THE BELT AND ROAD TAX ADMINISTRATION CORPORATION FORUM

Technology and capacity building

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Salutation and Background

Salutation

❖ Greetings from members of the Board and Management of the National Revenue Authority in Sierra Leone.

❖ I Feel opportune to be granted the honour to deliver the keynote address at this important meeting.

❖ First physical meeting since 2019 BRITACOF in Beijing.

Current Challenges of tax administration

- ❖ The world has changed since the last BRITACOF in 2019:
  - ❖ Covid-19 pandemic and effect of global economy and movement
  - ❖ Many member revenue administrations provided an appropriate response in the form of business continuity plans
  - ❖ Government's likewise provided appreciate national response plans to tackle the pandemic but also the deteriorating economies
  - ❖ Ukraine war since early 2022 has further dented the economies of member states

- ❖ Hence, I would love to congratulate you all for this.

- ❖ In Sierra Leone where I come from, revenue has increased 3.2 percentage point of GDP over the past 4 years, a performance worthy of recognition

- ❖ Reforms in the form of technological advancement had helped many countries remain resilient in the midst of these shocks

- ❖ Yet, challenges related to large informality, limited state capacity and inability to determine the true tax base continue to linger

Technology and capacity building

Technology and capacity building – Background

❖ Generally, Tax authorities are increasingly adopting new technologies to improve administrative processes, reduce taxpayer compliance costs, and enhance their overall effectiveness

❖ Technology has the potential to improve **tax collection** by:
  - ❖ helping to identify the tax base,
  - ❖ **monitor compliance and**
  - ❖ **facilitate compliance**

❖ **But** limitations to the use of technology **affects this potential:**
  - ❖ inadequate infrastructure and connectivity,
  - ❖ lack of adoption or resistance by taxpayers and tax collectors,
  - ❖ lack of institutional mainstreaming especially for countries in Africa, and
  - ❖ maybe an unsupportive regulatory environment as it is with most of our tax jurisdictions.

Technology and Tax Compliance

❖ The world have increasingly adopted new technologies to improve administrative processes, reduce taxpayer compliance costs, and enhance their overall effectiveness at collecting tax revenue.

❖ These developments have come in the context of digital transformation across all facets of life:
  ❖ According to the world bank, 51 percent of the global population was connected to the internet in 2020 compared to 7% some 20 years earlier

❖ Technologies have been important for advancing tax administration:
  ❖ **technology may be used to define compliance**, that is, to strengthen the capacity of tax administration with the aim of identifying the tax base
  ❖ **technology may be used to *monitor compliance.*** Modern data analytic tools could significantly boost the capacity of the tax administration to monitor and enforce compliance
  ❖ **technology may be used to *facilitate compliance***, that is, to simplify processes and improve taxpayer experience

IT solutions in Sierra Leone's Tax Administration

❖Tax administration is advanced in the deployment of some of the most recent technologies in tax administration:

❖**The Integrated Tax Administration System (ITAS),**

❖**The Electronic Cash Register (ECR),**

❖**Migration to ASYCUDA World,**

❖**Customs Electronic Single Window system,**

❖**Mobile Payment systems**

Challenges of tax administration technological systems

❖But still challenged with the lack of appropriate infrastructure**:**

❖weak network and internet connectivity obviously directly affecting the effective deployment of these technologies

❖challenge of rolling out a clear organizational strategy that involves high-level change management and

❖Challenge of proper sequencing of the digitization of different functions and processes

❖Lack of strong regulatory framework and a pro-active legal system that allows a balance between data privacy and security and the use of new data and technology for tax purposes

Capacity building in Tax administration

(requirements, challenges and current effort)

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❖ Tax administration capacity building, we are referring to **the broad process by which tax administrations unleash, strengthen, create, adapt, and maintain capacity over time**
❖ capacity here refers to the ability of people, organizations, and the society to manage tax matters in a sustainable manner
❖ Challenges in capacity building in Revenue Administrations are many:
  ❖ the lack of access to reliable data,
  ❖ weak capacity in data analytics,
  ❖ low capacity of ICT staff and the inability to retain them,
  ❖ the lack of skills for revenue intelligence analysis,
  ❖ low taxpayer education,
  ❖ the adoption of reform projects and the absence of an evaluation mechanism to assess their effectiveness, and
  ❖ the lack of exposure to best practices from other countries which have successfully implemented ICT reforms.
❖ For Countries like Sierra Leone, one of the main problems causing low institutional capacity is the lack of access to reliable revenue data.
❖ Hence the NRA is:
  ❖ Building capacity in setting up a centralised data analytics unit
  ❖ Developing a data warehouse system to serve as central repository of tax administration data

What is needed for a sustained and beneficial technological advancement in RA's

❖ To ensure sustainability and benefit of technological advancement and use in tax administrations of BRITACOM,

- ❖ **Fully capacitate ICT staff and project management teams** of the technological systems of tax administrations and incentivise them to ensure retention of their services.
- ❖ **Establish a central ICT training lab within the continent** of Africa to train ICT staff and project management teams in the technologies of the systems rolled out and those that constantly evolve with time. Sierra Leone already has vast acreage of land space for such a training lab that can serve the rest of members of the continent.
- ❖ **Build capacity in data management** for member administrations of BRITACOM including setting up of a data warehouse system and data analytics function within revenue administrations.
- ❖ **Strengthen capacity in digital communication** for ensuring sustainability and benefit of technological systems for BRITACOM members by making use of interactive tools within these systems.

I Thank You and Look forward to
an exciting meeting