

Summary of Recommendations

1. Ensure transparent and accountable tax regime in the country.
2. Nationwide public education to facilitate comprehensive and responsive taxation system.
3. Introduce clear, concise and user friendly tax payment and registration system
4. Produce detailed annual report of overall tax collection.

Highlight

Taxation is an important tool for government to generate necessary resources for delivery of common good. Tax collection is a fundamental way for governments to generate necessary financial resources to facilitate service delivery and development of the nation. Therefore, it's an important component of **Public Finance Management Reform process**. Taxation can be term as one of the means to facilitate possible financing and investment in human capital, infrastructure and the provisions of basic services delivery for citizens and private sectors. According to the most recent estimate from the International Center for Tax development, total tax revenues accounts for more than 80% of total government revenue in about half of the countries in the world and more than 50% in almost every country.¹

Since independence, South Sudan has been grappling with setting systems and establishing institutions. Now ten (10) years as an independent state, the country is yet to find the appropriate approach to handling different aspects of Public Finance Management (PFM) including taxation. Despite the fact that South Sudan is an oil producing country and the national budget is heavily dependent on proceeds from oil sales, it's should not lead to neglecting the non-oil revenue. Hence, it's prudent to develop a transparent and accountable tax and taxation system.

By doing so, the country stands more chances of faster development in terms of infrastructure, services delivery and provision of common good to the public. Being an oil producing country with both oil and non-oil revenue South Sudan could become one of the countries that would register fast growth in east Africa as it has been the case with other oil producing countries such as Saud Arabia, United Arab Emirates etc. The population in South Sudan can be categories as fairly young and majority fall within the age bracket of 19- 35 years and majority of the population are either self-employed or un-employed.²

Effective and efficient tax collection is dependent on several factors such as well-paid workforce, transparent taxation system and tax regime, sizeable ratio of the population who are employed and availability of employment opportunity to absorb a good percentage of the population. The scarcity in employment opportunity tends to impact women and men disproportionately. Therefore, analysis and harmonization of tax regime, tax system and tax utilization must take into consideration gender perspectives and often apply gender analysis at all levels.

¹ <http://ourworldindata.org>

² <https://www.worldometers.info/world-population/south-sudan-population/#:~:text=The%20current%20population%20of%20South,year%20according%20to%20UN%20data>

Issues Analysis

Taxation helps government to finance national expenditure/projects, build national reserved and support other nations by giving loans and providing humanitarians service in case of man-made or natural disaster such as effect of climate change. Therefore, if South Sudan manage the taxation system well, the country will be able to invest in human capital, build infrastructure, private sectors and create a conducive environment for investment. As of now the tax system in South Sudan remains at a basic level but at the same time complex for tax payers to understand. The fact that tax collection in South Sudan is a share responsibility by different entities has further compounded the situation and given room for harassment and exploitation. The taxpayers often find themselves at the mercy of tax collector due to their ignorance.

Since independence, South Sudan has been struggling with setting systems and establishing institutions. Now ten (10) years as an independent state, the country is yet to find appropriate approach to handling different aspects of Public Finance Management (PFM) including taxation. South Sudan is an oil producing country and the national budget is heavily dependent on proceeds from oil sales. Therefore, it's prudent for the country to develop a transparent and accountable tax and taxation system. This will not only attract investors but also encourage tax compliance among tax payers, create a conducive environment for business, build national reserved and create employments opportunities for the citizens. Hence, it's important for the government to create a comprehensive, transparent, accountable and harmonized tax and taxation system.

Information gap and lack of clarity on tax and taxation system remains an obstacle to revenue collections and creates an environment of ignorance around official fees and levies required by tax authorities hence rendering the taxpayers vulnerable to exploitation. The lack of clarity in taxation system has also contributed to the harassment and extortion being witness by most businesses. Based on discussions during Women Technical Working Group and Strategic Convening Meetings organized and hosted by SSuDEMOP and the reality on the ground is that numerous fees and levies being imposed on business by different entities with an intention of providing specific services and making conducive operating environment for business dose not meets its objectives. However, those services still remain unattended and business owners are compelled to make extra arrangements to create a conducive environment for their business.

While it's important to analyse tax regime and taxation system, it's also important to analyse government expenditures as well as investment in common goods. Importance of analysing tax collection, expenditures and provision of common good is to ensure transparent and accountable tax and taxation system. In order to realize this, a holistic approach that focuses on tax collectors, ethics of tax collection, existent infrastructure and available legal framework is necessary. It becomes essential to check efficiency and effectiveness of tax system and propose necessary amendments or adjustment to existing policies and pieces of legislation that provide the legal framework for taxation in the country. Therefore, the important question for establishing a viable tax system is "What to tax, How to tax, What objective should the tax system pursue?"³

Efficient and effective tax systems should be able to take into consideration the demographics of taxpayer in terms of stability, regularity, and how much income business owners, individual or entities earn within specific period of time. The principle of taxation is not punishment but rather ensure that people or entities make contribution that should be well govern and eventually translated into common goods. Therefore, one can say that the fundamental principle of good taxation and tax policy is; effectiveness and fairness, flexibility, certainty and simplicity, neutrality and efficiency.⁴ Having examined the South Sudan taxation system and based on the discussions mentioned above, it's clear that most of the above mentioned aspect of taxation system are missing. Therefore, this policy brief recommends specific step to be taken so as to harmonized, standardize and make efficient tax and taxation system in the country.

³ <https://ciat.org/sistemas-tributarios-y-reforms-tributarias-algunas-ideas-del-tema-parte-1/?lang=en>

⁴ <https://www.oecd-ilibrary.org>

Policy Recommendations

1. Ensure transparent and accountable tax regime in the country. This can be achieved by review and implementation of the existent policy framework, taking extra steps to ensure that tax regime is accessible to the public in a simplified manner and demarcate tax jurisdictions for each level of government.
2. Nationwide public education to facilitate comprehensive and responsive taxation system can be achieved by use of ICT and digitalization. This will enhance understanding of tax regime in the country. Hence, minimizing the level of exploitation, extortion and potential reluctance among taxpayers.
3. Introduce clear, concise and user-friendly tax payment and registration system by redesigning the forms for registration and payment to be inclusive and enable taxpayers to easily read, understand and fill.
4. Produce detailed annual report of overall tax collection and publish the report on a public website or platform to facilitate accessibility by the public. This will enable public to provide inputs and shape the tax regime for the following financial year. Thus promote ownership of the tax regime and foster willingness to pay tax.

About the Women Technical Working Group on PFM Reform Process (WTWG-PRFEP)

Women's Technical Working Group on Public Finance Management Reform Process (WTWF - PFM-RP) is made up of women from different walks of life brought together under the auspices of SSuDEMOP to identify and analyze various aspects of PFM related issues that affect women and provide recommendations to the relevant policy institutions including PFM - Oversight Committee (OC) and PFM - Technical Committee (TC). The group works alongside Citizen Working Group on Public Finance Management Reform Process (CWG-PFM-RP). It is important to note that work of the group is often aligned with the processes happening at the level of the PFM-OC and PFM-TC. The group was established to; enable women from different sectors and with different technical expertise to work together on PFM related issues of concern to women and the society, set the basis for a more robust and strategic women engagement in the PFM-RP and ultimately engender the PFM-RP in South Sudan.