparable tax revenue data for over 95 countries from all regions of the world.