



**BUILDING DATA  
FOR TAX SYSTEM  
DEVELOPMENT  
AND PUBLIC SERVICE  
DELIVERY**



**COUNTRY:**  
TOGO



## WEST AFRICAN TAX ADMINISTRATION FORUM

**COUNTRY: TOGO**

**PROJECT: BUILDING DATA FOR TAX SYSTEM DEVELOPMENT AND PUBLIC SERVICE DELIVERY**



This Feasibility Study Report on Office Togolais des Recettes was prepared by a research team of the West African Tax Administration Forum. It is based on the information available at the time the survey was conducted in September 2022.

## About WATAF

The West African Tax Administration Forum (WATAF) comprises Tax Administrations of all 15 West African countries: Benin, Burkina Faso, Cape Verde, Cote d'Ivoire, The Gambia, Ghana, Guinea, Guinea-Bissau, Liberia, Mali, Niger, Nigeria, Senegal, Sierra Leone, and Togo that are members of the Economic Community of West African States (ECOWAS). It exists to lead tax policy coordination and concerted tax administration capacities in the region. WATAF promotes tax transparency, harmonises regional tax laws and policies, promotes regional integration, and facilitates regional knowledge sharing, including dialogues to improve the quality of tax administration in Member States in order to increase the mobilisation of domestic revenue.

The inaugural meeting of WATAF was held at the Forum of Heads of Tax Administration in West Africa at the Rockview Hotel, Abuja, Nigeria on 12 September 2011. The original signatories to WATAF's formation were representatives from Tax Administrations from five West African Countries, namely, Benin, Ghana, The Gambia, Liberia, and Nigeria.

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## ACRONYMS

CIT	Company Income Tax
DRM	Domestic Revenue Mobilisation
ECOWAS	Economic Community of West African States
GDP	Gross Domestic Product
HNWI	High Net Worth Individual
HMRC	Her Majesty Revenue and Customs
OECD	Organisation for Economic Cooperation and Development
OTR	Office Togolais des Recettes
SARS	South African Revenue Service
TA	Tax Administration
URA	Uganda Revenue Authority
VAT	Value-Added Tax
WATAF	West African Tax Administration Forum

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## PREFACE

In pursuit of supporting member countries to improve their service delivery, the WATAF Secretariat delegated a research team to undertake a field study at the *Office Togolais des Recettes* (OTR) from September 28-29, 2022. The team conducted an assessment of the generation and utilisation of administrative tax records at OTR, in order to offer technical support for building administrative databases for tax policymaking and revenue mobilisation. Members of the team included Emeka NWEKE (Research Manager), Tochukwu NYEMATA (Communication and Liaison Manager), and Abiodun ADEGBOYE (Consultant and Technical Lead).

At the OTR, the team met with Mr. Kwawo Atta-Kakra ESSIEN, Ag. Commissioner of Customs and Direct Taxes and Ag. Tax Commissioner. It also met senior staff, alongside their teams, of various departments, divisions and units including Tax Declaration, Taxpayer Registration, Strategic Planning and Research, Information Technology, Communication and Users Services, and Audit.

The team is grateful to the leadership of the OTR for organising their staff to actively participate in the discussions. The team specifically wants to thank Mr. Yaovi Sena ANAGO, who served as the focal person, and Mr. Nyatefe Wolali DOTSEVI, who was responsible for coordinating the meeting schedules.

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## EXECUTIVE SUMMARY

**Modern Tax Administrations (TAs) must constantly use reliable, state-of-the-art, data and evidence** to achieve greater effectiveness in an increasingly globalised and digitalised economy. Advancements in information and communication technologies provide avenues for TAs to generate and use an avalanche of micro, taxpayer-level data found in tax registers, electronic filing information, customs, self-assessment, or withholding declarations. Although TAs sit on a large number of administrative records of taxpayers, they rarely harness their benefits.

The use of data by Tax Administrations for rigorous analysis and evidence generation in West Africa is low relative to East and Southern Africa. This contributes to its lower tax-to-gross domestic product ratio of 14.0% compared to East Africa (17.0%) and Southern Africa (17.5%), based on the OECD's 2022 report. The report also puts the tax/GDP ratio in Togo at 15.4%, suggesting only a marginal difference. This study examined the feasibility of building tax databases at the Togo Revenue Authority (OTR).

Data was collected from 25 OTR officials using descriptive survey methodology. The main areas of the study include the extent of digital adoption in tax operations, the availability of digital records, the quality of technical personnel and the attitude of OTR leadership toward improving revenue mobilisation through data analysis and evidence.

**Results showed that OTR has achieved significant improvement in the digitisation of its processes.** It has a substantial level of digital records to facilitate the efficient development of six anonymised data sets on company income tax (CIT), payroll tax, value-added tax (VAT), customs, individual, and the CIT-individual-customs-VAT.

Strong coordination exists between OTR and other stakeholders, its **leadership demonstrates a favourable attitude towards tax databases, and the existing technical personnel can be strengthened. through technical assistance, for effective data management.** To date, OTR restricts access to its data to certain stakeholders (academics, researchers, in-house analysts etc) but a dedicated laboratory for administrative tax databases will spur a large amount of analysis and evidence creation that can enhance revenue mobilisation in Togo.



## 1. INTRODUCTION

**Data serves as an essential ingredient to the design and implementation of domestic revenue mobilisation (DRM) policy.** It is usually a key component of making an evidence-based policy. However, public institutions and policymakers in West Africa (and several developing countries) occasionally lack access to reliable, accurate and timely datasets that suit their peculiarities.

High growth in e-commerce, expansion in the mobility of finance and labour as well as rapid advancement in digital transformation have opened up several **avenues for taxpayer-level data generation, on one hand, and have increased the complexities of DRM** across economies including West Africa, on the other hand. Notwithstanding, through effective data management tax administrations, can improve their operating procedures to overcome the challenging difficulties, and seize the opportunities.

Tax data management and its effective utilisation constitutes a vital step that can spur domestic revenue mobilisation in West Africa. Most national and international databases lack micro-level content and are grossly non-suitable to provide insights to tackle complex questions in tax policy designs.

**The West African Tax African Administration Forum (WATAF) Secretariat understands the imperative of access to accurate, reliable and timely datasets for analysis and knowledge creation to inform tax policymaking.** In furtherance of its support to member states, the Secretariat conducted an assessment of the feasibility of establishing administrative tax data<sup>1</sup> laboratory within TAs in West Africa<sup>2</sup>. Across the world, governmental institutions are increasingly open not only to building data laboratory but also to providing access to the data for analysis and research.

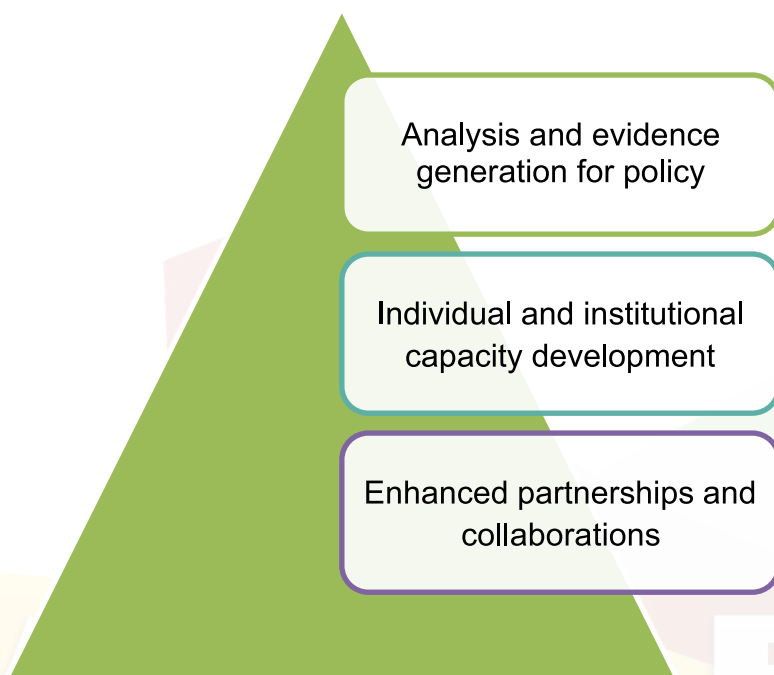
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<sup>1</sup> The types of administrative data commonly found in revenue authorities are as in Figure 1. However, the particularities of each jurisdiction conditions the specific data type found in practice. A data laboratory can also be known as a data facility or data warehouse. We maintain a data laboratory for most parts of this report.

<sup>2</sup> Tax administrations in developed and developing countries have data laboratories. For example, Denmark, Finland, Mexico, Norway, Pakistan, Senegal, South Africa, Sweden, Tanzania, Uganda, the United Kingdom, and the United States of America have functional data facilities, although there are variations in their level of development.

**TA data fosters empirical analysis and investigation of taxpayer responses to tax policy and non-tax policy reform measures.** It helps to efficiently monitor and evaluate the implementation of projects (e.g. identify the most important tax offices from a revenue mobilization perspective and assess compliance gaps<sup>3</sup>) or programmes (e.g. institutional capacity development, and introduction of digital platforms). Figure 1 and Table 1 respectively contains the potential benefits and impacts of establishing an administrative data laboratory in selected revenue authorities.

*Figure 1: Benefits of Data from Tax Administrations*

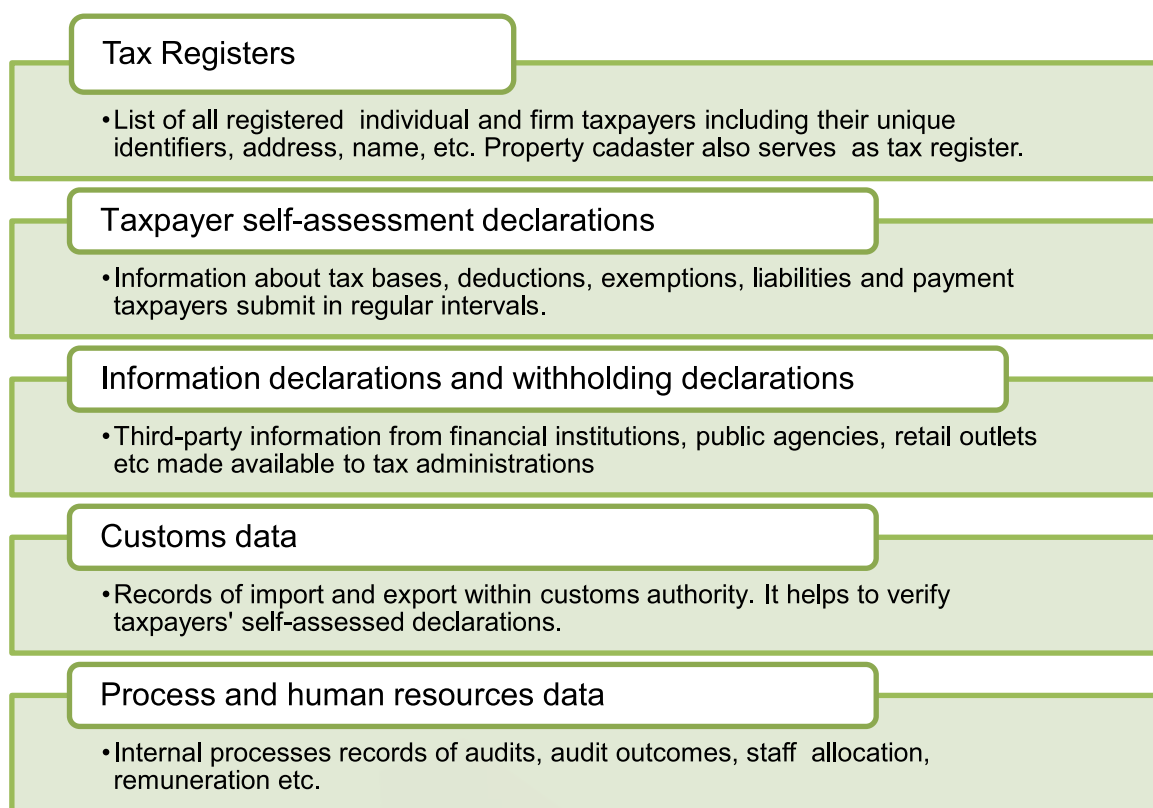


*Source: WATAF, 2022*

These data are collected by the tax administrations in the process of collecting public revenue, and often of different types and sources. Figure 2 below presents these types of tax data commonly found in revenue authorities.

<sup>3</sup> Brockmeyer, A. (2019). *Working with Administrative Tax Data: A How-to-Get-Started Guide*. Macroeconomics, Trade and Investment Practice Notes, World Bank.

Figure 2: Types of Administrative Tax Data



Source: WATAF, 2022

Apart from the advanced economies, some developing countries have developed or are developing their tax datasets to address difficult issues in their tax functions. In southern and eastern parts of Africa, the South Africa Revenue Service (SARS) launched its database in 2014, while Tanzania, Rwanda and Uganda Revenue Authorities instituted the first phase of the datasets in 2016/7. SARS is a leading tax administration in Africa. Its revenue to gross domestic product (GDP) is rated relatively high (see Table 1). Also, Rwanda and Uganda have consistently improved their revenue performance since the launch of administrative datasets. These are examples of countries in Africa that invest in data and research infrastructure to inform tax policy design. Table 1 presents the experiences of selected revenue authorities that implement data laboratory while Figure 3 shows the tax revenue effect reported in Uganda as a result of administrative tax data projects.

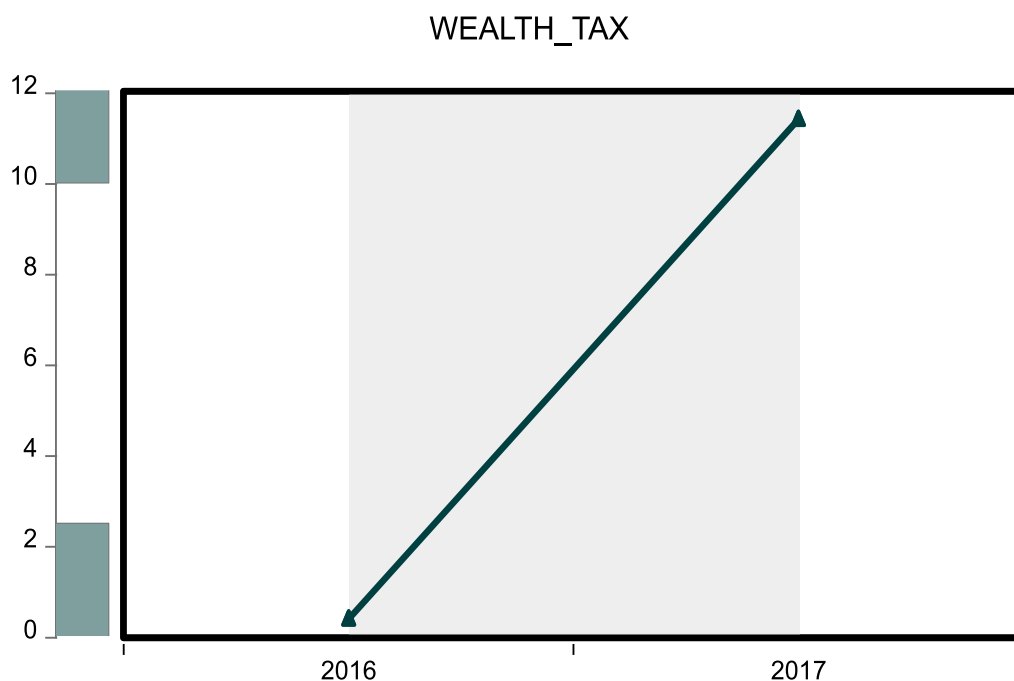
Table 1: Experiences in Tax Data Development and Utilisation

Country	Tax revenue (% of GDP) <sup>4</sup>	Some project executed with administrative data	Accessibility mode
<b>Senegal</b>	16.6	<ul style="list-style-type: none"> <li>Assessment of property tax in Dakar, Senegal</li> <li>Audit selection under weak fiscal capacity</li> <li>Large and medium under reporting firms</li> <li>Identification of partially compliant rich individuals</li> </ul>	Tax officials extract and give the data to specific parties on reasonable request
<b>South Africa</b>	22.5	<ul style="list-style-type: none"> <li>Evaluation of employment tax incentives.</li> <li>Research and development tax incentives uptake by firms.</li> <li>Impacts of the graduated corporate tax rates.</li> <li>Minimum wage legislation and its impact.</li> </ul>	Data are provided onsite within the premises of South African Revenue Services or the National Treasury
<b>Uganda</b>	11.1	<ul style="list-style-type: none"> <li>Evaluation of the taxpayer register expansion and education programme, and the new electronic filing system for presumptive tax.</li> <li>Identification of high net-worth individuals for tax purposes.</li> </ul>	Data are provided onsite within the premises of the Uganda Revenue Authority.  The online version is already planned.
<b>United Kingdom</b>	32.8	<ul style="list-style-type: none"> <li>Understanding why VAT Customers have debts.</li> <li>Exploring the tax challenges faced by 'Hybrid' taxpayers – those treated as individuals and businesses by HMRC.</li> <li>Behavioural responses to VAT: Evidence from flat rate scheme of VAT.</li> <li>What happened to UK exports before, during and after the 2008 financial crisis?</li> <li>Tax policy and investment: Evidence from UK tax returns.</li> </ul>	Data are provided within the data lab of Her Majesty Revenue and Customs (HMRC).

Sources: HMRC (online); Uganda Revenue Authority (online) and Kangave et.al. (2016)<sup>5</sup>.

<sup>4</sup> Revenue Statistics in Africa, Organisation for Cooperation and Development (OECD, 2021).

Figure 3: Wealth Tax Revenue Collected in Uganda (USD 'million)



**Note:** Tax collection impacts of these projects are enormous. For instance, the Uganda Revenue Authority increased its revenue from high net worth and or wealthy individuals (HNWI) from USD 0.39 million to USD 11.4 million (in vertical axis) between 2015 and 2017, a feat directly attributed to the HNWI research project that substantially utilised administrative tax data.

**Sources:** Uganda Revenue Authority, and Kangave, J., Nakato, S., Waiswa, R. and LumalaZzimbe, P. (2018). *What Can We Learn from the Uganda Revenue Authority's Approach to Taxing High Net Worth Individuals?*, ICTD Working Paper 72, Brighton: International Centre for Tax and Development.

According to the Revenue Statistics in Africa (2022), tax revenue to GDP ratios in West Africa ranges from 5.5% (Nigeria) to 21.5% (Cabo Verde) in 2020. There is scanty usage of harmonised tax databases in the region to date. Such databases would help West African revenue authorities to derive greater insights into taxpayers' behaviour, in addition to other advantages earlier highlighted in Figure 1.

<sup>5</sup> Kangave, J; Nakato, S.; Waiswa, D. and Zzimbe, P. L (2016). *Boosting Revenue Collection through Taxing High Net Worth Individuals: The Case of Uganda*. International Centre for Tax and Development Working Paper 45.

**The data laboratory project provides an avenue for capacity building and sustained partnerships with relevant stakeholders in the tax policy ecosystem.** The low tax-to-GDP in West Africa would increase when some complicated questions relating to taxation (e.g. tax compliance effects of tax audits) are understood and utilised in tax policy design, thus closing the already wide tax gap. The availability and use of tax data would support the production of high-quality scientific evidence for policymaking and DRM reforms in West Africa.

The Togo Revenue Authority (in French, *Office Togolais des Recettes*, and henceforth OTR) is the official national tax revenue collection agency in Togo. The OTR runs an integrated system combining customs and domestic taxes.

Table 2 shows some facts about the social and economic performance of the country. The **OTR implements the revenue legislation in Togo since it started operating in 2014.** The Authority has recorded remarkable performance, either measured by the ratio of tax revenue to GDP (15.0 per cent)<sup>6</sup> or by the effectiveness of reforms<sup>7</sup>. However, there is a need for continuous and concrete concerted efforts to close the existing wide gap between actual and potential revenues in the country.

**The current population of 8.4 million in Togo is projected to climb over 12.8 million and 15.3 million by 2040 and 2050 respectively,** according to the United Nations (2022) estimates. There is a need to aggressively increase domestic revenue collection to fund the provision of public goods and services to cater for the high population growth.

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<sup>6</sup> OECD Revenue Statistics in Africa (2021).

<sup>7</sup> See Bayale, N.; Tchila, P.; Yao, J. A. and Tenakoua, H. (2022). *Does tax administration reform improve tax revenue performance in Togo? Empirical insights from experimental approaches*. South African Journal of Economics, 90(2), 196-213.. <https://doi.org/10.1111/saje.12316>

Table 2: Socio-Economic Outlooks in Togo

Indicator	Value (period reported)
Population (total)	8,478,242 (2021)
Per capita income	USD2, 230 (PPP) (2020)
Life expectancy at birth	61 years (2020)
Poverty headcount (at \$2.15/day threshold)	28.1 (percentage of population) (2017, PPP)
<b>Note:</b> PPP -purchasing power parity	

**Source:** World Bank, 2022 (<https://www.worldbank.org/en/country/togo/overview> and <https://data.worldbank.org/country/TG>).

The population of the poor is relatively high - at least one in every four *Togolese* is extremely poor. The provision of pro-poor social services becomes essential to keep inequalities low. It is therefore crucial to continuously improve domestic revenue collection strategy that is based on reliable data and evidence.

The Ministry of Finance and Economy presides over decisions on revenue policy-making in Togo, while the OTR implements them. There is a well-coordinated working relationship between the Tax Policy Unit of the Finance Ministry and the OTR.

**These authorities sit with rich administrative records that could enrich tax and other public policies when harmonised.** The analysis of research data for public policy decisions in Togo has largely been driven by datasets from the national statistics office, central bank, various ministries, and other government agencies, as well as external organisations such as the World Bank, and the International Monetary Fund. These sector-specific and macro-based data rarely capture taxpayer and transaction-level information in detail.

**Tax data relating to several firms and individual taxpayers as well as transactions are micro and mini-information that can complement survey data, fill the existing**

**gaps, overcome poor data quality** due to sources and methods of collection and so on. Figure 4 presents the main strength of these datasets over and above other data sources. Most extant surveys are either restricted or suffer from non-response, leading to high missing values and poor quality, unlike administrative data.

The production and analysis of data for DRM policymaking in Togo can be enhanced, and more pronounced with the use of large tax datasets, made possible by technological progress and the availability of digital tools that are accessible.

Figure 4: Main Strength of TA Data

Quality	Depth	Coverage	Costs	Flexibility
<ul style="list-style-type: none"> <li>• Low missing data</li> <li>• Verifiable data origin</li> <li>• Automation</li> <li>• Legally required responses</li> </ul>	<ul style="list-style-type: none"> <li>• Large sample sizes</li> <li>• Several attitudes of taxpayers</li> <li>• High frequency</li> </ul>	<ul style="list-style-type: none"> <li>• Long time span over several indicators</li> <li>• Context-evident</li> </ul>	<ul style="list-style-type: none"> <li>• Cheap to collect</li> <li>• Data reside within tax declaration records</li> <li>• Known respondents</li> </ul>	<ul style="list-style-type: none"> <li>• Allows inclusion of new measures</li> <li>• Easy to modify as needs suggest</li> </ul>

Source: WATAF, 2022

The situation report of the OTR discusses the critical requirements for hosting a data laboratory within its premises. The remainder of the report is as follows: Section 2 presents the data and explains the methodology employed. The empirical findings are provided in Section 3. Section 4 discusses the essential steps to building an tax data laboratory, while Section 5 highlights the conclusion. The recommendations and call to action are outlined in Sections 6 and 7 respectively.



## 2. Data and Methodology

The study employed a descriptive survey design. Qualitative data were collected through both focus group discussions (FGDs) and key informant interviews (KIIs). About twenty-five (25) senior and junior officers from departments, divisions and units including Tax Declaration, Taxpayer Registration, Statistics, Legal, Studies and Strategic Planning, Computing and Information Technology, Communication and Users Services, and Audit responded to the interviews/discussions, that was conducted over two (2) working days at the OTR premises.

A semi-structured guide<sup>8</sup> serves as the instrument for the exercise. The sections of the guide contain unit- or department-specific questions on digitalisation in tax form completion, electronic filing system and digital tax records, level of technical competence in digital tax operations, and coordination of data governance within OTR. Other areas include human personnel and expertise in data analysis, record keeping, as well as data protection legislation. Secondary data were also sourced from OTR records.

The responses were transcribed and anonymized to ensure the privacy of the respondents. The content of the data was analysed in thematic order, as captured in the interview guide.

## 3. Results and Discussions

This section contains the findings on OTR concerning the feasibility of building administrative datasets. The discussion considers broad themes such as the extent of digital platforms in use within OTR, the availability of digital records, the technical competence of the OTR staff in the preparation of data and documentation of processes; and most importantly the attitude of OTR's Management Committee.

### 3.1 Electronic Tax Registers and Business Operations

Taxpayer registration in Togo begins with the identification of a potential taxpayer, and then the authentication of personal and business information that is supplied. Notaries are employed to validate the records and documents such as national identity cards, and international passports provided by taxpayers. Background checks of the accuracy of taxpayers' information hold routinely.

<sup>8</sup> See the Appendix

**There is a dedicated directorate and competent personnel that oversee taxpayer registration on a daily basis.** The registration process affords the officials the opportunity to gather details on taxpayers. According to one respondent.

*"I want to inform you that we have a centre in charge of start-up business registration. That centre works like a one-stop shop. The registration division at OTR also represents our institution there. So, if a taxpayer wants to get registered, he goes to that one-stop shop. The registration is done online."*

**The OTR has electronic registration for enlisting new taxpayers.** There are substantial digital tax records of its business operations and procedures. The OTR employs mainly information technology to register taxpayers.

Table 3 summarises information on OTR tax register (while Figure 5 presents its chart). It shows the distribution of taxpayers between individuals and corporations over a few years. However, it is noteworthy to state that OTR restructured its taxpayer identification number from 7 to 10 digits in 2015, and that the 2017 figures marked the real and appropriate reference to identify trend, pattern or growth in the register. In 2021 individual taxpayer group accounts for 72.7 per cent and for corporate taxpayers, 27.3 per cent. On average, there has been growth in enrolment.

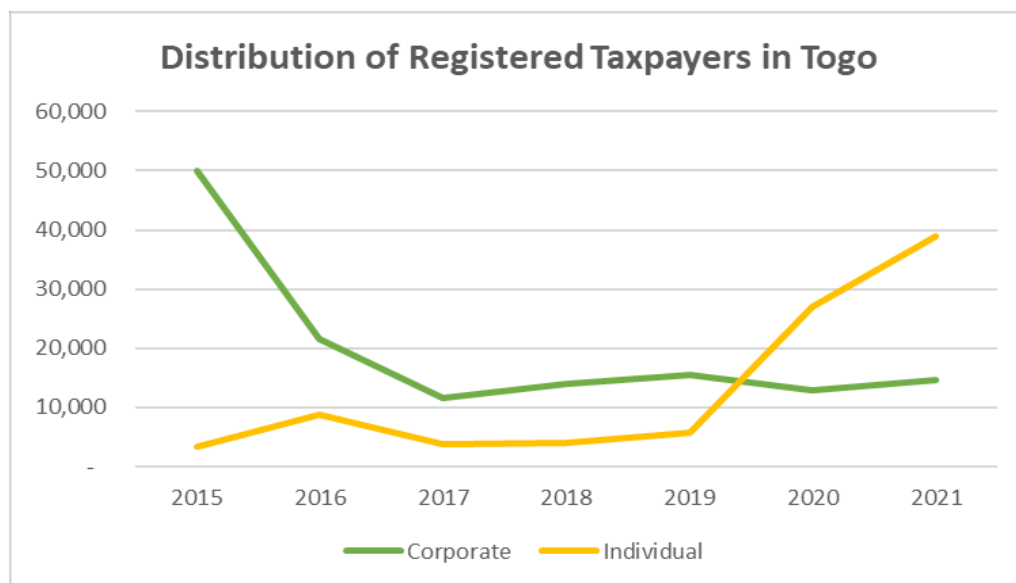
Moreover, there is a provision for manual registration of taxpayers. It is worth stating that all taxpayers are uploaded into the tax registration portal at OTR. A unique tax identification number is issued to a legal or natural registered taxpayer upon complete verification of each bit of information provided at the one-stop shop.

Table 3: Distribution of Taxpayer Registrations in Togo

Year	Corporate	Individual	Total
2015	50 094	3 337	53 431
2016	21 522	8 878	30 400
2017	11 629	3 897	15 526
2018	14 074	3 933	18 007
2019	15 573	5 779	21 352
2020	13 011	26 997	40 008
2021	14 627	39 021	53 648

Source: Togo Revenue Office, Togo, 2022

Figure 5: Distribution of Registrations in Togo



Source: Togo Revenue Authority, 2022

The OTR tax registers contain information on tax bases such as corporate income, personal income, value added tax, customs and so on. It therefore suggests that some databases can be developed on these tax handles.

### 3.2 Data Generation and Protection and Tax Policy in Togo

The extent of data utilisation in policy decisions suggests the premium an organisation places on objectivity and the sustainability of good performance. It also determines the likelihood of effective utilisation of additional databases. OTR utilises data from ministries and international development partners for analysis to make strategic choices for tax collection.

The administration also generates its data, has statistical databases and a division (Statistics Division) that analyses, accesses, and processes data regularly. These data are collected via the software packages such as Automated System for Customs Data and the 'dimana' (meaning 'let us do it together').

There is adequate protection for and monitoring of the information in the packages. An official enumerated this point as follows:

*"Access to the database is possible only through a secured internet connection. Only a connection in the premises of OTR can give you access to the database. Outside, you can't access the database. And inside, you still need internet cable, through the wi-fi, it is not possible to operate on the databases even on our premises. Our IT team needs to do a configuration on your computer before you can have access to that information."*

It was gathered that the critical stakeholders at the ministry of economy and finance, the tax policy unit and OTR provide input into preparation of tax policy strategic plans regularly. The use of data and research evidence within the OTR, therefore, may serve to strengthen their engagements. Tax data laboratory requires input from relevant parties. The collaborative partnership among these stakeholders shall foster efficient management of the data laboratory. On the other hand, the laboratory will further strengthen the established relationship.

An independent entity, the Tax Policy Unit, at the Ministry of Finance and Economy coordinates tax policy in Togo. Over the years, debates over some choices have resulted in positive outcomes for the OTR in particular and the country in general.

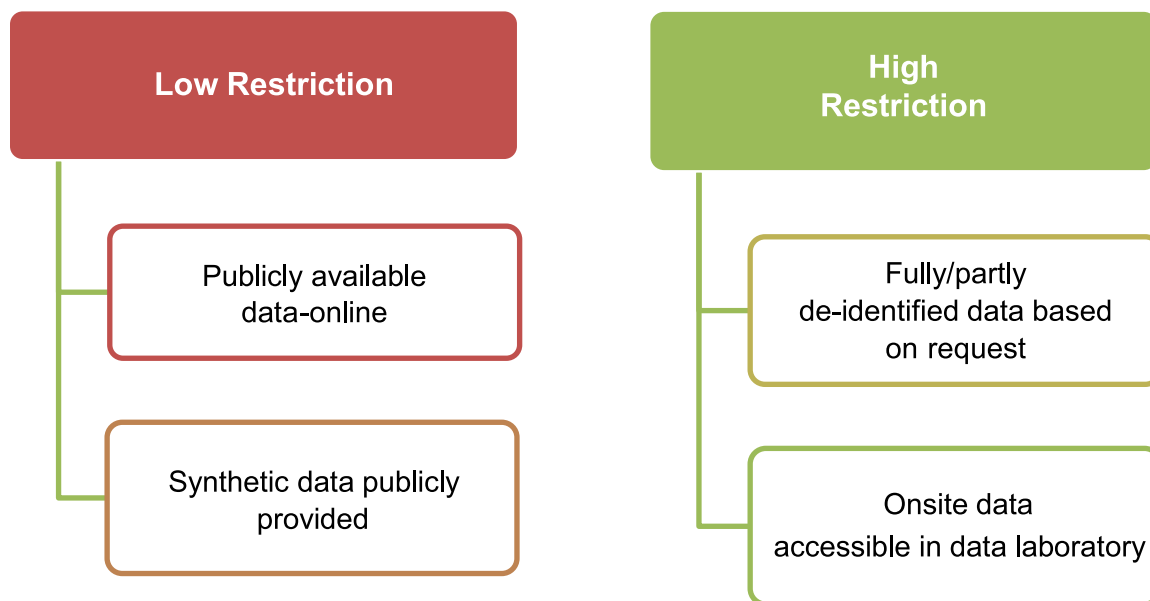
There is a formal data-sharing agreement between OTR and other institutions in Togo. The legislation that creates the OTR empowers it to request and access any information from any registered entity within the country - public, private, or charitable bodies<sup>9</sup>. There are therefore opportunities to gather additional information to populate the tax database. An official of the administration states as follows:

*"...we have direct access to the database, and the information is complete in the database. According to our needs, we extract the data and process them. The data you are talking about are already available in our database. When we want, we access the information and analyse it."*

The OTR possesses rich but non-anonymised data that must be cleaned and extracted to populate the databases for it to suit analysis and decision-making. The data laboratory is conceived to serve as a public good. In practice, countries have different modes of access to datasets by tax researchers, experts, analysts and others, as presented in Figure 6.

<sup>9</sup> Tax Procedure Book Article 258 of the Office Togolais des Recettes

Figure 6: Modes of Access to Administrative Tax Data



SOURCE: WATAF, 2022

**Technical expertise:** There is a substantial level of technical and analytical skill sets within the staff of OTR. **Computing and statistical analysis tools such as Python, the visualisation tool, Power Business Intelligence (Power BI)** and others are some of the applications used by personnel at the OTR. This is in addition to the available rich technical and computing capacity for data protection.

**Research: The internal research mechanism of OTR must improve.** The process of production of indicators is tedious but can be instituted; the development of administrative tax databases provides an avenue for collaboration with not only other tax administrations but academic institutions, research institutions and external researchers. The Uganda Revenue Authority and South African Revenue Services have robust internal research programmes. **WATAF can facilitate knowledge or experience-sharing (virtual) meetings** in this regard. This will increase the frequency with which data or evidence are generated and utilised. Tax research could be improved if it involved tax officials

### 3.3 Self-Assessment, Declarations and Filings.

Taxpayers in Togo do self-assessments, although the OTR remind them to declare before the various deadlines. Notices are served to each taxpayer (large, medium or small) in the databases. The large and medium taxpayers are jointly estimated as 3,020 while the number of small taxpayers is 46,000 in total.

Since 2016, electronic declarations, via *the E-Service* (now *E-Tax*) platform, works through a customer service tool called *Management Dialogue*. The tool handles issues that may arise from online declarations, and other ICT-related challenges. Tax declarations in Togo take place monthly (for VAT) or yearly (as in personal income, but with a down payment in some cases)

Self-assessments and declarations in OTR take both digital and manual forms, depending on the taxpayer. E-filings are predominantly electronic, but there may be some occasions for manual filing for certain taxpayers. Electronic declarations or filings date back as far as 2014, when OTR was established.

The taxpayers' service, education, and communication department in OTR generates data via feedback from taxpayers or complaints regarding tax administration. **For example, the *land-compliant platform* is digitalised for use by all.** It allows the electronic recording of complaints. There are other forms (such as emails) for receiving feedback and complaints from taxpayer.

### 3.4 Management Information System in Tax Administration

**Process Digitalisation:** Over the eight (8) years of OTR, tax operations and processes have transformed gradually into digital forms, and online platforms, in some cases.

According to a top official:

*"Concerning the extent of digitisation... I can say that with the tools at our disposal like Apps, we have covered extensively registration management, issuance of tax documents, recovery management, and declaration management and concerning tax legislation and tax audit, we have improvements since it is no longer done manually. We are currently working on a project to correctly take charge of this (digitalisation) aspect... The improvement that we have in mind is to make it done online."*

The OTR has selected projects for each fiscal year to improve the digitalisation of tax collection functions. **ICT team has a long-term goal to have paperless tax administration**, where the digitisation of tax functions and processes of all forms becomes the order of the day.

Furthermore, there is a centralised data management system. Every piece of information runs from one division to another. However, the current data governance policy is restricted to the ICT divisions to guide OTR's work on data security and protection.

**Audit and Audit Data: Every audit stage creates one form of data or another that may inform policy designs.** The OTR has a clearly structured audit programme. There is extensive use of letters, emails and telephones to communicate with taxpayers. Audit reports are available in both paper and electronic forms, making it possible to build an audit database for the sake of analysis and decision-making.

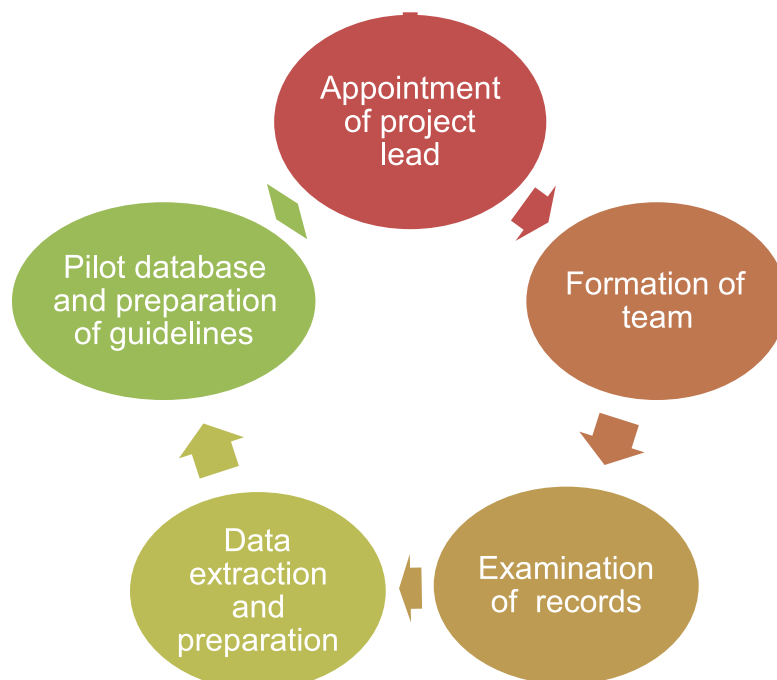
#### 4. Essential Steps in Building Administrative Tax Data Laboratory

The following pertinent steps must be taken into account in building a data laboratory in tax administrations. Figure 6 contains an ordered steps drawn from the experiences of several countries. Tax administrations are advised to carefully adhere to them:

**- Project lead:** The appointment of a senior official in any tax administration is critical to the success of establishing an administrative data laboratory. The appointee must be willing to direct the project for a long time and relate to a large number of stakeholders, including external partners in some cases. The project lead interfaces between the leadership of tax administrations and other team members, as well as any external partners. He/she shall communicate with the staff of tax administration on regular basis the project's progress and any support that may be required.

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Figure 7: Essential Steps in Building Administrative Tax Data



Source: WATAF, 2022.

- **Team formation:** The project team comprises the project lead, delegated tax administration staff, officials from the finance ministry, other policymakers, technical assistants, and development partners. The **WATAF Secretariat shall provide technical assistance to each member country's tax administration and shall be willing to support its members by serving on the team.** The constitution of the team shall be the responsibility of the leadership of the respective tax administration, in particular, the Commissioner General or his deputy. The team shall take up the implementation of the project.

- **Examination of records:** This entails an assessment of the existing manual and digital records in the tax administrations. This exercise helps to identify the length of available data, potential constraints to the merger of fiscal years and other related issues. The activity at this stage throws up the number of tasks that may be required of the data assistants. Both the project lead and technical assistant(s) shall ensure a thorough understanding of the records. Nearly every team member participates in this exercise.



- **Data extraction and preparation:** Administrative datasets are designed for tax types; therefore, data extractions are essential to creating datasets as per tax type. The preparation involves data cleaning, merger and attribution where it is necessary.

- **Pilot database:** The last stage shall be to start with a tax type, for example, the corporate income tax for large taxpayers. This database shall serve as a pilot phase to set the data laboratory in motion. The guidelines for accessing the dataset and its use would be developed as soon as the pilot dataset is completed.

## 5. Conclusion

The Table 4 presents a summary of the assessment of the business operations and functions of OTR concerning tax data matters. In sum, there is a significant deployment of digital tools in OTR business operations.



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Table 4: Summary Assessment of Togo Revenue Authority's Management Information System.

S/N	Indicator	Institutional strength	Degree of Availability	Period	Remark
1.	Digital records	High	High	Since 2014	Suitable for databases
2.	Manual records	Moderate	High	Before 2014 - date	Fit to join digital record
3.	Electronic filing	High	High	Since 2014	Pronounced
4.	Data governance guidelines	Moderate	Centralised	NA	Need to improve
5.	Evidence creation	Low	Low	Short	Need to improve in-house research
6.	Coordination between entities	High	High	Before and after 2014	Quality engagement with stakeholders
7.	Technical skills	Moderate	Moderate	Permanent	Growing
8.	Leadership commitment	High	High	NA	Strong willingness to build databases
9.	Personnel: Administrators	High	High	Permanent	A young and vibrant workforce
10.	Automation	Moderate	Moderate	After the 2014 - date	Gradually in progress
11.	Extent of digitalisation	High	Moderate	NA	In progress
12.	Experience in institutional partnership	High	High	Several years	Close relation with internal and external bodies
13.	Evidence use in policymaking	Moderate	Moderate	Several years	Mainly external evidence

**Note:** The *indicators* measure main aspects of inputs for tax databases.  
*Period* depicts the possible time an indicator has been in existence.  
*NA* means not applicable.  
*Remarks* are based on expert opinions.

Source: WATAF, 2022

The OTR has capable human expertise to sustain the project, although the project may require the involvement of young Togolese in universities, revenue administrations, ministries etc who are interested in data science, research, and econometric analytic skills development.

There are members of staff within the OTR who may coordinate the cleaning of records, extractions, preparation of the data, and documentation of the process. A good practice is to hire ad-hoc young research assistants to undertake the tasks while senior officials coordinate or supervise the process.



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## 6. Recommendations

The following are the implications drawn from the available data and its analysis:

- i. **Availability of digital records.** The OTR sits with enormous administrative records (largely in digital form) that will enhance its functions. These data must be harmonised, packaged and prepared for use.
- ii. **Commitment to progress.** At OTR, there is willingness to develop capacity to build and utilise tax databases. The OTR authority should prepare to commence discussion into the implementation of an tax data laboratory.
- iii. **Use of research evidence in tax policymaking.** Availability of anonymised panel databases of taxpayers would provide an avenue for more researchers from universities, revenue administration, and others to generate and offer insights into domestic revenue mobilisation in Togo.
- iv. **Existence of strong collaboration among public agencies in Togo.** Tax data and research engagement that involves both tax policy and administration officials will foster deeper coordination of strategies to enhance domestic revenue mobilisation in Togo.
- v. **There must be continued efforts toward deepening scientific research studies at OTR.** This is particularly important for improving domestic revenue mobilisation from small and medium businesses in the medium and long runs.
- vi. **Cordial and supportive interdepartmental relations within the OTR** are lever to ensure seamless execution of tax databases project. The project requires input from various stakeholders.
- vii. **Reliance on a self-assessment system could be cost-efficient for both authorities and businesses.** Administrative tax data will help to have deep understanding of the behaviour of the firm and individual taxpayers through an internal business mechanism that could further advance the current level of domestic revenue mobilisation.

## 7. Call to Actions

**Available records within the OTR can help to develop some longitudinal panel datasets of groups of taxpayers** over five (5) fiscal years. Specifically, the Company Income Tax (CIT), Payroll Tax, Value-Added Tax (VAT), Customs Duties and Personal Income Tax Panel Datasets can be created.

**Some factors are imperative to building a tax data laboratory. These include technical skills of personnel, cost of computers, cost of technical assistants and or trainers, and time allocation.** Others are the guidelines on non-disclosure agreements and data security. Given the well-established and strong commitment of the leadership of OTR to improve its business processes, it will be worth the effort to have a data facility at the OTR.

The next step to further the initiative requires a discussion of the project time and the draft of the schedule. An informal inception workshop may be organised to intimate all stakeholders of the project.

The validation of the report however supersedes the meeting/discussion being proposed. To realise the economic and administrative benefit of data laboratory for the tax system there must be a well-laid structure and stakeholder buy-in.

The leadership of the OTR is therefore called to act on the following:

- Study the recommendations in this report.
- Determine the time to launch the project.
- Draw up some funds for the project.
- List donors/funders to support the project (external support).

Administrative tax datasets help to answer difficult policy questions but could be problematic if it has no serious coordination. WATAF Secretariat shall offer to provide information, suggestion, and technical assistance on demand.

## Appendix: Data Collection Guide

### A. Tax Operations

Do the following perform registration of their tax obligations?

(Choose Yes or No)

Taxpayers

Withholding agents (banks, employers, sellers etc)

Do the following declare information regarding their clients/customers etc.

That is, do public procurement offices have and declare information on their services?

How do you identify your potential taxpayers? (Choose all applicable options).

Through third parties.

Voluntary registration.

Through records with other government agencies.

Do taxpayers register via the following channels?

Personally (online)

Through tax officials (online)

Through mobile application

Do you have registration forms on your website?

Do you have facilities for taxpayers to register multiple taxes? Yes or No.

Do you issue unique Tax Identification Numbers? Yes or No.

Do you electronically supply information to taxpayers to assist them to do the correct and accurate filling?

Do you do complete e-filing returns for all your tax bases?

### B. Statistics & Planning

Do you have data-sharing agreements with other government agencies in your country as well as other departments within the tax administrations?

Do you have a specific data-sharing agreement with the national statistical office?

Do you have a comprehensive data governance policy?

Do you run a programme for database development?

### C. Research & Development

Do you generate evidence for use within your organisation?

Mention one source of data for your evidence. (Kindly state it).

Do you have a programme for internal research and evidence generation?  
How frequently do you conduct a scientific enquiry (quarterly, yearly, etc)?

**D. Audit**

How often do you conduct field audits?

Do you publicly release audit outcomes or share them with relevant stakeholders only?

How do you communicate your audit plans and reports? Pick as many as possible from Letters, Online or Telephone Calls.

**E. Tax Policy**

What role does data and information play in your policy design?

How do you utilise available tax data within your TA to design policy?

How often do you consult scientific evidence for policy formulation?

List two impact evaluation evidence you may have utilised to inform policy design within your organisation.

What are the sources of this evidence?

**F. Information & Communication Technology**

What is the extent of digitalisation of tax operations in your organisation?

How many processes of digital transformation do you embark upon each year?

Are there systems of centralising data processes within your tax administrations?

**G. Taxpayers' Service & Education**

Has compliance increased since the introduction of e-filing to XX tax? (Explain how and cite specific areas of tax).

What is the medium you frequently use to communicate with taxpayers?

Mention some common complaints you receive and how they lodge them, and receive feedback.

Do you allow taxpayers to self-declare online, or is it by paper?  
(Researchers to request to sight)

**H. Others**

Is there any administrative tax database in digital form?

When was it launched?



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