



# Gender and Tax Compliance in the African Context

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# Outline

- Determinants of Tax Compliance
  - Existing studies on gender and tax compliance
  - Ongoing research on gender and tax compliance
  - The other side of the story
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# Determinants of tax compliance

- Allingham and Sandmo (1972)
    - Taxpayer behaviour influenced by economic returns on evasion
  - Subsequent studies:
    - Social influence
    - Political legitimacy of states
    - Fiscal exchange
    - Role of positive incentives
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## Researching tax compliance: methods

- Attitudinal surveys (perceptions, attitudes and experiences)
  - Simulation exercises (laboratory experiments to determine how participants would behave in taxpaying situations)
  - Field experiments (use of nudges to establish actual taxpayer behaviour)
  - Analysis of administrative data
  - Limited use: interviews and FGDs
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## Do women behave differently from men?

Broader literature pointing to women:


- Being more risk averse than men (Charness and Gneezy 2012; Byrnes, Miller and Schafer 1999)
- Taking stronger stances on ethical behaviour (Glover, Bumpus, Sharp and Munchus 2002; Reiss and Mitra 1998)

We would thus expect women to be more likely to:

- Register their businesses
  - File returns and pay taxes on time
  - Avoid interactions with tax officials
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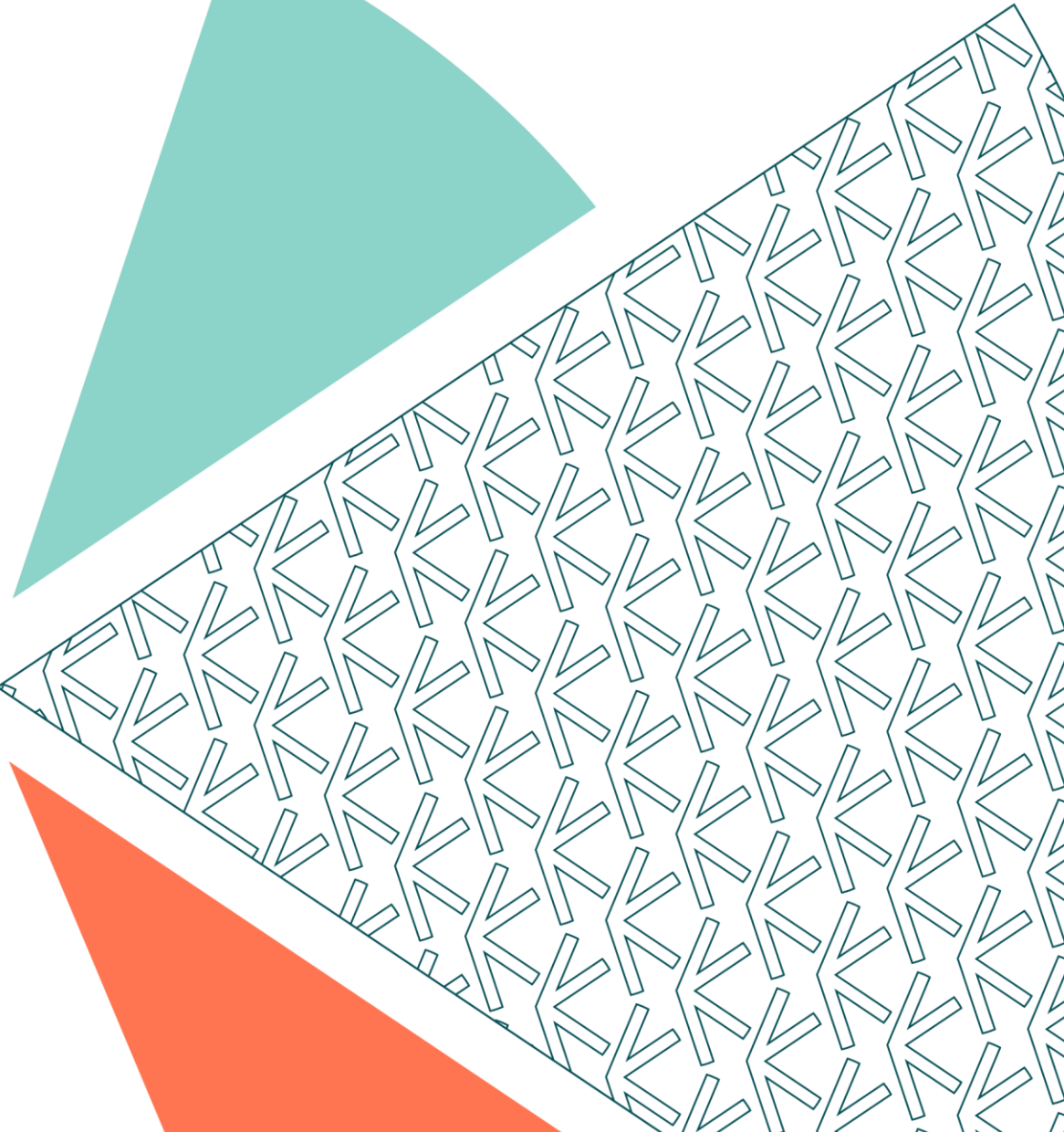


## Researching gender and tax compliance

- Most of the existing studies are based on either perception surveys or simulation exercises (Friedland et. al. 1978; Hasseldine, 1999; Kasipillai & Jabbar, 2006; Torgler & Valev, 2010; Ross & McGee 2012; D'Attoma et. al., 2018)
  - Mixed results. However, most conclude that women are more compliant than men
  - Findings useful for understanding taxpayer perceptions and attitudes
  - However, they do not tell us with certainty how taxpayers would behave in real tax-paying situations
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## Multi-stage character of compliance:

- Registration
  - Filing (accurate) returns
  - Paying (correct) taxes
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# Evidence from Administrative Data


## Yimam and Asmare (2020)

- Are there differences in tax compliance between male and female-owned enterprises in Addis Ababa?
- Does the impact of the owner's gender on tax compliance vary across firm size?

## Methodology

- Administrative data for 2008 to 2018: tax declarations of business income, audit history of taxpayers and information relating to penalties
- Survey of 408 businesses (77% of businesses audited at least once during the period being studied)

## Findings

- Businesses owned by a female-majority were 19.8% times more likely to be tax compliant than those owned by a male-majority
  - Irrespective of gender, the probability of being compliant declines significantly as firm size increases
  - However, female-owned businesses are relatively more compliant than male-owned businesses as firms become larger
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## Evidence from administrative data cont'd


### **Kangave, Waiswa & Sebagala (2021)**



- Are female sole proprietors on the URA's taxpayer register more compliant than male sole proprietors?

### **Methodology**

- Analysis of data on 3 URA databases & interviews with URA officials
- Taxpayer register: 1,188,500 individuals (70% male; 30% female). Majority (64%) are employees.
- Tax returns filed in FYs 2013 – 2018
- Tax payments in FYs 2015 - 2018

### **Findings**


- Women significantly more compliant than men in filing returns
  - Mixed findings on tax payments with compliance of men and women varying across years
  - Overall low levels of compliance among both men and women with regards to filing and tax payment
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**Administrative data may need to be interpreted cautiously because it may not always be clean and relies on what taxpayers decide to report.**




## Some data challenges

- Taxpayer registers may not always be clean (Mayega et. al., 2019)
    - Wrong information: 147 TIN holders with bank account numbers recorded as “0”; wrong home addresses
    - Same contact information: 16,017 taxpayers having same TIN; 6,173 having same passport number
    - Multiple TIN: 29,511 individuals (2.4% of total) and 27 companies (0.02%) possessed more than one TIN
    - Inactive taxpayers
  - Taxpayers may not file or may file incorrectly (Mascagni et. al., 2020)
    - PIT taxpayers more likely not to file e.g only 35% of taxpayers registered in 2015 filed returns
    - Significant numbers may file nil returns e.g. over a 5-year period, 53% of CIT payers and 17% of PIT payers filed nil returns
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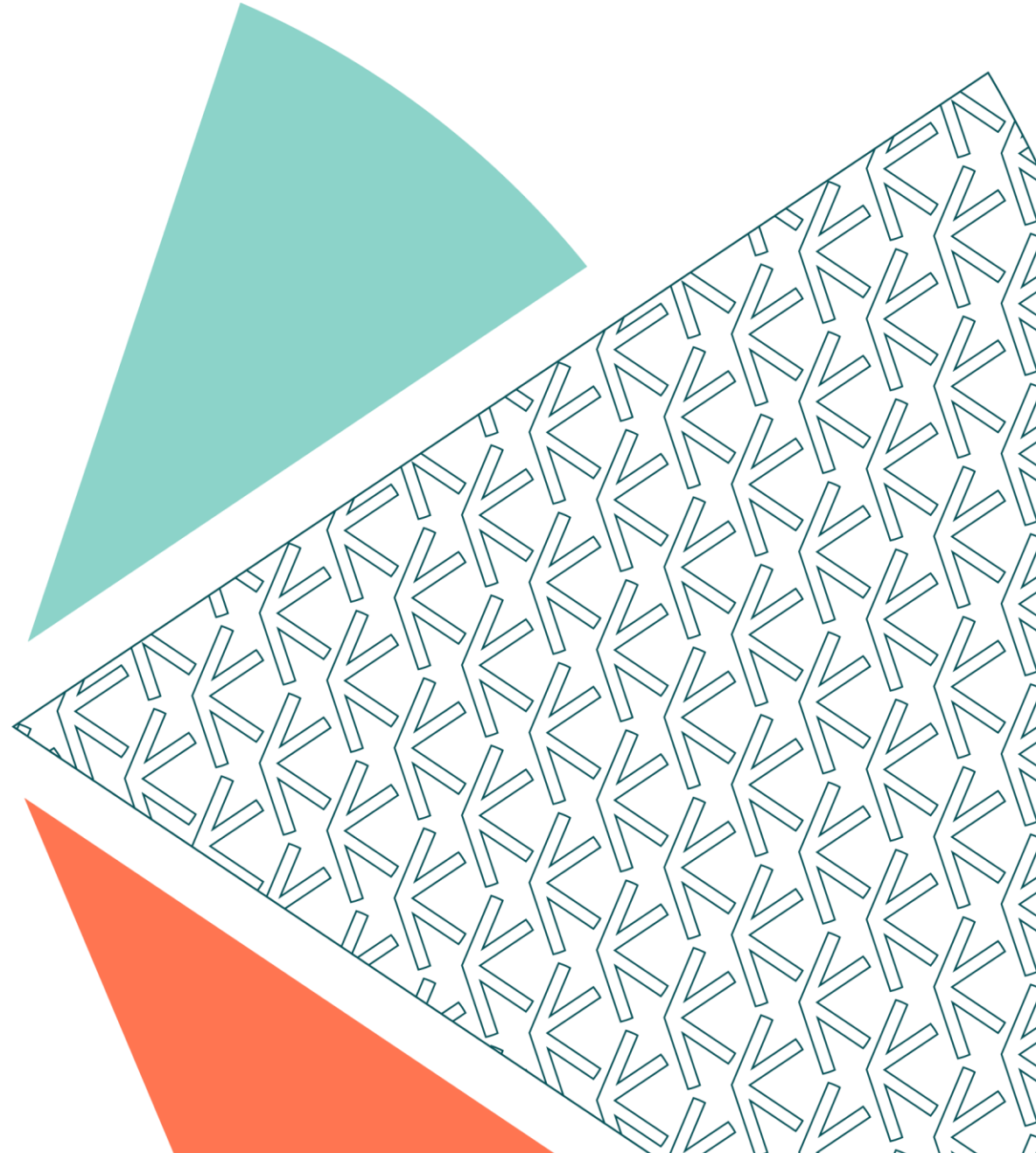
## Some data challenges cont'd

- Manner in which data is collected may make analysis difficult
  - Perpetual non-filing makes analysis and categorization of taxpayers difficult
  - Tax registration forms may not require declaration of gender or taxpayers may not fill out the required information
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**Still, administrative data remains  
the most accurate in highlighting the  
gendered differences in tax  
compliance**

**Yet administrative data does not explain why these differences exist ...**






## Some Explanations?

### **Mascagni & Srivatsa (Ongoing ICTD Research)**

- Are women better taxpayers than men?

### **Methodology**


- Exploiting existing ICTD survey data of five countries (Rwanda, Eswatini, Ethiopia, Sierra Leone and Nigeria)
  - Analysing tax declarations filed in FY 2018 for two countries (Rwanda and Eswatini)
  - Focus group discussions
  - Key informant interviews
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## Some Explanations? Cont'd

### Mascagni & Srivatsa (Cont'd)

#### Preliminary Findings (Quantitative analysis)

- In Rwanda, women are found to be better at filing tax returns. They are also less likely to believe that audits are for purposes of extorting bribes or other forms of corruption
  - In Eswatini, there is no clear evidence relating to gender differences in non-filing. However, women are found to be less likely to see benefits in registering businesses
  - Mixed findings relating to perceptions of fairness and trust in the tax system with women exhibiting lower levels of trust in some countries (Eswatini), perceiving it as fair in others (Ethiopia and Nigeria), while sometimes reporting it as less transparent (Nigeria)
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## Some Explanations? Cont'd

### Mascagni & Srivatsa (Cont'd)

#### Preliminary Findings (Quantitative analysis)

- Eswatini: women interact with the revenue authority less than men, with significant differences
- Rwanda and Eswatini: women score lower than men on the knowledge index constructed by the researchers, with the knowledge gap in Rwanda being significant
- Rwanda: women less aware than men about their taxpayer rights
- Ethiopia: female taxpayers less likely to report that filing of tax returns is easy
- Nigeria: women less likely to report that knowing their tax liability is easy

Women's knowledge is likely to be affected by the size of their businesses. Men own larger businesses: can hire tax accounts, perform electronic transactions and hold bank accounts – all facilitating their interaction with the tax system





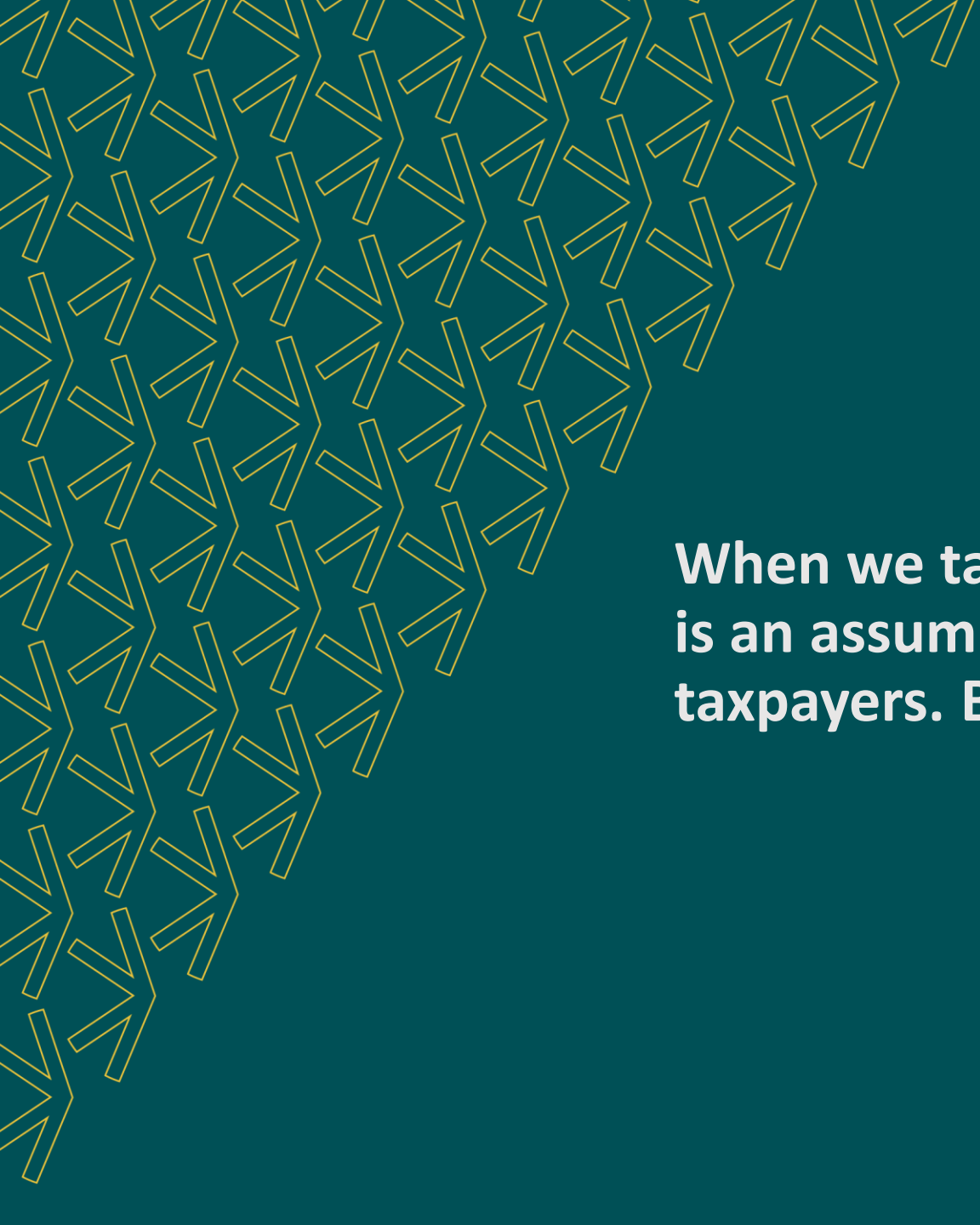


## Some Explanations? Cont'd

### Mascagni & Srivatsa (Cont'd)

#### Preliminary Findings (Qualitative – Ethiopia)

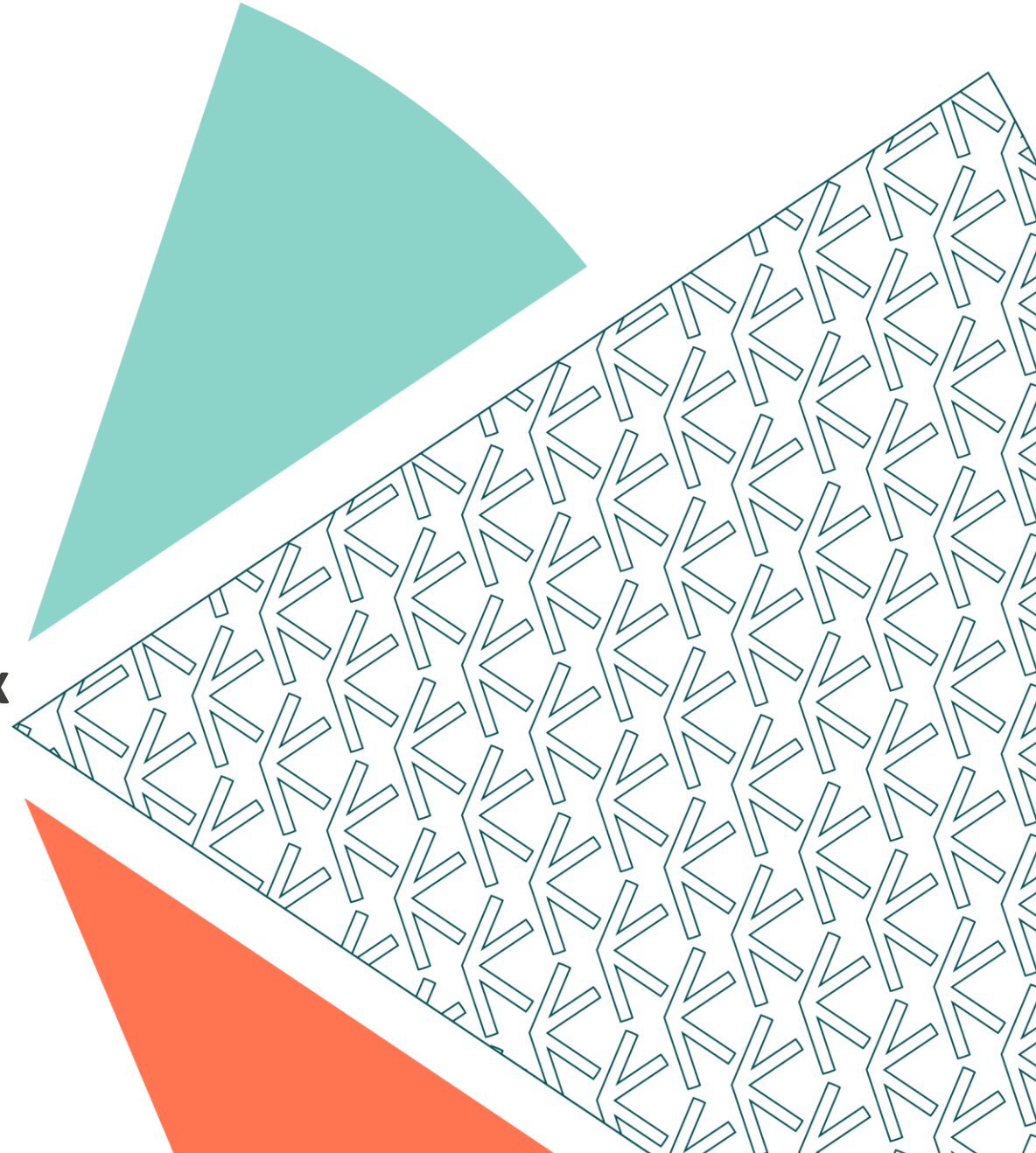
- Revenue bureau has no internal concept for gendered issues in tax
  - Female owned businesses still largely male-managed
  - Women largely hindered from participating in the labour force due to high care costs
  - Gendered differences exist but they are not necessarily specific to tax
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**When we talk about low levels of compliance, there is an assumption of wrong-doing on the part of taxpayers. But does this paint the true picture?**




**To understand the gendered dimensions of compliance with central government taxes, it is necessary to understand the overall tax burdens that individuals in low-income countries face; which often place a disproportionate burden on women.**





# Subnational Tax Burdens

## Moore et. al., 2018

- Less than 5% of Africa's adult population pays PIT compared to 50% in high income countries
  - However, individuals in Africa pay a wide range of formal subnational taxes, fees and informal taxes
  - While studies are limited, subnational taxes place a disproportionate burden on women because of their lower income
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# Subnational Tax Burdens

**SEATINI & Oxfam, 2021**

Survey of 511 small businesses in Kampala


Subnational Tax Burdens





## Subnational Tax Burdens Cont'd

### SEATINI & Oxfam Cont'd

- Only 38% of respondents registered with Uganda Revenue Authority
  - Only 23% of respondents said they had paid taxes to the URA the previous year
  - However, in addition to the high percentages paying trading license fees, 69% of respondents said they had paid garbage collection fees
  - Women more likely to be disproportionately affected by trade licensing fees, which are based on the nature and location of the business rather than its size
  - Men disproportionately affected by the various formal and informal taxes and fees paid by providers of passenger transport services
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## Taxation of flea market traders in Harare and Bulawayo (Ligomeka, 2019)

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- Customs duties
- Cross-border presumptive taxes (10% of value of imported goods)
- Presumptive tax on rental income (10% of rental income – often passed on to the trader)
- Market fee and hawker licenses
- Tollgate fees
- Toilet fees
- Storage fees
- Bribes








# Payments being made at the subnational level

## Akpan and Cascant-Sempere, 2022

Survey of 451 traders in 12 markets in Kaduna and Enugu (Nigeria)

- Male tax collectors responsible for 97.9% of reported cases of physical and verbal harassment, 91.6% of cases of reported cases of confiscation of goods and 83.3% of cases of unofficial reduced tax amounts
  - However, incidents for increasing tax amounts and asking for bribes were reported equally for male and female tax collectors
  - Three incidents of requesting for sexual favours were reported by female traders
  - Even when involved in confiscation of goods, female tax collectors were reported to do so in nonviolent ways, with mixed gender
  - No explicit gender biases found in tax and tax-like payments. However, both male and female traders paid higher presumptive taxes than was stipulated in state laws in 9 out of the 12 markets
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# Subnational Tax Burdens Cont'd

## Property Taxation in Sierra Leone

More male-headed households own land...



Yet, for every \$10 they earn...



Female-headed households pay twice the amount of property tax compared to male-headed households.

Source: ICTD, Working Paper 87



**A bit of a personal story**



**Thank you for listening!**