

# OUTCOME STATEMENT

## WORKSHOP FOR TAX OFFICIALS IN ECOWAS MEMBER STATES ON AFRICAN CONTINENTAL FREE TRADE AGREEMENT - REVENUE PROSPECTS AND IMPLICATIONS

(27<sup>TH</sup> -29<sup>TH</sup> MARCH 2023)

### 1. Whereas:

- a. The African Continental Free Trade Area Agreement (AfCFTA) is a historic agreement signed in March 2018 by 44 African countries. The AfCFTA aims to create a single market for goods and services in Africa, which is expected to boost intra-African trade, increase economic growth, and create jobs. The ultimate goal of AfCFTA is long-term, high economic growth for African Union (AU) Member States. The implementation of the AfCFTA is expected to have significant implications for West African tax administrations, and indeed for Africa as a whole, as it is likely to affect their revenue mobilisation efforts.
- b. WATAF, in line with its vision of fostering collaboration amongst its members with a view to improving the quality of tax administrations in the respective member states, organised a workshop in collaboration with the Office Togolais des Recettes (OTR), and AfCFTA Secretariat, from 27-29 March, 2023, in Lomé, Togo, to discuss the revenue prospects and implications of the AfCFTA in the region.
- c. The workshop provided participants with an opportunity to share experiences and best practices and learn from presentations by subject matter experts on how to optimise revenue mobilisation in the context of the AfCFTA.



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2. **Now**, the participants from 13 countries of the ECOWAS that attended the engagement has observed and recommended as follows:

**A. Observations:**

- I. That there are potential impacts of the AfCFTA on tax revenues in West African countries, but in the long run, an increase in economic activities resulting from trade creation is expected to help boost tax revenue in member states.
- II. That the revenue potentials of AfCFTA and other related opportunities are tied to member states ability to upskill their capacities, harmonise their tax policies and processes and embrace necessary reforms required to make the Agreement a reality.
- III. That taxpayer education and deployment of technology in tax administration are key areas of focus for tax administrators in preparation for AfCFTA implementation.
- IV. That AfCFTA created a need for increased peer learning, collaboration among the tax authorities in member states and continent in general, as this will help to share experiences and best practices on how to optimise revenue mobilisation as well as Identify possible areas of collaboration in the implementation of the AfCFTA.
- V. That there is need for senior officials from West African tax administrations, including Commissioner-Generals, Directors, and Heads of Revenue Departments as well as development partners are to get more actively involved in efforts to increase the level of awareness and understanding of the revenue prospects and implications of the AfCFTA agreement among tax administrators in West Africa.
- VI. That tax revenue collection through the effective implementation of the AfCFTA agreement could be enhanced.
- VII. That AfCFTA is not without challenges for tax administrators in ECOWAS member States, however, the challenges are surmountable with commitment from tax authorities themselves and support from our governments.

**B Recommendations:**

1. That member states tax authorities should collaborate with other AfCFTA implementing agencies with a view to developing a roadmap for the effective implementation of the AfCFTA agreement in West Africa, including tax administration and revenue collection strategies.

2. That members should actively encourage peer learning and co-learning with a view to exchanging best practices and experiences among tax administrators in West Africa, which could lead to increased collaboration and cooperation among tax administrations in the region.
3. That member states should strengthen collaboration in tax matters with deliberate policies to boost their tax treaty networks, Mutual Administrative Assistance Agreements, Tax Information Exchange Agreements and other bilateral or multilateral instruments that encourage cooperation on tax matters amongst member states.
4. That member states should develop and implement strategies to build capacity of Tax Administrators in areas of AfCFTA implementation and trade facilitation to enable them implement the AfCFTA agreement.
5. Partnerships between tax administrations and other stakeholders, such as business associations and civil society organisations, to support the implementation of the AfCFTA agreement is a necessity.
6. Members should develop and implement targeted taxpayer education to enlighten taxpayers on their rights and obligations in the context of AfCFTA Implementation.
7. Members should deploy technology including data analytical tools and automate their processes as key steps towards AfCFTA implementation.
8. Members should implement measures to curb Base Erosion and Profit Shifting (BEPS) and strengthen transfer pricing laws and rules as a way to combat illicit financial flows which may be exacerbated by trade liberalisation.