

# Tax Training Day

## Simon Whitfield

# Why is taxation important for development?

- Revenue
- Economic policy
  - Taxing goods and bads
  - Business investment climate
  - Trade facilitation
- Distributive impacts
- Governance – the “fiscal compact”

# What does a good tax system look like?

- Enough revenue for public services, investment and social transfers
- Fair
- Efficient – economically and compliance burden
- Promotes goods (investment, employment...) and discourages bads (pollution, smoking...)
- Broad base and low rates?
- Transparent and accountable

Requires sound policy and administration/collection

# Common problems

- Poor institutional capacity – policy and admin
- Corruption
- Low taxpayer morale
- Low income levels and informality

Leading to...

- Narrow tax base
- Evasion and non-compliance
- Avoidance

Success requires political will and leadership