TAX JUSTICE NETWORK AFRICA

PRESS RELEASE

African governments can reclaim children's future in fighting harmful tax incentives

Increased public expenditure and expansion of the tax base can assist African states to meet their commitments to achieve education, food and health for all, a TJNA study recommends.

Nairobi, September 03, 2019 – African countries have taken important steps towards improved livelihood for children by guaranteeing they rights through several international frameworks such as: the African Charter on the rights and welfare of the child, The Abuja Declaration, the Education 2030 Framework for Action, the Maputo Declaration on Agriculture and Food Security in Africa among others. However, while minimum budget allocations requirements in health, education and agriculture are met, spending do not always correspond neither benefit children as revealed in ''African States' commitments on investments in children'', a study conducted by Tax Justice Network Africa (TJNA).

In Zambia, public expenditures on education constitute 18.04% of national budget, well above the 15% agreed on the Education Framework for Action, adopted in Incheon in May 2015. However, those are mainly directed to university infrastructures. Tanzania focuses its 16.42% average education spending in free basic education nationwide. On health, Tanzania allocates the largest portion of its health spending on primary healthcare whereas Zambia doesn't distinguish the levels of care in its health allocations.

Whereas, more revenue may be raised through taxation to increase budgetary allocations to basic public services, since in these countries, tax to Gross Domestic Product (GDP) ratio falls below 13% . In addition, large amounts of tax revenue are foregone every year. Indeed, the Uganda Revenue Authority estimates that Uganda lost approximately UGX 8,440 Bn (US$ 3,073 Mn) from 2010/11 to 2016/17 in tax incentives and exemptions which amount to 16% of total tax revenues. In Tanzania, revenue losses from all tax exemptions and incentives in 2008 where estimated at TZS 1.8 trillion (US$ 1.23 billion). Illicit financial flows (IFFs) from Zambia between 2008–2012 were equal to 24.1% of its total trade.

For African governments to meet their commitments to invest in children, the study mainly recommends increasing revenue by expanding the tax base, curbing illicit financial flows (including harmful tax incentives and exemptions), and implementing progressive tax policies. The ''African States' commitments on investments in children'' study was launched on September 04, 2019 In three countries: Uganda, Tanzania and Zambia, it maps the implementation of international commitments to invest in children (African Charter on the Right and Welfare of the Child and the UN Committee on the Rights of the Child) against domestic resource mobilisation and children related public expenditure in East and Southern Africa countries that have reported and received concluding observations from the African Committee of Experts on the Rights and Welfare of the Child (ACERWC).

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