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Leveraging on Tax Education to Boost Africa's Economy

(Monrovia, September 16, 2019): Over the years most African countries have depended heavily on foreign aid and other form of foreign supports. This situation of dependency by most African countries has not led to the development of any country nor has it alleviated extreme poverty from the continent. Most developed nations e.g. the USA, China, Germany, Canada, etc., depend heavily on domestic revenue to provide the basic services to citizens. This shows that self-reliant states are capable of achieving economic growth and development, which create job opportunities for youth and relieve citizens from extreme poverty. Similarly, in Africa, countries such as Rwanda, Mauritius, among others, that are gradually moving towards enhancing domestic revenue mobilization growth are becoming sustainable than others that are heavily donor-dependent. With Africa holding the world youngest population by 2050, it is essential that the younger populations are aware of the importance of taxes in nation-building and sustainability, economic growth, and poverty minimization.

The 2015 Organization for Economic Co-operation and Development (OECD)/ International and Ibero-American Foundation for Administration and Public Policies (FIAPP) report revealed that most developing countries and least developed countries are striving more than ever before to generate more tax revenue. In light of shrinking donor supports, a country's own resources are needed to achieve sustainable development, minimize poverty rate, reduce inequalities, improve public services, and build infrastructure for inclusive growth.

As a starting point, one of the practical ways of supporting domestic resource mobilization is to foster an overall culture of tax compliance that is based on citizens' rights and responsibilities, where citizens' view paying taxes as an essential part of their relationship with the government, and at the same time hold government accountable for taxes paid to them.

In an attempt to promote tax literacy in Liberia, the Liberia Revenue Authority (LRA) has put in place tax education programs, perhaps due to limited resources, LRA has not fully explored tax education platforms such as media, communities, counties, churches, etc. Statistics from the LRA has shown that despite the efforts been made, domestic revenue collection for the LRA on average for FY2018/19 was approximately 76.116 billion Liberian dollars, while the average approved target FY2018/19 was 82.044 billion Liberian dollars, equivalent to a decrease of 5.92 billion LRD.

Comparatively, tax revenue collections by Rwanda Revenue Authority (RRA) for 2018/19 amounted to Rwf139.88 billion against the target of Rwf137.31 billion, equivalent to Rwf2.57 billion above target. For the 2019/2020 fiscal year, RRA projects collections of up to Rwf153.58 billion, representing 54.1% of the national budget which is Rwf287.69 billion. Rwanda's 2019/20



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budget which is an 11% increase in the 2018/19 revised budget of Rwf 258.52 billion. Perhaps this is an indication that in the near future, Rwanda's budget will primarily be financed domestically.

Importance of Taxpayers' education

Taxpayers' education is vital and there is a need for both government and tax administration to develop innovative taxpayer's education programs and campaigns that will inform and engage both the current and potential taxpayers. It is very important that the next generations are aware of taxes and its importance to economic growth of any country.

For instance, there have been success stories from countries around the world on the impact of tax education initiatives in countries like Kenya, Morocco, Mexico, Malaysia, and El Salvador, (OECD, FIIAPP, 2015). Evidence from Kenya Revenue Authority shows that within three years (2012-2015) over 25,000 students and 400 teachers have been reached through these outreach programs. There have been positive recognition and appreciation of the benefit of taxes by more citizens.

Taxpayer education programs should not merely be used as a strategy for collecting more revenue or as an opportunity to exclusively explain why taxes should be paid. Rather, revenue authorities should reinforce tax education programs with the aim of strengthening attitudes of commitment to the common good by emphasizing the social value of tax and its relation to public expenditure.

The importance of taxation cannot be overemphasized, as economic analysis have shown that taxation remains a strong socio-political and economic tool for economic growth and national prosperity. As such, governments should invest heavily in revenue authorities around the continent who will in turn educate citizens on their responsibilities and obligations.

Similarly, the attitude of transparency and accountability should be embraced by governments across the continent so as to motivate current and future taxpayers.

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Our Core Mandate: Established by an Act of the Legislature in 2013, the LRA started functioning on July 1, 2014. The core mandate of the LRA is to administer and enforce Liberia's revenue laws, including the Liberia Revenue Code of 2000 as amended in 2011, and other related laws. Under which laws, it is assigned responsibility for the purposes of assessing, collecting, auditing, and accounting for all national revenues, plus for facilitating legitimate international trade through customs border management and enforcement.