Unlocking the Potential of Administrative Data in Africa:

Tax Compliance and Progressivity in Rwanda

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FORUM SUR L'ADMINISTRATION FISCALE AFRICAINE

ICTD

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Unlocking the potential of administrative data in Africa: tax compliance and progressivity in Rwanda

Summary

This paper is the first in a series of three studies looking at tax compliance using administrative data from Rwanda. It discusses the use of administrative data for tax research – specifically anonymised taxpayers records, which have become increasingly available on the African continent. The paper starts by critically summarising the key advantages and disadvantages of using this data for tax research in Africa. It proceeds to illustrate these opportunities and challenges in practice, using the case of Rwanda for application of the data to analyse tax compliance and progressivity. By doing this it shows some stylised facts – for example that tax systems designed to be progressive can still be regressive in practice, that a great share of tax revenue is generated by a few very large taxpayers, and that some taxpayers face a negligible probability of being audited. Although these results are specific to Rwanda, they are in line with the situation in other low-income countries in Africa.

Keywords: administrative data; anonymised taxpayer records; tax compliance; progressivity; Rwanda.

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