

Revenue Statistics in Africa 2023



Co-funded by
the European Union



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 technical support of the African Development Bank (AfDB) and the Cercle de réflexion et d'échange des dirigeants des administrations fiscales (CREDAF) and 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). It also contributes to the implementation of the second phase of the Pan-African Statistics Programme, a joint initiative between the African Union and the European Union that aims to improve measurement of progress in the process of African Integration by promoting the use of statistical data of quality in the Africa Integration decision making process and policy monitoring.



Revenue Statistics in Africa 2023 provides data on 33 countries: Botswana, Burkina Faso, Cabo Verde, Cameroon, Chad, the Republic of the Congo, the Democratic Republic of the Congo, Côte d'Ivoire, Equatorial Guinea, Egypt, Eswatini, Gabon, Ghana, Guinea, Lesotho, Kenya, Madagascar, Malawi, Mali, Mauritania, Mauritius, Morocco, Namibia, Niger, Nigeria, Rwanda, Senegal, the Seychelles, Sierra Leone, South Africa, Togo, Tunisia and Uganda. It includes a special feature based on the VAT Digital Toolkit for Africa, which was jointly produced by ATAF, the OECD and the World Bank group.

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.

Further information on definitions and classifications is available in the Interpretative Guide:

www.oecd.org/tax/tax-policy/oecd-classification-taxes-interpretative-guide.pdf

The publication is available at <https://oe.cd/revstatsafrica>

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.



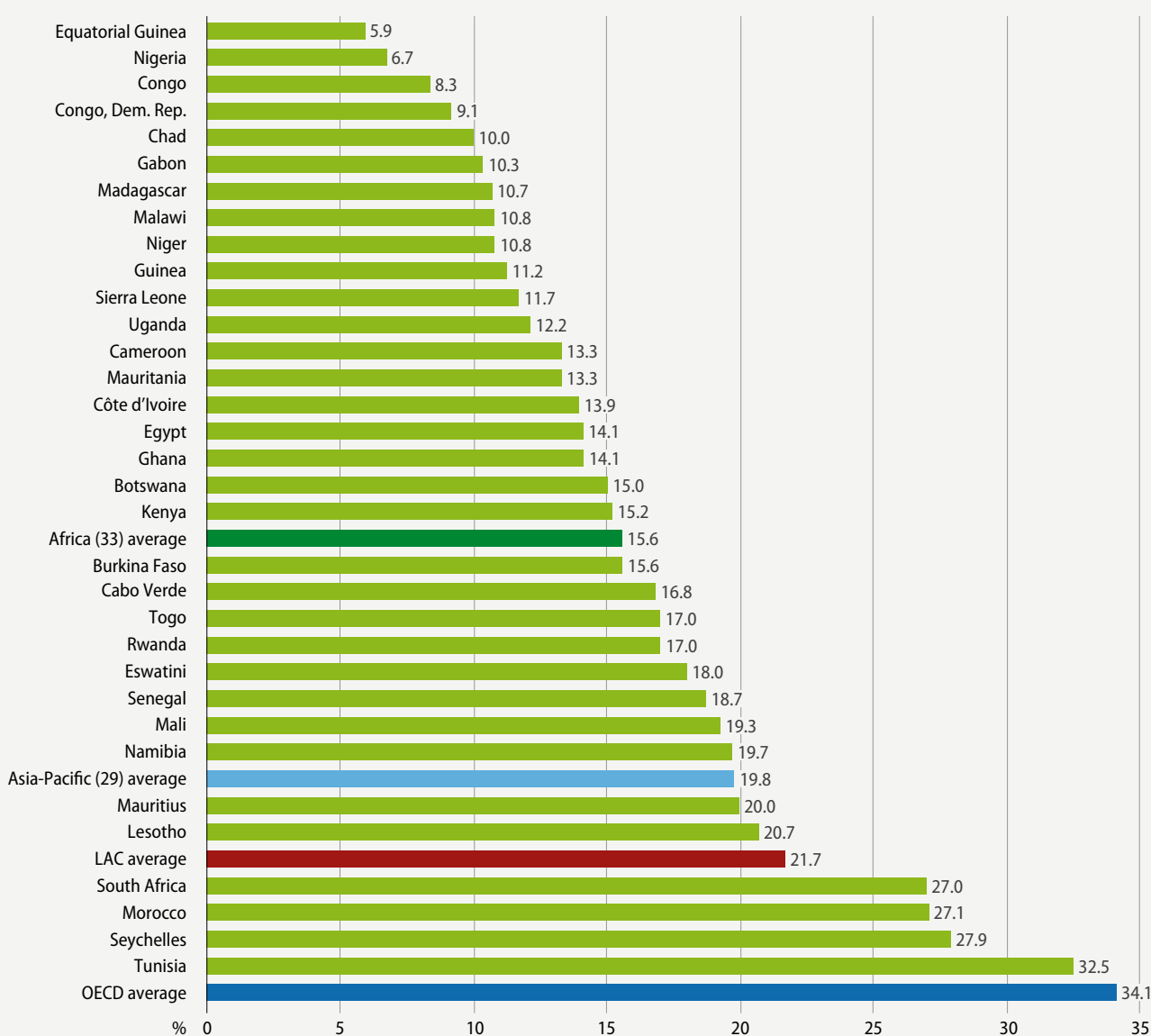
Key results

Achieving the SDGs and implementing the Addis Ababa Action Agenda and the African Union's Agenda 2063 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 2021 AND CHANGES SINCE 2020

The unweighted average tax-to-GDP ratio for the 33 countries in this publication (the "Africa (33) average") was 15.6% in 2021, and recorded no change relative to 2020. The tax-to-GDP ratio refers to total tax revenues, including compulsory social security contributions, as a percentage of gross domestic product (GDP). The Africa (33) average in 2021 was below the averages of Asian and Pacific economies (19.8%), Latin America and the Caribbean (LAC) (21.7%), and the OECD (34.1%).

Figure 1. **Tax-to-GDP ratios (total tax revenues as % of GDP), 2021**



Source: OECD/ATAF/AUC(2023), *Revenue Statistics in Africa 2023*, <http://oe.cd/revstatsafrica>.

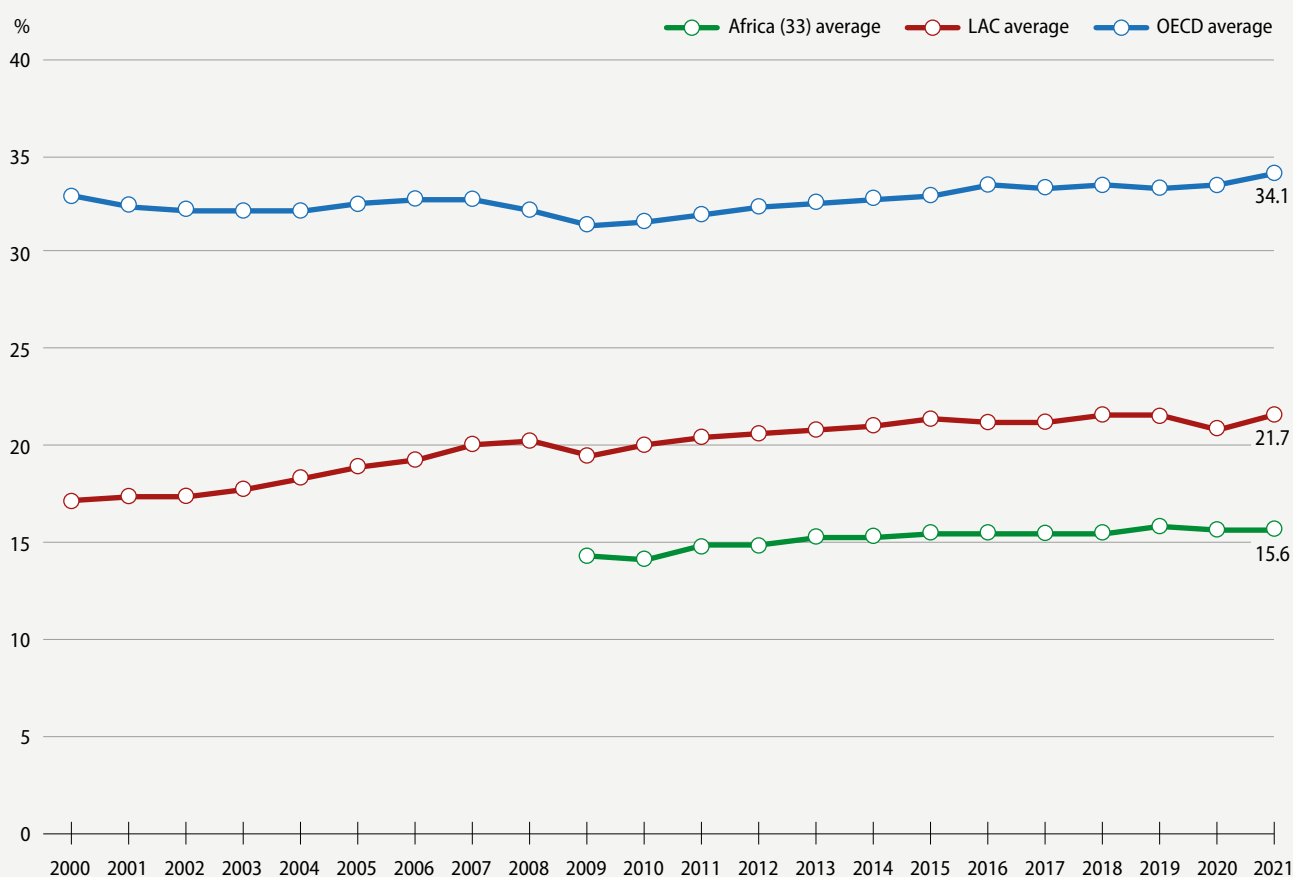
In 2021, the Africa (33) average tax-to-GDP ratio remained below its pre-pandemic level of 15.8% in 2019, having declined by 0.3 percentage points (p.p.) in 2020. This was also the case for the Asia-Pacific region, whose average tax-to-GDP ratio declined by 0.9 p.p. in 2020 before increasing by 0.2 p.p. in 2021. By contrast, the average tax-to-GDP ratio in the LAC region increased by 0.8 p.p. and regained its pre-pandemic level in 2021. In the OECD, tax revenues increased as a percentage of GDP in both years on average. These figures underscore the urgent need for enhancing tax administration and broadening the tax base in African countries to ensure stable and increasing revenue streams that can fund crucial development projects and bolster economic resilience.

Tax-to-GDP ratios varied widely across the 33 countries in 2021, from 5.9% in Equatorial Guinea to 32.5% in Tunisia. Tax revenues as a percentage of GDP increased in 20 countries and decreased in 13 between 2020 and 2021. Chad registered the largest decrease, of 4.6 p.p., followed by the Seychelles and Equatorial Guinea (2.6 p.p. and 2.5 p.p. respectively). By contrast, Botswana’s tax-to-GDP ratio recorded the largest increase in 2021 (of 2.8 p.p.), followed by South Africa (1.9 p.p.) and the Democratic Republic of the Congo (1.8 p.p.). Reflecting the diverse economic landscapes within Africa, tax-to-GDP ratios exhibited substantial variance, highlighting the necessity for country-specific tax policy designs and implementation strategies.

TAX-TO-GDP RATIOS SINCE 2010

The evolution of tax-to-GDP ratios in African countries over the past decade reflects ongoing endeavours to strengthen fiscal systems for development across the continent. Between 2010 and 2021, the Africa (33) average tax-to-GDP ratio rose by 1.5 p.p. In comparison, the average tax-to-GDP ratio for the LAC region and the OECD increased by 1.7 p.p. and 2.6 p.p. respectively over this period. Tax-to-GDP ratios rose in 23 of the 33 African countries between 2010 and 2021 and declined in ten.

Figure 2. Tax-to-GDP ratios, 2000-2021



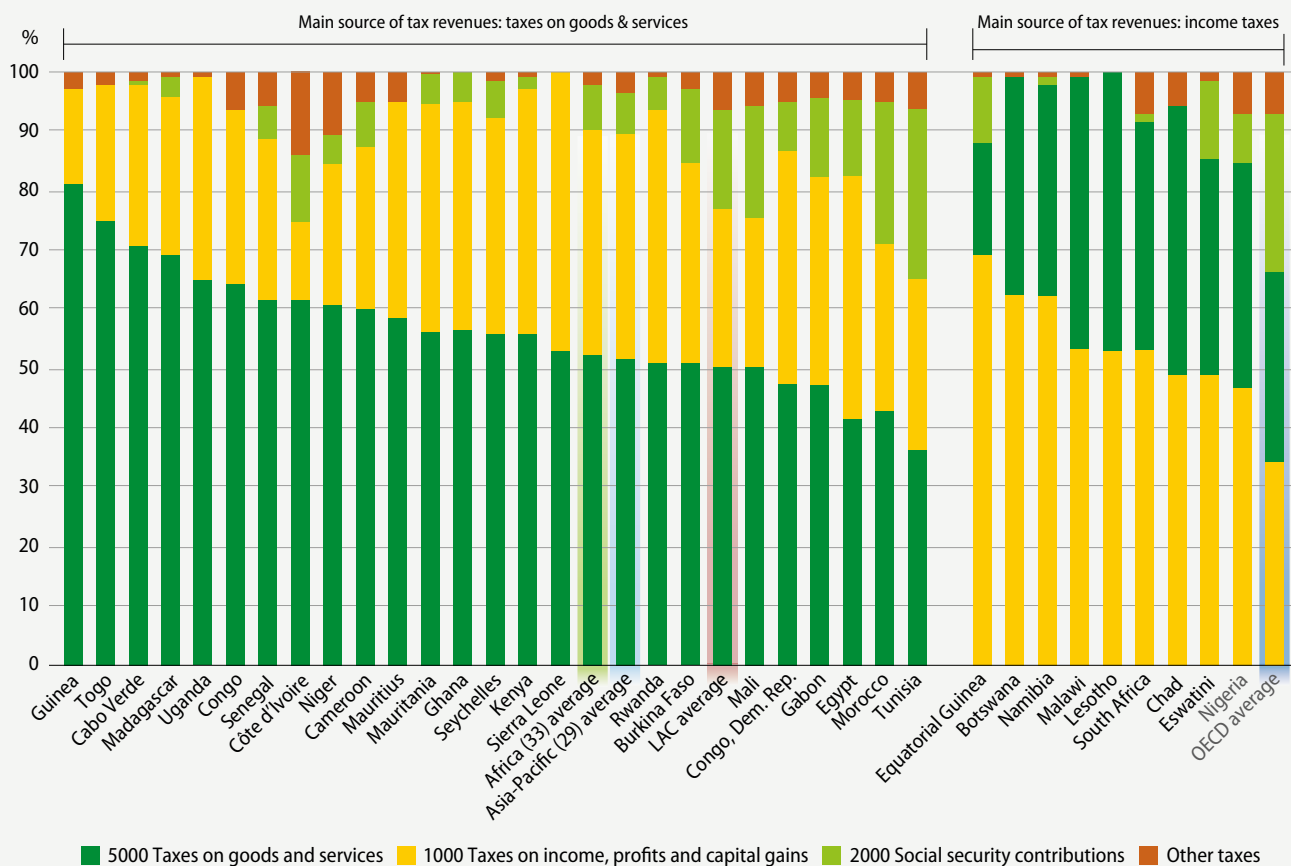
Source: OECD/ATAF/AUC(2023), Revenue Statistics in Africa 2023, <http://oe.cd/revstatsafrica>.

TAX STRUCTURES

The increase in the Africa (33) average tax-to-GDP ratio between 2010 and 2021 was mainly generated by value added tax (VAT) and personal income tax. In 2021, taxes on goods and services remained the main source of tax revenues in Africa, accounting for an average of 51.9% of total tax revenues, with VAT accounting for 27.8%. Taxes on income and profits accounted for 37.9% of tax revenues. Taxes on goods and services were the main source of tax revenues for 24 of the countries included in this report in 2021. For the other nine countries, taxes on income and profits accounted for the principal share.

Between 2020 and 2021, revenues from taxes on goods and services increased by 0.2% of GDP on average; this category was most adversely affected by the COVID-19 pandemic in 2020, decreasing by 0.4% of GDP. Within taxes on goods and services, increases of 0.1 p.p. in 2021 in revenues from VAT represented a modest rebound following a 0.3 p.p. decrease between 2019 and 2020. Revenues from income taxes decreased by 0.1 p.p. on average in 2021 due to a fall in corporate income tax revenues over the period, having remained stable between 2019 and 2020. Social security contributions decreased by 0.1 p.p. in 2021, following an increase of the same magnitude in 2020.s

Figure 3. Tax structures (% of total tax revenues), 2021



Source: OECD/ATAF/AUC(2023), *Revenue Statistics in Africa 2023*, <http://oe.cd/revstatsafrica>.

Special feature: VAT Digital Toolkit for Africa

Revenue Statistics in Africa 2023 includes a special feature based on the *VAT Digital Toolkit for Africa*, which was jointly produced by ATAF, the OECD and the World Bank group. As in other regions, the expansion of digital trade has created significant challenges for VAT systems in Africa that require a globally coordinated response. Without reforms to address these challenges, continuous digital trade growth causes unfair competitive pressure on domestic businesses and increasingly significant losses in VAT revenues, which are a key source of financing for most African countries. The *VAT Digital Toolkit for Africa* provides detailed guidance to assist African tax authorities in the design and implementation of robust policies for the application of VAT to digital trade.

NON-TAX REVENUES

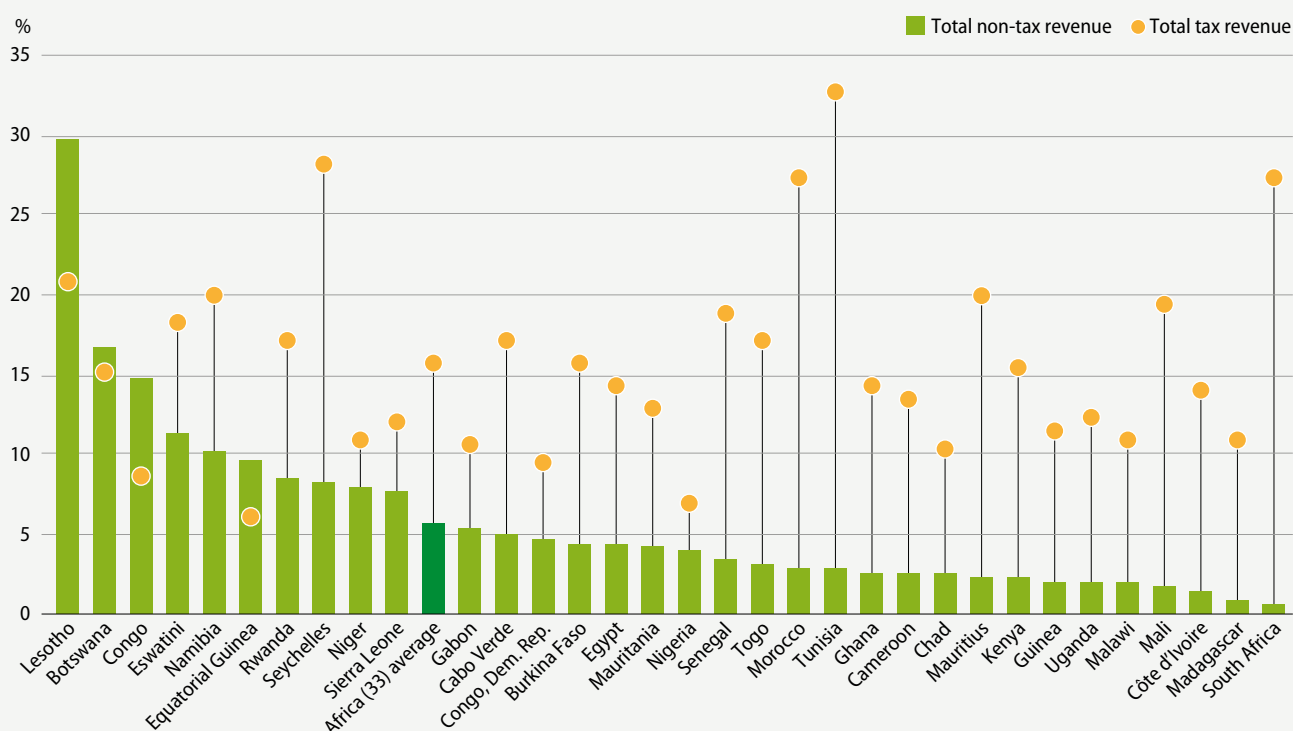
In 2021, average non-tax revenues in Africa decreased by 0.3 p.p. of GDP from the previous year to 5.8% of GDP. Grants decreased by 0.3 p.p. while revenues from the Southern African Customs Union (SACU), which is the only customs union in Africa with a revenue-sharing agreement, fell by 0.5 p.p. Revenues from rents and royalties increased by 0.4 p.p. amid higher oil and gas production and rising commodity prices. In the previous year, the COVID-19 shock caused a decrease in oil and gas royalties while foreign aid in the form of grants and SACU revenues increased from 2019.

Between 2010 and 2021, average non-tax revenues decreased by 1.4 p.p. of GDP while tax revenues increased by 1.5 p.p., leading to only a small increase in government revenues in 2021 relative to 2010. This decline in non-tax revenues underscores the vulnerability of African economies to global economic fluctuations, reinforcing the imperative to diversify and stabilise non-tax revenue streams for consistent funding of essential public goods and services and developmental initiatives across the continent.

Non-tax revenues ranged from 0.7% of GDP in South Africa to 29.9% of GDP in Lesotho in 2021. They were higher than tax revenues in Botswana, Equatorial Guinea, Lesotho and the Republic of the Congo. Non-tax revenues exceeded 10% of GDP in five countries, four of which (Botswana, Eswatini, Lesotho and Namibia) received most of their non-tax revenues from the SACU Common Revenue Pool.

Sources of non-tax revenues vary by country. For eight countries, a majority of non-tax revenues came from grants in 2021. Eight countries (Cameroon, Chad, the Republic of the Congo, Equatorial Guinea, Gabon, Mauritania, Nigeria and South Africa) received most of their non-tax revenues from rents and royalties, in particular oil royalties. The remaining 13 countries, excluding the four net recipient SACU countries, relied more on other sources of non-tax revenues, such as interest and dividends and fees for goods and services. Given this varied landscape, African countries should consider adopting context-specific strategies to bolster their non-tax revenues. Tailored policies can optimise revenue from diverse sources, ensuring sustained financial support for national developmental goals and improved delivery of public goods and services.

Figure 4. Total tax and non-tax revenue as a percentage of GDP, 2021



Source: OECD/ATAF/AUC(2023), Revenue Statistics in Africa 2023, <http://oe.cd/revstatsafrica>.

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.
 - **Country notes**, one page overview of key figures: tax-to-GDP ratios, tax structure and non-tax revenues for each country.
- **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 120 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 2002, it 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



Co-funded by
the European Union

Revenue Statistics in Africa contributes to the implementation of the 2nd phase of the Pan-African Statistics Programme, a joint initiative between the African Union and the European Union that aims to improve measurement of progress in the process of African Integration.

In collaboration with:



Contacts

For more information on the publication, or to participate in future editions, please see <http://oe.cd/revstatsafrica> or contact RevenueStatistics@oecd.org

Useful links

OECD www.oecd.org/tax or www.oecd.org/dev

ATAF www.ataftax.org/

AUC <https://au.int/en/commission> or www.austat.org

Follow us

@OECDtax or @OECD_Centre

@ATAFtax

@_AfricanUnion

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 120 countries from all regions of the world.

<http://oe.cd/global-rev-stats-database>

