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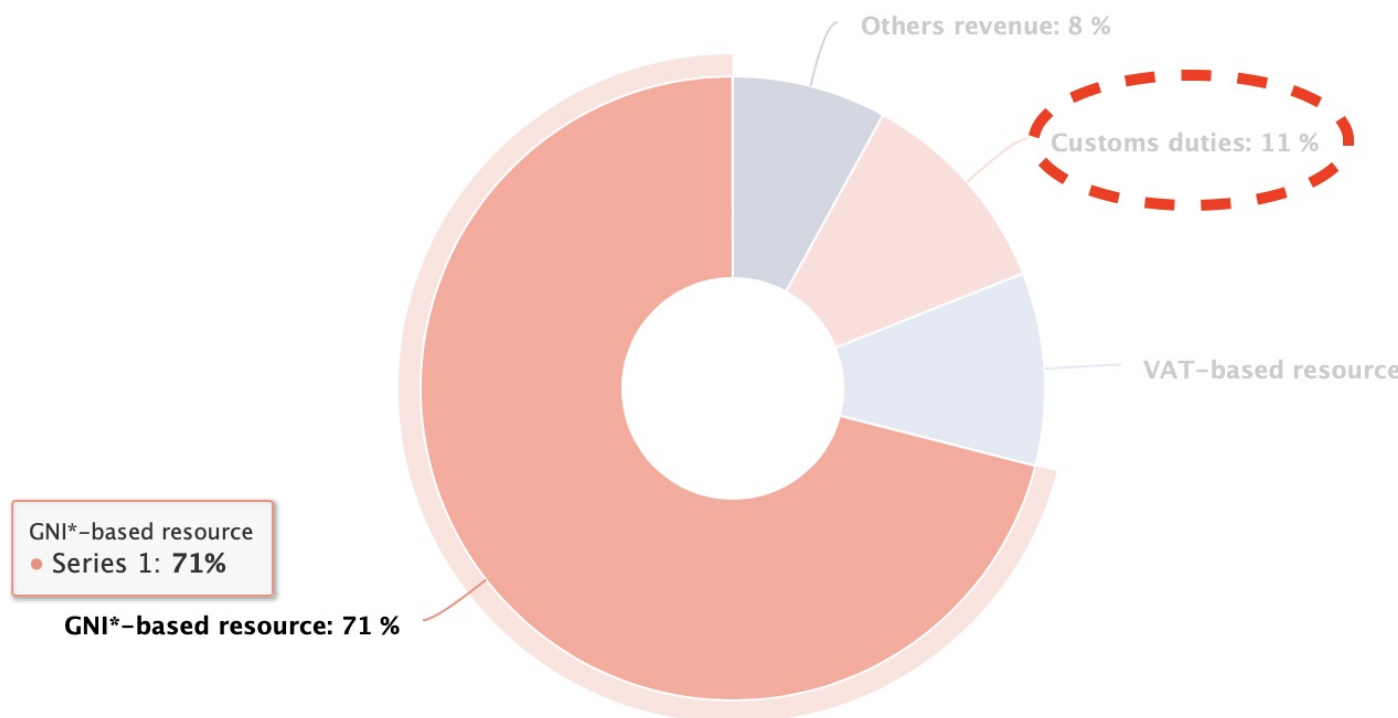
Against the backdrop of a loss of revenues deriving from the AfCFTA implementation (due to the waiver of import duties on intra-Africa trade), African countries need to implement Domestic Resource Mobilisation reforms, as well as to intentionally eliminate Non-Tariff Barriers that can cancel the gains of the AfCFTA. This is one of the main conclusions of the African Tax Administration Forum (ATAF)'s 6TH High-Level Tax Policy Dialogue held from 3 to 4 August 2022.

In other words, if on one hand, the loss of revenues caused by the tariff liberalization process under the AfCFTA will be partially offset by an expected stimulation of the general economic activity within the various African States (which in turn will result in the collection of increased revenues from internal taxation), an effort will also need to be done in order to optimize domestic tax revenue in the various States.

The fight to tax fraud and evasion is obviously on the frontline, but also the improvement of the current mechanism for revenue collection will be crucial, as well as the implementation of reforms aimed at achieving an efficient, growth-oriented and equitable tax systems, as described in this [OECD paper](#).

Unfortunately, as revealed by another recent [OECD report](#), domestic revenue mobilization in Africa is significantly weak, compared with other geographic regions. The report explains that the main reason for that is the limited size of the manufacturing sector and its reduced contribution to the budget of African States. In addition, African countries have a large informal sector (that evade payment of taxes) and weak internal tax revenue collection capacity. As a consequence, African countries rely much more than industrialised States on what is called in French “*fiscalité de porte*” (i.e. taxes on foreign goods and services that enter their territories) for funding their budgets. In fact, differently from internal taxes, these levies are particularly easy to collect. As a comparison, in the European Union, in 2020, the contribution of customs duties to the total EU budget was only 11%, as shown in the graphic below.

EU revenue in 2020 (€173.6 billion)



[On the way to the 2020 edition of the 6th High-Level Tax Policy Dialogue, the African Union has launched a new initiative to support African countries in the implementation of domestic resource mobilisation reforms.](#)