BUILDING A GROWTH-FRIENDLY TAX ENVIRONMENT

Digital Transformation of Tax Administrations Virtual Seminar

DIGITALIZATION OF TAX SERVICE: The West Africa Experience

by

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CONTENT

01 / Introduction

02 / Ghana Revenue Authority (GRA) Experience

03 / The Federal Inland Revenue Service (FIRS), Nigeria Experience

04 / Experience from other WATAF Member Countries

05 / Digitalisation of Tax Services: Recommendations

Part 01

Introduction

BUILDING A GROWTH-FRIENDLY TAX ENVIRONMENT

Digital transformation of tax administration as a global vision

01 Global, Regional and Local commitment to building a growth-friendly tax atmosphere is required.

02 Stakeholders to share experiences and best practices on the path towards formulating sound domestic/regional policy frameworks for better economies through taxation especially in the fast-growing globalised digital economy

03 Leverage on the COVID-19 pandemic to accelerate processes for digitisation.

Part 02

Ghana Revenue Authority (GRA) Experience

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The Ghanaian Government has adopted digitisation as a key policy objective and has recently introduced a number of programs designed to develop a more digitally accessible public sector and encourage transparency and efficiency, in order to drive growth in all aspects of the countrys economy.

In his recent mid-year fiscal policy review of the 2021 budget statement and economic policy, the Ghanaian Minister of Finance observed that the use of mobile money, door to door delivery via courier services and internet usage for business operations has increased significantly with about 77 per cent of businesses increasing the use of the internet in marketing.

On 11 August, the Bank of Ghana announced that it had partnered with Giesecke+Devrient to pilot a retail central bank digital currency - the **e-Cedi** - to complement and serve as a digital alternative to physical cash.

The Vice President of Ghana, at the recent Ghana International Trade and Finance Conference in Accra, advocated the use of digital currencies alongside the implementation of the **Pan African Payment and Settlement System (PAPSS)** to become a priority for central banks across Africa. PAPSS is a central payment and collection infrastructure developed by the Africa Import-Export Bank that would allow businesses to clear and settle transactions in local currency.

The e-Cedi program reflects the government' s commitment to creating an inclusive regulatory environment for the growth of Fintech and to support innovation in the country.

The **GhQR** is a national QR code payment solution which will simplify merchant payments and reduce the use of cash.

Mobile Money Interoperability is a service created by the Ghana Interbank Payment and Settlement Systems Limited, a wholly-owned subsidiary of the Bank of Ghana, which allows funds to be transferred from one mobile money wallet to another mobile money wallet across networks.

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Ghana has made tremendous progress in the integration of public sector records, building the creation of the National Identification Authority (NIA) and the "**Ghana Card**" scheme. The Ghana Revenue Authority (GRA) is currently phasing out previously issued Tax Identification Numbers and replacing them with the Ghana Card numbers.

All categories of taxes can now be paid remotely and electronically through the Ghana.gov platform and other automated channels.

Other automation initiatives by the GRA include:

- ❑ Digitisation of records
- ❑ Integration of Government records

Part 03

The Federal Inland Revenue Service (FIRS), Nigeria Experience

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The Central Bank of Nigeria recently launched a project titled 'Project Giant' : a project to produce and issue a government-controlled digital currency in Nigeria known as '**eNaira'** - based on blockchain technology.

On August 27, 2021, the CBN circulated a presentation to licensed Financial Institutions which provides guidelines on the issuance and operation of eNaira.
Prior to the above, the FIRS, on 30 March 2020 had commenced the deployment of its Automated Tax Administration System (**ATAS**)

ATAS accesses for tax purposes, relevant data, information, records, etc., held in systems, electronic devices, or cloud computing facilities, including point of sales or invoicing platforms maintained, operated, owned or controlled by taxpayers or their agents.

A more recent initiative was the introduction of the online Tax Administration Solution – **TaxPro-Max** for ease of tax compliance. The TaxPro-Max, amongst other things, enables seamless registration, filing, and payment of taxes including automatic credit of withholding taxes and other credits to taxpayers' accounts. TaxPro-Max also provides a single-view to Taxpayers for all transactions with the Service.

Deployment of **e-Form 'A'** - an application form designed by the Central Bank of Nigeria to pay for service transactions (invisible trade). The form allows customers to purchase forex at the CBN or interbank rate to make payments for eligible services as predetermined by the foreign exchange manual.

Other automation initiatives by the FIRS include:

- FIRS Automation of Tax Audit Process (**eTAPS Portal**)
- FIRS HR Process Automation (**SAP Portal**)
- Career and Development Automation (**eLearning Portal**)
- A 24/7 automated state-of-the-art and multi-lingual **Contact Centre**

Part 04

Other WATAF Member Countries Experiences

Ghana and Nigeria seem to have taken the lead in the automation of tax administration. However, the other WATAF member countries are up to speed as well.

A specially tailored web-enabled integrated tax management system is being implemented, in the area of domestic taxes, in countries like Mali and Senegal, called the Standard Integrated Government Tax Administration System (SITGAS). It runs a range of functions including taxpayer registration; account management; electronic filing (eFiling); electronic payments and refunds; case tracking for audit purposes; reporting and so forth.

Togo is implementing the Automated Tracking System (ATS) to maximise revenue collection, trace some goods, and ease tax collection.

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As part of its drive to digitize its tax processes and Customs procedures, the Gambia Revenue Authority (GRA) has signed a Fiber-optic internet services Agreement with GAMTEL for the provision of fiber-optic internet services to all the 20 GRA offices across the country.

This move was motivated by the fact that the GRA is about to launch two new systems- ASYCUDA WORLD for international trade and an Integrated Tax Administration System (ITAS) for Domestic Taxes. The two systems when launched, will automate virtually all the tax and Customs processes and procedures of GRA and will provide taxpayers and traders two web-based platforms for e-registration, e-filing and e-payment of taxes and duties, amongst others.

As African revenue administrations proceed with the implementation of various automation initiatives, there is the need to consider the technology to adopt and to put in place measures to ensure that investments in the line of automation contribute to sustainable and effective change.

THANKS