

Media Release

RRA releases outcomes of its initiatives to increase voluntary tax compliance

In 2015, the Rwanda Revenue Authority (RRA), the African Tax Administration Forum (ATAF) and the International Centre for Tax and Development (ICTD) embarked on joint research project to evaluate the impact of a pilot initiative to improve voluntary tax compliance in Rwanda. While several enforcement procedures are in place, encouraging voluntary compliance is at the core of the RRA's customer-oriented approach to taxpayers.

The modernisation of tax administrations in Africa, the advancement in ICT and the digitalisation of data collection systems, have recently made it possible to evaluate tax policies and initiatives in a rigorous way. An in-depth analysis of administrative data is incredibly valuable in identifying the drivers and impediments to achieving revenue collection targets within a tax administration. They represent the longest available time series of data on declared incomes and actual tax payments. In the case of Rwanda, the administrative data provided the basis for a comprehensive analysis of the Rwandan tax system, including quantifying audit probabilities, compliance gaps, and tax burdens, for which there was previously little evidence.

Although the use administrative data to assess tax compliance is well developed in other regions of the world, few studies in Africa actually use this type of information for policy evaluation. This project in Rwanda is the first of its kind in Africa.

Overall, this collaborative project resulted in a better understanding of the tax compliance culture in Rwanda using administrative data and derived informed, evidence-based policy recommendations aimed at raising tax compliance in the country in a cost effective manner. Additionally, this joint project provided hands-on capacity building and skills transfer within RRA and highlighted the importance of an increased partnership between African tax administrations and international researchers and institutes.

The overall outcomes of this collaborative research project can be clustered as follows:

Policy impact

Understanding the behavioural factors of tax paying can provide crucial guidance to policymakers on how to target their compliance strategies in order to raise the maximum amount of taxes in the most cost-effective way. This collaborative project highlighted the importance of embedding rigorous evaluation in the design and implementation of new policies, so that RRA can avoid wasting resources on less effective measures and focus on the ones that are most effective in achieving their goals. In that regard, the study found that a friendly approach to taxpayers can generate large increases in compliance. Simple reminders of the deadlines for filing declarations can often help taxpayers to better comply with tax laws. On the other hand, deterrence does not seem to be the most effective way to achieve compliance boost in Rwanda, except with small taxpayers. This outcome is good news in a context where enforcement is severely limited by lack of financial and human resources. It is also very much in line with the RRA's vision of a modern tax authority that encourages voluntary compliance and embraces a customer-oriented approach.

The project also showed that providing taxpayers with regular information about Rwandan tax law, reminders of their tax obligations and associated penalties increased voluntary compliance. The findings also demonstrated the efficacy of non-traditional and cost effective channels of communication with taxpayers such as emails and SMS messages, in achieving substantial increases in declared taxes. This represents a significant finding for RRA which due to limited resources must find cost-effective ways of achieving policy goals.

Capacity building



Collaborating with ATAF and the ICTD helped build research capacity within the RRA. This was partly through hands-on work in running the experiment, as well as training workshops organised through the collaboration on experimental design and proposal writing

Revenue generation

The collaborative project demonstrated that with relatively cheap taxpayer communication strategies, such as emails and SMS messages, RRA generated almost 9 million USD (over 7 billion RWF) in additional revenue.

Process innovation

This project prompted the RRA to expand the functionality of its SMS platform to reach out to taxpayers in a more effective way. Personalising communications with taxpayers was found to be critical in ensuring that RRA communication strategy is more salient and effective.

About ATAF

The African Tax Administration Forum (ATAF) is an international membership organisation of African revenue authorities and acts as a platform promoting cooperation, knowledge sharing and capacity building among African revenue authorities. ATAF is supported by the following development partners: Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ); Department for International Development (DFID); Netherlands government; Norwegian Agency for Development (Norad); Swiss Economic Cooperation and Development (SECO); Ireland; Finland; Denmark; African Development Bank; Open Society of West Africa; and the William and Flora Hewlett Foundation.

About ICTD

The International Centre for Tax and Development (ICTD) is a global policy research network that deals with the political economy of taxation policies and practices in relation to the poorer parts of the world and whose objectives are to generate and disseminate relevant knowledge to policymakers and to mobilise knowledge in ways that will widen and deepen public debate about taxation issues within poorer countries. ICTD is funded with UK aid from the UK Government and by the Norwegian Government.

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