EAST AFRICA REVENUE AUTHORITIES REGIONAL COMPARATIVE REPORT

FY 2022/2023

January 2024

CONTENTS

LIST OF FIGURES

ACRONYMS

AEO	Authorized Economic Operator
AMU	Arab Maghreb Union
ASYCUDA	A system for Customs Data
ATAF	African Tax Administration Forum
ATO	Australian Tax Office
BIF	Burundian Franc
CET	Common External Tariff
CG	Commissioner General
CIT	Corporate Income Tax
COMESA	Common Market for Eastern and Southern Africa
CoO	Certificate of Origin
CRM	Client Relationship Management
DMR	Domestic Resource Mobilisation
DRC	Democratic Republic of the Congo
DST	Digital Service Tax
DTS	Digital Tax Solution/Stamps
EAC	East African Community
EARA	East African Revenue Authorities
EARACG	East Africa Revenue Authorities Commissioners General
EARATC	East African Revenue Authorities Technical Committee
EBM	Electronic Billing Machine
EBMS	Electronic Billing Machine System
ECOWAS	Economic Community of West African States
ECTS	Electronic Cargo Tracking System
EFD	Electronic Fiscal Device
EFRIS	Electronic Fiscal Receipting and Invoicing Solution
ERP	Enterprise Resource Planning
ESM	Enterprise Service Delivery
EU	European Union
FY	Fiscal Year
GDP	Gross Domestic Product
GFC	Global Financial Crisis
IMF	International Monetary Fund
KPRL	Kenya Petroleum Refinery Limited
KRA	Kenyan Revenue Authority
Ksh	Kenyan Shilling
Mn	Million
MSMEs	Micro, Small and Medium Establishments
MTRS	Medium Term Revenue Strategy
NOM	New Operating Model

OBR	Office Burundais des Recettes
OECD	Organization for Economic Cooperation and Development
OSBP	One Stop Border Post
PAYE	Pay-as-You-Earn
PIC	Port Improvement Committee
PIT	Personal Income Tax
PRN	Payment Registration Number
RA	Revenue Authorities
RDB	Rwanda Development Board
RECTS	Regional Electronic Cargo Tracking System
RRA	Rwanda Revenue Authority
RwF	Rwandan Franc
SADC	South African Development Community
SADC	South Africa Development Community
SAGA	Semi-autonomous Agency
SARS	South Africa Revenue Service
SCT	Single Customs Territory
SDG	Sustainable Development Goals
SSP	South Sudan Pound
SSRA	South Sudan Revenue Authority
TARU	Taxpayer's Account and Reconciliation update
TIMS	Taz Invoice Management System
TMEA	TradeMark East Africa
TZS/Tshs	Tanzanian Shilling
UGX	Ugandan Shilling
URA	Uganda Revenue Authority
USD	United States Dollar
VAT	Value Added Tax
WCO	World Customs Organisation
WHT	Withholding Tax

MESSAGE FROM THE CHIEF EDITOR

Denis Mukama

Assistant Commissioner for Research, Planning and Statistics - RRA

In line with previous publications of the East African Revenue Authorities' Comparative Reports, this publication provides a systematic analysis and comparison of revenue and other key performance areas among the EAC revenue authorities within the prevailing macroeconomic environment in FY2022/23. It is our hope that the report continues to guide and inform administrative and policy decisions across the different revenue authorities and the EAC public at large.

Compilation of this report benefited from the general guidance of the EARACGs, rigorous work done by the editorial team at RRA and the great support received from the key technical persons from other member RAs. The editing and reviewing role played by the EARATC was vital to the success of this report.

EARATC CHAIRPERSON'S STATEMENT

Ms. Karen Nginda

Chief Manager for Compliance Risk Management - KRA

The East Africa Revenue Authorities (EARA) compile a Regional Comparative Analysis Report that supports evidence-based tax policy and administration.

This report brings recent statistics and good practices in EARAs to the attention of tax administrators and policymakers for their uptake and utilization. It is a long-standing report that reflects upon the successes and issues arising in EARAs.

Unlike previous editions, this publication includes statistics from South Sudan, a more recent addition to the EARACGs members' forum. The report covers areas such as Lane Performance, Tax Reforms, Administrative Reforms, Ease of Doing Business, and Intra-Regional Trade Analysis.

I take this opportunity to thank the EARACGs for their unwavering support and guidance and all members of EARATC for their roles and resourcefulness in compiling and publishing this report. A special appreciation is extended to the RRA management and editorial team for making this edition a reality.

Finally, I urge the EARAs and policy makers to make use of this year's edition, a product that has become a household output of all East African countries.

EARCG'S STATEMENT

We are delighted to present to you the seventh edition of the East African Revenue Authorities' Regional Comparative Report, for the FY 2022/23. This document is evidence of the continued commitment to integration and cooperation we have made within the region.

The publication is intended to be a reference document for tax practitioners and policymakers within East Africa. It comprises discussions of performance, detailed progress of tax policy and administration developments, and presents the challenges faced by EAC countries and solutions put forward, in each of the member countries.

In the current era of global change and uncertainty, this publication offers a valuable opportunity for EARAs to share their successes and failures and learn from each other.

Through these topics, the 2022/23 East African Authorities' Regional Comparative Report offers a comprehensive picture of the current status of tax in East Africa, and a roadmap for the next steps on our journey to fiscal independence.

We would like to thank the Heads of Delegation in each EARA for their contribution to this publication. The facilitation and cooperation of staff across RAs demonstrates our ability to work together to collaborate on work that contributes meaningfully to tax administration in East Africa

Mr. Jean Claude Manirakiza
Commissioner General - OBR

Mr. Humphrey Wattanga
Commissioner General - KRA

Mr. Bizimana Ruganintwali Pascal
Commissioner General - RRA

Hon. Africano Mande Gedima
Commissioner General - SSRA

Mr. John Musinguzi Rujoki
Commissioner General - URA

Mr. Alphayo J. Kidata
Commissioner General - TRA

1 INTRODUCTION

This report provides an overview of the tax landscape in East Africa for the financial year 2022/23. It compiles information from East African Revenue Authorities (EARAs) on tax performance, trade improvements, challenges to revenue mobilization, policy reforms and success stories which have improved the operation of revenue authorities in the region.

The report comprises fifteen sections structured as follows:

Section 1 highlights the macro-economic conditions within which revenue authorities (RAs) operate. Section 2 provides an overview of the overall revenue performance of each RA. Section 3 identifies and details the primary challenges faced by RAs. Section 4 delves into the key modernization projects/reforms in the EARAs. Section 5 presents a breakdown of revenue collection by tax type. Section 6 offers a detailed disaggregation of revenue collection by economic sector. Section 7 details a comparative analysis of administrative indicators for RAs. Section 8 presents a thorough analysis of macro-economic trends in the region. Section 9 reports on the business environment for each RA. Section 10 provides insights into lane performance. Section 11 focuses on intra-regional trade. Sections 12 and 13 elaborate on tax policy and administrative reforms in each RA. Section 14 outlines the current tax structure in RAs. Section 15 concludes the report and provides recommendations.

1.1 Operating Environment 2022/23

The table below summarises the key Macroeconomic indicators for each of the EAC countries. Most countries experienced constant or accelerated real economic growth since last year along with currency depreciation. There is large variation in the inflation rates in the region.

South Africa and OECD are included to compare the experience of the EAC to a benchmark African country and to high income economies. In this case, both benchmarks also see high inflation rates and relatively strong economic growth.

More detailed information on the macroeconomic environment is given in section 8.

Table 1: Operating Environment 2022/23

Country	Real GDP growth%	Currency against USD	Headline inflation%
Burundi	5.8	2177.2	26.1
Kenya	5.2	126.2	7.6
Rwanda	8.1	1075.0	17.9
Tanzania	5.2	2321.7	4.6
Uganda	5.3	3754.8	9.2
South Sudan	6.6	658.6	13.6
South Africa	1.4	16.36	7.2
OECD	2.8		9.2

Source: EARAs

1.1.1 Burundi

In the fiscal year 2022/23, Burundi's macroeconomic landscape witnessed volatility, marked by an increase in the inflation rate from 12.5% to 26.1%. Simultaneously, the Burundian Franc (BIF) depreciated, shifting from 2005.6 BIF per USD to 2321.7 BIF per USD. Despite this, Burundi showed resilience in its economic performance, with a noteworthy rise in real economic growth from 3.6% in FY 2021/22 to 5.8% in FY 2022/23.

1.1.2 Rwanda

In the fiscal year 2022/23, Rwanda's macroeconomic performance has been mixed. Inflation surged from 7.1% to 17.9% in 2022/23 whilst the Rwandan Franc (RwF) depreciated from 1,008.0 RwF per USD to 1,075.0 RwF per USD. Despite these challenges, Rwanda maintained strong real economic growth, expanding from 5.8% in FY 2021/22 to 8.1% in FY 2022/23.

1.1.3 Kenya

Kenya's macroeconomic performance has remained resilient despite specific challenges. Kenya's real economic growth decelerated to 5.2% in FY 2022/23 from 6.2% in FY 2021/22. Inflation only moderately increased from 6.9% to 7.6% in 2022/23, while the Kenyan Shilling (Ksh) depreciated from 112.7 Ksh per USD to 126.2 Ksh per USD.

1.1.4 Tanzania

Tanzania has demonstrated a stable macroeconomic environment with overall consistency in key indicators. Inflation increased modestly from 4.1% to 4.6% in 2022/23. The Tanzanian Shilling (Tsh) has experienced a small depreciation, shifting from 2300.3 Tsh per USD to 2321.7 Tsh per USD. Alongside this minor inflationary and currency fluctuations, Tanzania's real economic growth has been positive, progressing from 4.7% in FY 2021/22 to a 5.2% in FY 2022/23.

1.1.5 Uganda

Uganda's macroeconomic landscape has been mixed. Particularly, the inflation rate has seen a marked increase, increasing from 3.4% to 9.2% in 2022/23. Simultaneously, the Ugandan Shilling (UGX) has depreciated, moving from 3571.6 UGX per USD to 3754.8 UGX per USD. Amidst these inflationary and currency dynamics, Uganda's real economic growth has been positive, with growth rates increasing from 4.7% in FY 2021/22 to a peak of 5.3% in FY 2022/23.

1.1.6 South Sudan

South Sudan has had a mixed macroeconomic performance. The inflation rate has increased from 10.5% in 2021/22 to 13.6% in 2022/23 and the currency (the South Sudan Pound, SSP) depreciated from 425.6 SSP to 658.6 per USD. While real economic growth has increased from 5.3% in FY 2021/22 to 6.6% in FY 2022/23.

2 REVENUE PERFORMANCE

The primary goal of Revenue Authorities within the East African Community (EAC) is the effective collection of revenue. Assessing the performance of various revenue streams serves as a pivotal key performance indicator for each Revenue Authority. Revenue performance evaluation involves gauging the total revenue collected against predetermined targets, analysing growth concerning the previous year's collections, and determining the proportion of tax revenue in relation to the country's Gross Domestic Product (GDP).

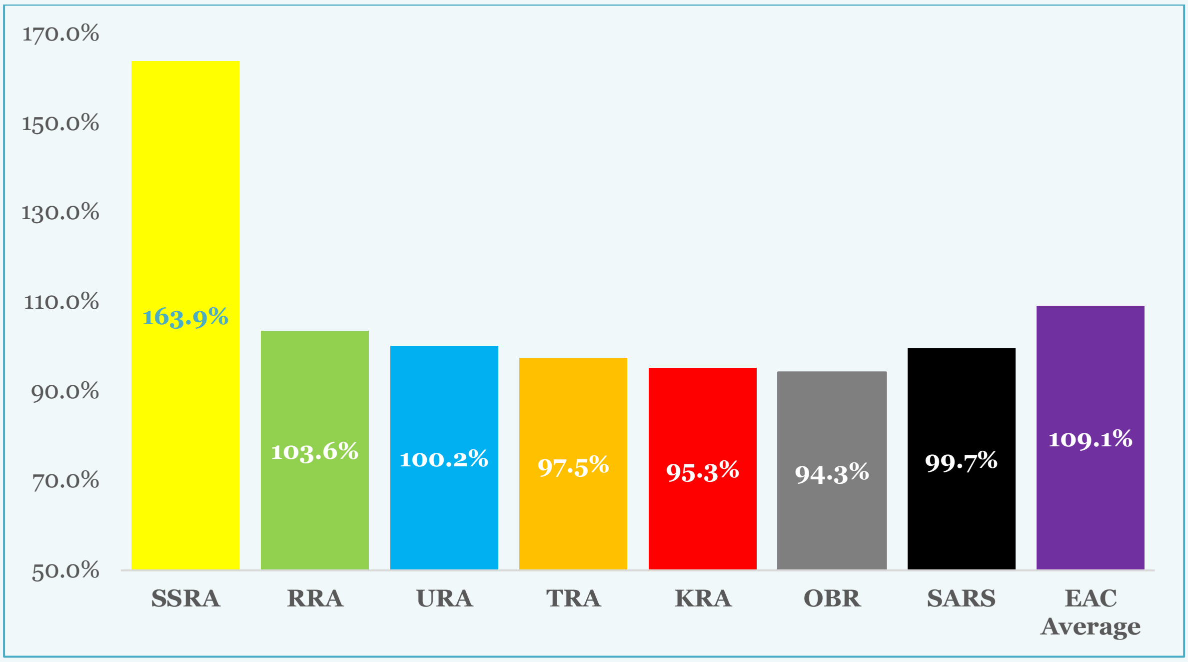
This section presents performance ratios, revenue trends, growth patterns, and tax ratios for each economy within the East African Community.

2.1 Overall Revenue Performance

Overall revenue performance across the EARAs varied in FY 2022/23. Three RAs exceeded their targets; SSRA at 163.9%, RRA at 103.6% and URA at 100.2%. By contrast, TRA, KRA and OBR missed their targets by 2.5%, 4.7% and 5.7%, respectively. In the South African benchmark case, SARS also missed its target by 0.3%, registering 99.7%, which was below the EARAs average of 109.1%.

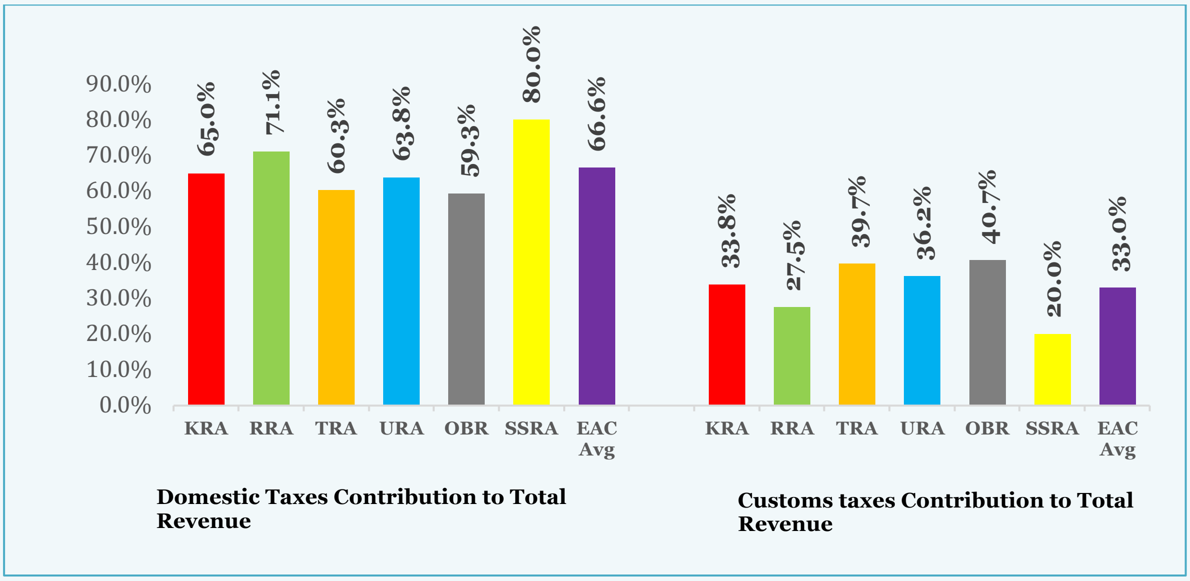
Figure 2 compares the contribution of both domestic and international trade to total revenue performance where the average share for domestic and customs for the EAC region is 66.6% and 33.4% respectively.

Figure 1: Comparison of revenue collections performance in 2022/23



Source: EARAs

Figure 2: Domestic and International taxes contribution to total Revenue in 2022/23

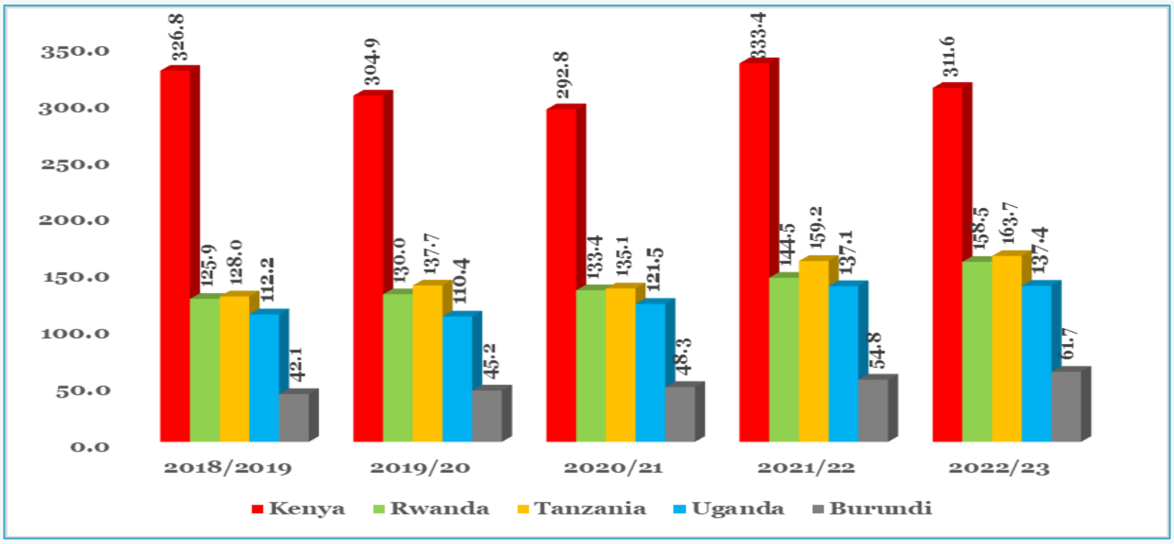


Source: EARAs

2.2 Revenue per capita trends by country

Kenya had the highest revenue per capita for the fifth consecutive year, reaching $311.6 in in FY 2022/23. Subsequently, Tanzania secured the second highest revenue per capita of USD163.7, while Rwanda achieved USD158.5. Uganda collected a per capita revenue of USD137.4, whereas Burundi collected USD61.7. Figure 3 presents the performance of tax revenue per capita in the EAC region in dollars.

Figure 3: Revenue per capita trend in East African Region



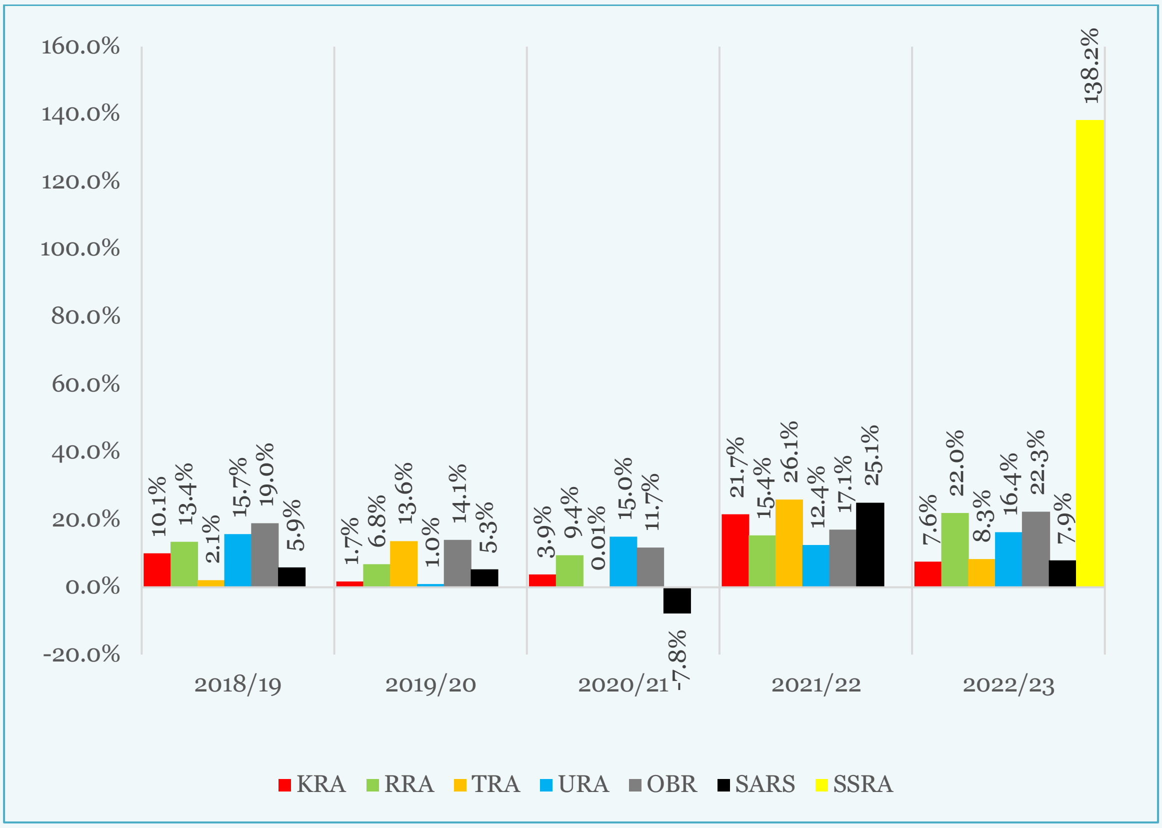
Source: EARAs

2.3 Revenue growth

Across all EAC partner states, revenue growth has displayed significant volatility in the past five years, accompanied by an average growth rate of 15.3% in 2022/23, excluding South Sudan, which registered a distinctively higher annual growth of 138.2%. Among the four members, OBR and RRA demonstrated strong performances with growth rates of 22.3% and 22.0%, respectively. In contrast, KRA and TRA reported the lowest growth rates for the same period, recording 7.6% and 8.3%, respectively. This variance in growth rates underscores the diverse fiscal dynamics and performance trajectories within the EAC region during the specified fiscal year.

EAC countries have typically had slightly higher revenue growth compared to the South African benchmark.

Figure 4: Revenue Growth Trends



Source: EARAs

2.4 Tax/GDP ratios

The tax-to-GDP ratio serves as an indicator reflecting the proportion of a country's GDP that is collected as tax revenue, offering insights into the government's influence over the nation's economic resources.

In the presented table, South Africa and OECD are included for comparison and, as expected, were both higher than the tax-to-GDP ratios across all EAC partner states.

In the fiscal year 2022/23, Burundi, Uganda, Tanzania and South Sudan all saw growth in their tax-to-GDP ratios. These grew to 18%, 13.7%, 12.7% and 3.6% respectively. However, both Rwanda and Kenya experienced a contraction, with ratios of 15.0% and 14.2%, respectively.

The variation in growth patterns and levels of the tax-to-GDP ratios demonstrate the diversity across the EAC in the state of the fiscal landscape.

Table 2: Tax to GDP Ratios across the EAC

Country	2018/19	2019/20	2020/21	2021/22	2022/23
Kenya	15.5%	14.6%	13.7%	15.0%	14.2%
Rwanda	16.3%	16.2%	16.3%	15.8%	15.0%
Tanzania	11.4%	12.2%	11.6%	12.5%	12.7%
Uganda	15.1%	12.1%	13.0%	13.5%	13.7%
Burundi	15.2%	16.5%	17.0%	17.6%	18%
South Sudan	-	-	2.1%	2.7%	3.6%
South Africa	23.7%	23.7%	22.3%	24.8%	25.1%
OECD Average		33.4	33.5%	33.2%	34.0%

Source: EARAs

3 CHALLENGES FACED BY EARAS DURING FY 2022/23

3.1 Burundi

The major challenges faced by the OBR include:

1. A low level of digitalization of the Domestic Tax services;
2. A persistence of fraud and corruption which undermines revenue collection;
3. A persistent informal sector which is not yet under control.
4. A long shortage of fuel imports which negatively affected domestic economic activities.

3.2 Kenya

Challenges faced by the Kenya Revenue Authority include:

1. Delayed remittance of funds to counties affected key tax heads such as VAT and PAYE.
2. Low remittance of installment taxes by banks especially in the first installment.
3. Slowdown in business activities during the electioneering period and immediately after the elections.

3.3 Rwanda

Challenges faced by RRA include:

1. A persistent low tax compliance culture across various sectors.
2. Taxpayer reluctance in adopting electronic invoicing systems hindering efficiency.
3. Increasing domestic tax arrears despite efforts to automate enforcement processes.
4. Expanded usage of tax incentives, such as exemptions for hybrid vehicles, rice, maize, and construction-related incentives, posing a threat to the potential tax base.
5. A high inflation rate, particularly driven by increased food and non-alcoholic beverage prices, adversely affecting revenue collections.

3.4 Tanzania

Challenges faced by the Tanzania Revenue Authority include;

1. Effects from global events such as the war between Russia and Ukraine.
2. Low level of taxpayers compliance (EFD Usage, Temporary Imports, Smuggling etc.).
3. Dumping of Transit Goods

3.5 Uganda

Challenges faced by the Uganda Revenue Authority include:

1. Effect of government contractionary policy to control inflation, which

reduced consumption and resulted into the reciprocal effect of low demand and supply in the economy leading to low consumption tax yield.

2. Double digit inflation during the five months of the FY 2022/23 with an average of 8.84 percent, associated with global inflation which created a conservative demand behavior both for imports and local products. This explains the deficit in the consumption tax and low imports taxable base.
3. Global impact of the Russia-Ukraine war that created global supply distortions that affected global food supply and industrial agricultural input supply chain as well as fuel prices. Customs taxes were highly affected by global shocks that were sparked by the war throughout the FY 2022/23.

3.6 South Sudan

Some of the challenges faced in 2022/23 by South Sudan Revenue Authority include:

1. The increase in both statutory and discretionary exemptions undermined the efforts toward improved revenue mobilization.
2. Rising general prices that affected consumer demand.
3. Low tax compliance.
4. Slow integration of Customs division from Police to the Revenue Authority.

4 KEY MODERNIZATION PROJECTS/REFORMS IN THE EARAS, FY 2022/23

4.1 Burundi

1. Construction of OBR's Headquarter building
2. Operationalization of Asycuda world valuation module for values controls: 186 products (HS codes) were now under control as of June 2023. Within the year 12,425 entries were controlled with 139 bn BIF collected on these products out of a value of 474 bn BIF.
3. Implementation of an Electronic Single Window for imports of medicines connecting Customs to the Ministry of Health, Ministry of Agriculture and Burundi Development Board (ADB) with technical support from UNCTAD.
4. Customs duties electronic payment via commercial banks.
5. Electronic declaration and payment system for Large and Middle taxpayers.
6. Implementation of a regional electronic cargo tracking system with the support of TMEA.
7. Celebration of Annual Taxpayer Day for RA services marketing
8. Implementation of Trade Information Portal

4.2 Kenya

1. Cargo deconsolidation[1]
2. Integration of taxpayers' payment platforms such as pre-population of VAT returns using electronic tax invoice management systems.
3. Simplification of the onboarding, filing and payment systems of Micro, Small and Medium Establishments (MSMEs).

4.3 Rwanda

1. Implementation of the new operating model (NOM), which aims at realigning staff competencies, conducting salary reviews, and boosting collection performance.
2. Rwanda Electronic Single Window: This is a trade facilitation initiative to

[1] Breaking down large cargo shipments into smaller units for processing at customs.

reduce and simplify clearance procedures. It included the creation of a single transaction portal to collate several services on one platform; the digitization of AEO services; and the digitization of advance passenger information (API) to ensure passenger details are received in advance of flight arrivals.

3. Authorized Economic Operators (AEO) Vetting Process has been completed. 16 new & 39 renewed AEO operators were submitted to the EAC secretariat for Gazettement and issuance of certificate in order to commence enjoying EAO Benefits.
4. IT Data security enhancement has been implemented by establishing RRA Security Operations center.
5. E-Tax Enhancement continues to address the issues of data accuracy and lead to the simplicity of processes, transparency, and administrative ease.

4.4 Tanzania

1. Upgrade of Systems: Online taxpayer registration system and return filing to enhance organizational efficiency by streamlining taxpayer registration and filing processes.
2. Digital Tax Online System: Designed to simplify registration and return filing for non-resident taxpayers.
3. Expansion of Tax Service Infrastructure: Establishment of a Pemba Tax region, district offices, and tax service centres to bring services closer to taxpayers for improved accessibility.
4. Establishment of Customs Laboratory: Enables TRA to determine the nature of goods for tariff classification, duties, and taxes. Plays a crucial role in environmental protection and control of various substances.
5. Systems Enhancement: Ongoing enhancement of multiple systems to facilitate revenue collection and enhance taxpayer compliance. Systems include Enterprise Resource Planning (ERP), Enterprise Service Delivery (ESM), HADC Phase 2, TANCIS Enhancement, and Development Architecture for system integration (internal and external).
6. Establishment of State-of-the-Art Transit Monitoring Control Room: Strengthening monitoring capabilities for efficient transit control.

7. Commissioning of Speed Patrol Boats: Enhances enforcement capabilities for maritime activities

4.5 Uganda

1. Implementation of the New Performance Management Approach to enhance staff productivity and efficiency.
2. Implementation of the URA Competency Framework to reinforce the high performing culture and serve as an integrating mechanism for all HR Processes and form the basis for recruitment, transfer and deployment, performance and career management, learning and development.
3. Introduction of the Client Relationship Management (CRM) system, a tool that will assimilate disintegrated channels into one. These include the customs help tool, social media platforms, the service desk on the web portal, services mail, info mail, the toll-free lines and service offices for walk-in clients.
4. Full implementation of the Digital Tax Solution/Stamps (DTS) and increased enforcement activities, URA has been able to onboard some new taxpayers and improve taxpayer declarations.
5 Implementing the Electronic Fiscal Receipting and Invoicing Solution (EFRIS) and making its use mandatory among taxpayers has improved taxpayer declarations and VAT compliance. It has also improved URA's ability to cross-reference taxpayer declarations and take corrective action when anomalies are discovered.

4.6 South Sudan

1. Introduction and expansion of tax-technology through the deployment e-tax and e-customs.
2. Construction of office building (G-plus 1 and basement) at the headquarters.
3. Regularization of membership and/or joining of regional/international fora-EARATC ATAF and WCO.

5. REVENUE PERFORMANCE BY TAX TYPE

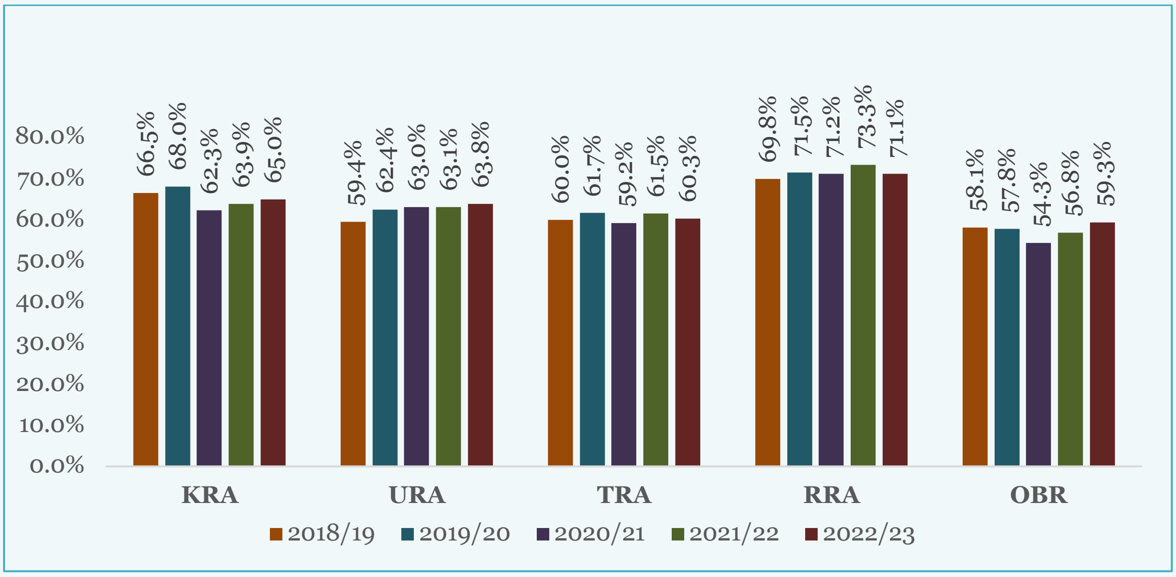
5.1 Domestic taxes against international taxes

In a strategic shift from heavy reliance on international trade taxes, EAC countries are fostering trade facilitation while simultaneously boosting domestic tax revenue. This dual strategy aims to provide governments with essential financial resources for meeting their needs and progressing toward Sustainable Development Goals (SDGs). Central to this approach is the collective effort by EARAs to enhance domestic revenue mobilization through administrative reforms, focusing on improving compliance among businesses and professionals and increasing the formal sector's role in economic activities.

In the fiscal year 2022/23 domestic taxes contributed, on average, 63.9% to the total revenue of EAC Partner States, highlighting a significant emphasis on tapping resources within the domestic sphere. In contrast, customs taxes contributed an average of 35.6% to total revenue in the region.

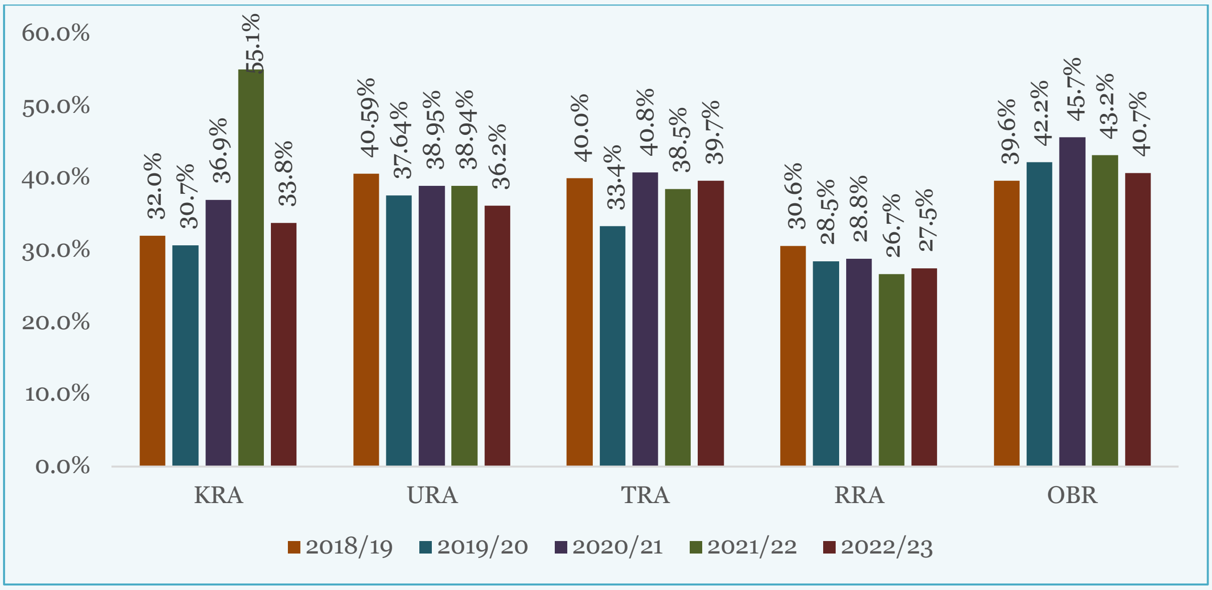
Figure 5 depicts the contribution of domestic taxes for Revenue Authorities in Rwanda (RRA), Kenya (KRA), and Uganda (URA), with all three entities surpassing the EAC average for domestic taxes contribution in the fiscal year. However, concerning customs taxes' contribution to total revenue, only RRA and KRA reported figures lower than the EAC average rates of 27.5% and 33.8%, respectively.

Figure 5: Contribution of Domestic Taxes to Total Revenue



Source: EARAs

Figure 6: Contribution of Custom Taxes to Total Revenue



Source: EARAs

The contribution of domestic taxes to total revenue provides a metric for tracking the expansion of domestic tax revenue mobilization efforts. This gives revenue administrations direction as the EAC moves on with the common market protocol to achieve tax harmonization and the elimination of unfair tax competition.

However, growth in the contribution of domestic taxes to total taxes continues to be slow. Despite the government's efforts to promote regional and global trade integration and raise domestic tax collection, the contribution of customs taxes to total revenue has remained relatively stable. As countries reorganize in regional trade blocs such as SADC, COMESA, ECOWAS, EU, EAC, and EAC-EU, EPA, trade facilitation becomes increasingly important among member states.

5.1.1 Determinants of the Domestic Tax Performance

In the context of many developing countries, the pursuit of additional revenue in any form is crucial, but the primary emphasis lies in enhancing domestic revenue mobilisation. The effective mobilisation of domestic revenues is of paramount importance, as inadequate funding from this source could impede governments in achieving the SDGs. To fortify domestic resource mobilisation in EAC region, collaborative efforts among member countries are imperative to reinforce the capacity for domestic revenue collection and management.

Particularly, during FY 2022/23, only URA and RRA exceeded their domestic tax targets, at 101.46% and 103.3%, respectively. KRA and TRA fell short of their domestic tax collection targets, at 95.0% and 96.7%, respectively.

The factors influencing the performance of Domestic taxes for EAC countries are:

Uganda Revenue Authority (URA)

- Enhanced wage bill by some sectors like oil and gas, public administration and financial sectors attributed to a recovery in employment following the full re-opening of the economy; robustness in arrears management (audits, return self-assessments, and reconciliation) which resulted in recoveries worth UGX 273.11 Bn; and continuous engagements with taxpayers especially companies in the manufacturing sector, oil and gas contractors resulted into growth of PAYE contributions.

- Increase in profitability for some key sectors. The financial sector emerged as the largest contributor to corporation tax revenue, contributing 24.74%, followed by manufacturing at 24.54% in the FY 2022/23. Administrative effort to recover arrears that amounted to UGX 521.17 Bn, boosted corporation tax collections in the period.

- Compliance focused field operations influenced the performance of the presumptive tax. These initiatives included constant taxpayer engagements, follow-ups on issued Payment Registration Numbers (PRNs), door-to-door, and Tujenge bus activities.

- Intensified emphasis on field inspection, return vetting and close monitoring of rental arrears' portfolio culminated into an increase in payments. In addition, companies increased the supply of prime office space due to the economy's full operationalization and people returning to office space from working from home.

- Focused and timely EFRIS enforcement activities including spot checks, mystery shopping, staff deployment at premises, real-time data analysis, EFRIS campaigns, and engagements among others boosted VAT collections from wholesale and retail trade, spirits/waragi and sugar.

- Unfavourable weather conditions impeded construction and hence demand for cement which adversely affected the key sub-sector players and resulting in less VAT payable. Increased deemed VAT sales in the construction sector continued to affect the sector's VAT contributions.

Rwanda Revenue Authority (RRA)

- CIT & PIT achieved a performance of 121%, which is attributed to economic growth and enhanced system controls, including initiatives like the "EBM for all" campaign, that spurred increased compliance among taxpayers who supply or engage with non-VAT registered entities. Consequently, these taxpayers witnessed a 19.5% surge in reported turnover, amounting to 1,175.5 billion, and a corresponding 15.8% rise in CIT & PIT payments, totalling 7.09 billion.

- PAYE collections surpassed the target by Rwf 47.3 billion, achieving a 111% performance. Key contributors to this performance include a Rwf 27.9 billion increase attributed to increase in teachers' salaries, an additional Rwf 2.6 billion from employing casual workers for the 5th population census of Rwanda, and Rwf 7.4 billion from newly registered companies/institutions in FY 2022/23. This growth is notably driven by significant foreign direct investment projects and other substantial domestic investments.

- Domestic VAT collection reached Rwf 480.4 billion, falling short of the Rwf 502.5 billion target by Rwf 22.06 billion, with an achievement rate of 95.6%. Although the annual growth for domestic VAT was 12.9%, lower than the projected 21.0%, it still surpassed the three-year average of 10.5%. The weak VAT performance is attributed to increased non-taxable sales, driven partly by a government policy exempting construction materials for investments in buildings worth at least Rwf 10 billion, and the lower performance of VAT Withholding payments.

- Withholding Income Tax (WHT) collections amounted to Rwf 279.3 billion, falling short of the Rwf 294.4 billion target, achieving a 94.9% performance rate. While WHT showed nominal growth of 8.6%, this growth was lower than the three-year average (18.4%) and the projected rate of 15.6%. Notably, 83.7% of the shortfall relative to the target can be attributed to five sectors (Administrative and Support Service Activities, Wholesale and Retail Mining and Quarrying, Transportation and Storage, Information and Communication) that experienced decreased WHT contributions compared to the same period the previous year.

- Domestic Excise taxes in FY 2022/23 totalled Rwf 147.7 billion, slightly below the Rwf 150.7 billion target by Rwf 3.0 billion. This equates to a 98.0% achievement and a 16.8% growth, slightly lower than the projected 19.2% growth rate. The underperformance is attributed to locally produced items such as beer, airtime, and milk.

Kenya Revenue Authority (KRA)

- Key factors impacting the corporation tax revenues are a drop in instalment remittance from Transport (5.7% decline) and Construction (26.7% decline) sectors. The Finance and Insurance sector experienced slow growth in instalment remittance of 1.5%, explained by reduced remittance of 1st (13.8% decline) and 2nd (2.7% growth) instalments from banks due to overpayments for the accounting year ending 2022.

- The key factors affecting PAYE revenues are the strong growth in remittance from the private sector and weak growth of 1.9% from the public sector, mainly affected by below optimal disbursements to various government entities. This led to accrual of debt by public universities, counties and various semi-autonomous agencies (SAGAs), amounts that will be reduced gradually as exchequer disbursements are regularized.

- Domestic VAT collections showed a 91.7% performance rate, marking an 11.3% growth over FY 2021/22 collections. The tax head rebounded in performance post the Tax Invoice Management System (TIMS) rollout, tripling its growth from an average of 6.7% (July 2022 – January 2023) to an average of 18.2% (February – June 2023). Despite robust growth in all other key sectors, the Construction and Transport sectors continue to experience declines of 16.9% and 7.0%, respectively, attributed to high input and energy prices affecting business activities.

- Withholding Income Tax collections in FY 2022/23 achieved a performance rate of 89.9%, marking a 2.0% growth compared to FY 2021/22. Remittances from private firms exhibited a notable 9.1% growth, driven primarily by increases in interest (18.8%), management fees (6.7%), dividends (0.5%), winnings from betting & gaming (36.5%), contractual fees (3.1%), and commission (12.1%). However, remittances from the public sector declined by 27.6%, influenced by suboptimal disbursements to counties and government agencies for the payment of outstanding pending bills to suppliers.

- Domestic Excise recorded a marginal growth of 2.8 percent. This performance is attributed to decline in deliveries of beer, spirits, tobacco, soft drinks, bottled water and cosmetics by 15.0%, 12.4%, 12.6%, 1.0%, 9.0% and 15.5% respectively in 2022/23.

Tanzania Revenue Authority (TRA)

- The key factor impacting the corporate tax revenues is poor business performance of some economic activities. In addition, there was a decline of activity in extractive industries due to closure of mining sites.

- Key factors impacting employment tax revenues are the enhanced collection practices, including the close follow up of employers in terms of filing employment taxes. There has been an increase of 43.4%, 15.7% and 14.7% reported employees from parastatal, government and private sector employees respectively in FY 2022/23 compared to the previous year.

- Individual Income Tax revenues were lowered by some taxpayers who failed to honour their instalment arrangements during the quarter, partly associated with the strike by the business community at Kariakoo in May 2023.

- Withholding Taxes were boosted by an increase in the number of transactions that attracts withholding taxes. Such transactions include goods and services (27.2%), insurance and communication (10.1%) and bank interest (10.3%).

- Rental Tax revenues were boosted by an increase in activities which attract rental tax in transportation and storage, wholesale and retail trade and administrative and support services.

- Excise Duty revenues were boosted by an impressive performance of telecommunication services, and increase in production of excisable products;

- VAT revenues were negatively impacted by the decrease in payment from the activities of: electricity, gas, steam & air conditioning supply (12.6%); and manufacturing (8.2%).

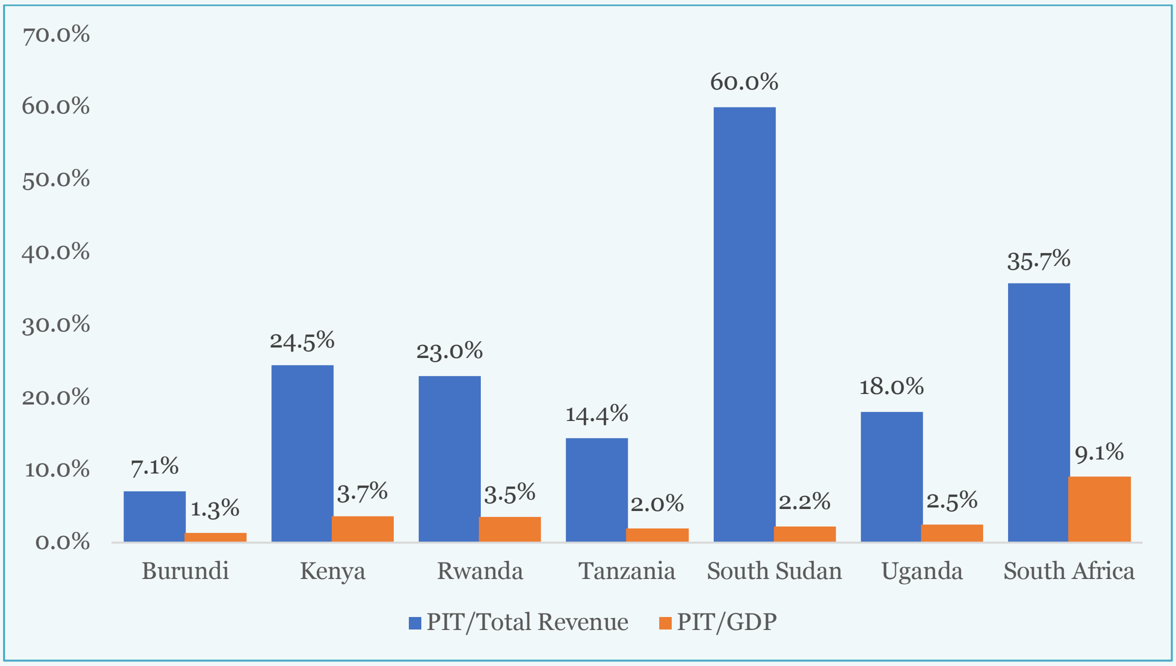
5.1.2 Personal Income Tax

Personal Income Tax (PIT) stands as a main component of domestic taxes adopted by both developed and developing countries, with Pay As You Earn (PAYE) serving as the designated tax head for PIT. Notably, in developed countries belonging to the Organisation for Economic Co-operation and Development (OECD), PIT, particularly through PAYE, makes a substantial contribution to revenue generation, averaging 23.85% of GDP. However, in many developing countries, PIT remains a relatively minor source of income, primarily due to challenges such as low compliance among employers, a significant informal sector, and exemptions within tax codes.

PIT, beyond its financial significance, serves as an indicator of tax culture, reflecting the level of faith in the tax system, and underscores the efficiency of revenue administration in a given economy. It is imperative for revenue authorities to focus on strategies to enhance compliance in direct income taxes, ensuring that eligible taxpayers fulfil their tax obligations accurately.

Figure 7 provides a comparative analysis of PIT performance for EAC countries in relation to South Africa. In the fiscal year 2022/23, the average PIT contribution to total revenue for EAC countries was 24.5%, markedly below South Africa's 35.7%. Among EAC nations, the highest PIT contribution to total revenue was observed in South Sudan (SSRA) at 60% which is even higher than South Africa, followed by Kenya (KRA) at 24.5%, Rwanda (RRA) at 23.0%, Uganda (URA) at 18.04%, Tanzania (TRA) at 14.4%, and OBR at 7.1%.

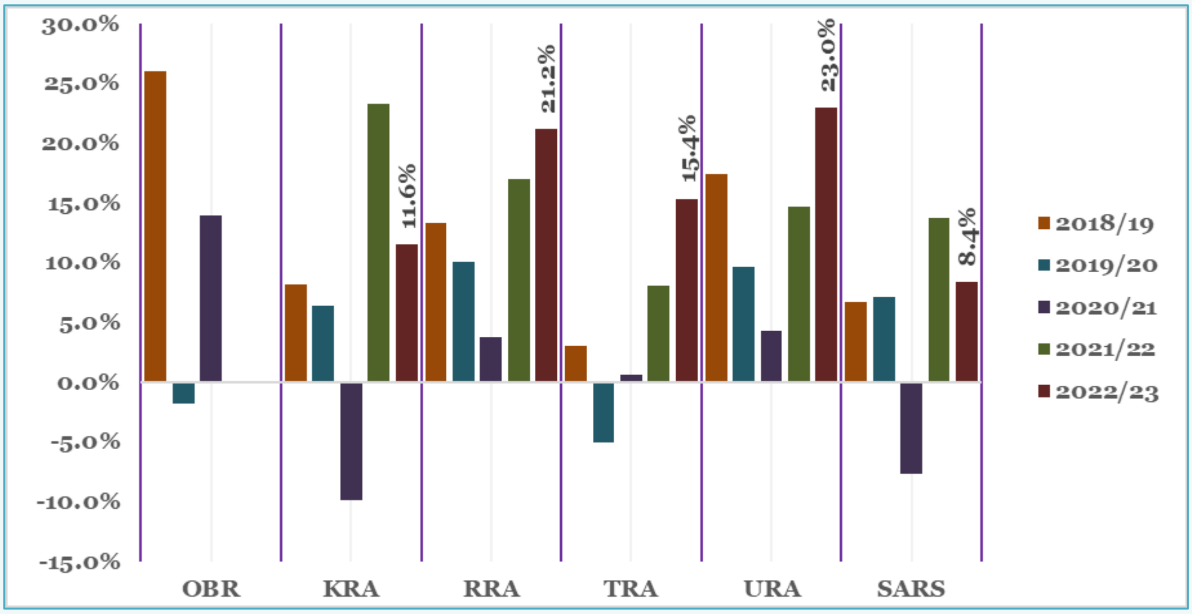
Figure 7: Comparison of PIT in the EAC Region, South Africa for FY 2022/23



Source: EARAs

Figure 8 shows the PIT growth for the period of five years in the region and South Africa. URA had the highest annual growth rate in FY 2022/23 of 23.0% while KRA had the lowest growth of 11.6%. On the other hand, South Africa recorded a growth of 8.4%

Figure 8: PIT Growth in the EAC Region compared to South Africa



Source: EARAs

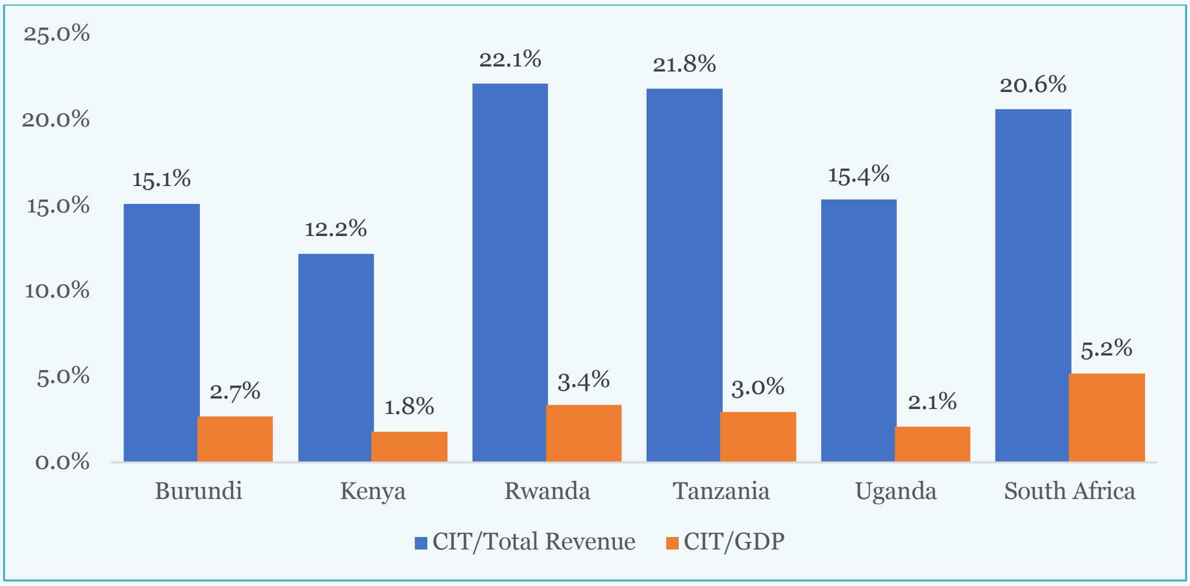
5.1.3 Corporate Income Tax

Like PIT, Corporate Income Tax (CIT) remains a vital source of revenue that governments around the world use to finance their expenditures. It includes withholding tax (advance corporate income tax collected at importation and provision of services to authorised bodies).

The average CIT contribution to total revenues is 17.3 percent for EAC countries in 2022/23. RRA recorded the highest CIT contribution than all other EAC countries at 22.1%, other EAC countries followed with 21.8%, 15.4, 15.1% and 12.2% for TRA, URA, OBR and KRA respectively. On the other hand, South Africa recorded 20.6%.

The ratio of CIT to GDP averaged 2.6% for EAC countries which was below 5.2% recorded by South Africa. The revenue authorities with support from governments must put effort into improving the compliance of corporations in correctly reporting taxes and analyse deeply the impact of exemptions and other incentives on revenue generation.

Figure 9: Comparison of CIT in the EAC Region and South Africa for FY 2022/23



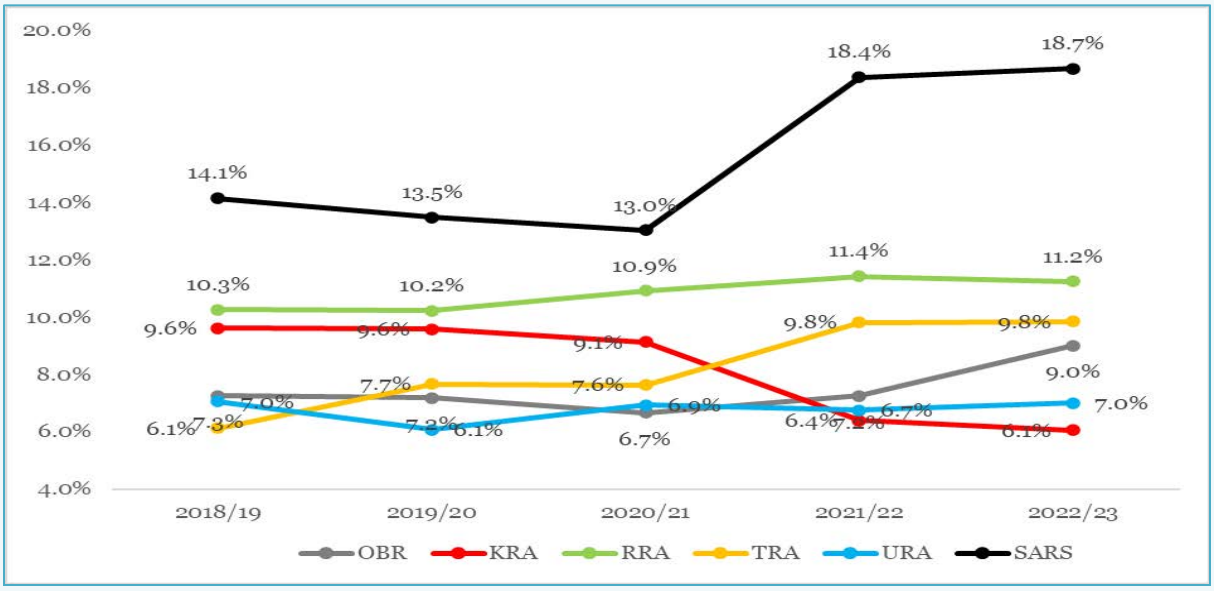
Source: EARAs

Corporate Income Tax Productivity

CIT productivity is calculated as the ratio of the CIT revenue collected to GDP divided by the CIT tax rate.

Figure 10 below shows that CIT productivity for FY 2022/23 had very slight variations compared to FY 2021/22. The 2022/23 CIT productivity averaged 8.6% compared to 8.3% in FY 2021/22 and it was much lower than 18.7% recorded in South Africa. During the fiscal year 2022/23, KRA and URA recorded CIT productivity below the EAC average i.e., 6.1 percent and 7.0 percent respectively.

Figure 10: CIT productivity rate



Source: EARAs

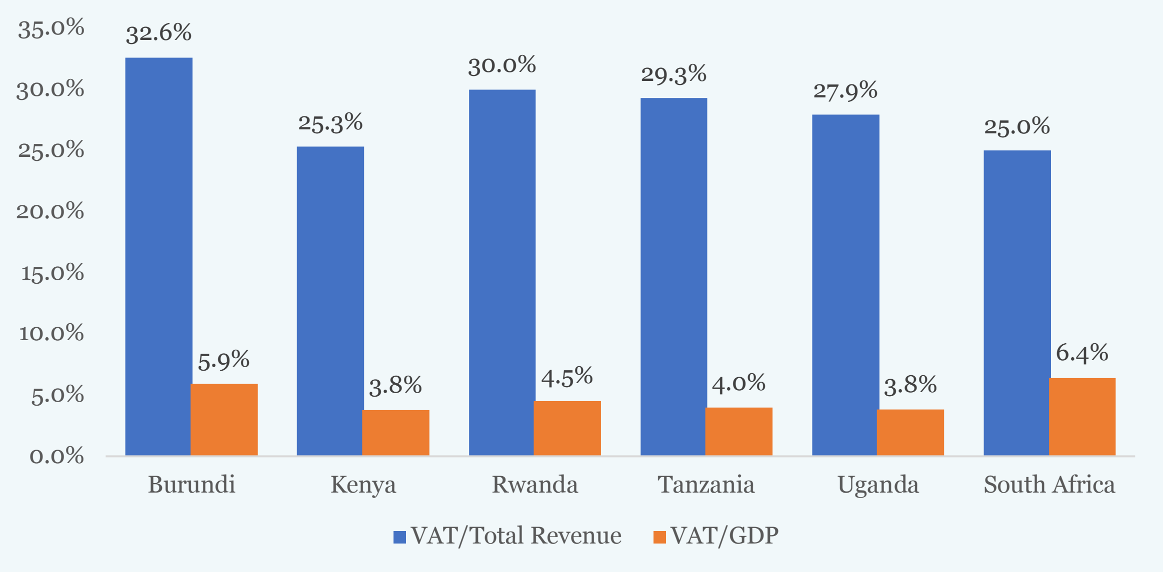
5.1.4 Value Added Tax

Value Added Tax (VAT) is recognized as an indirect tax levied by businesses at each stage of the production and distribution chain, extending up to the retail phase of goods and services. In the fiscal year 2022/23, the performance of VAT across the EAC partner states was notable, with most countries narrowly missing their targets. The performances were reported as 93.49%, 96.5%, 97.1%, and 94.5% for Uganda Revenue Authority (URA), Tanzania Revenue Authority (TRA), Rwanda Revenue Authority (RRA), and Kenya Revenue Authority (KRA) respectively.

Burundi had the highest VAT contribution to total revenue in the region in FY 2022/23, at 32.6%. This underscores the significance of VAT as a substantial revenue source and its integral role in the fiscal landscape of EAC countries.

Compared to South Africa, Figure 11 shows that the VAT contribution to total revenue is higher for all partner states than for South Africa. However, South Africa has a slightly higher VAT/GDP ratio, implying that the lower VAT/total revenue percentage is due to more non-VAT sources of revenue, as opposed to less efficient VAT collection.

Figure 11: Comparison of VAT in the EAC Region and South Africa for FY 2022/23



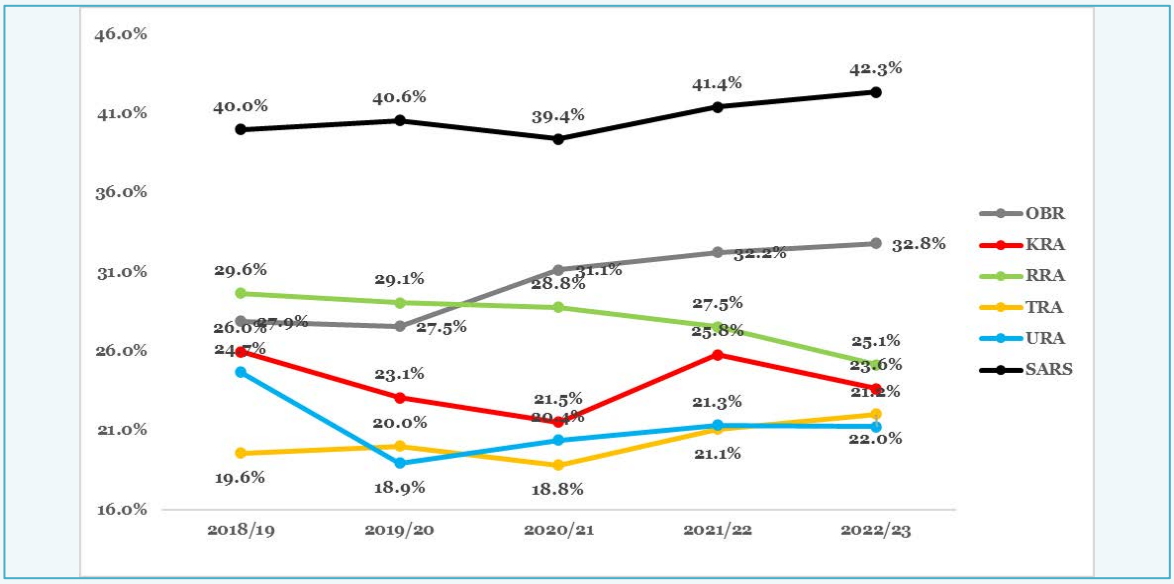
Source: EARAs

VAT Productivity: This indicator is the ratio of VAT collections to GDP divided by the nominal VAT rate. It also measures how well VAT is managed in a country.

Figure 12 shows that the VAT productivity has been fluctuating over the years in all countries in the region. The average VAT productivity for EAC partner states fell slightly from 25.6% in FY 2021/22 to 25.0%

in FY 2022/23, far below that of South Africa (42.3) in FY 2022/23. With the exception of OBR and TRA whose VAT productivity improved from 32.2% and 21.1% in FY 2021/22 to 32.8% and 22.0% in FY 2022/23 respectively; other EAC partner states their VAT productivity dropped in FY 2022/23.

Figure 12: Trend of VAT Productivity in EAC Region and South Africa



Source: EARAs

5.2 Customs Duties

African countries, like all other countries over the world, have continued to focus on regional integration to promote trade among them. The Economic Community of West African States (ECOWAS), Arab Maghreb Union (AMU), South African Development Community (SADC), Common Market for Eastern and Southern Africa (COMESA) and East African Community (EAC) are some of the regional trading blocs. This continued integration in Africa, especially in East Africa aims to strengthen trade facilitation and as a result, countries are required to focus on domestic revenue mobilization instead of relying on international trade taxes.

5.2.1 Customs Duties Performance

In terms of performance during fiscal year 2022/23; the average customs taxes performance for partner states excluding OBR decreased from 102.3 percent in 2021/22 to 98.9 percent in 2022/23. Only RRA surpassed its target with a performance of 103.6%. KRA, TRA and URA achieved 95.1%, 98.6% and 98.6% respectively.

Factors affecting the performance of custom duties in FY 2022/23

Uganda Revenue Authority (URA)

The performance of international trade taxes was due to:

- Government honouring its customs tax commitment that had accumulated over the past years to the tune of UGX 283.14 Bn of which the top ten (10) companies accounted for over 70%, which partly explains the surplus in import duty of UGX 275.17 Bn coupled with the growth in dutiable goods by 32.36%.
- Increase in export of goods that pay export levy (semi processed gold export value by UGX 3,343.42 Bn, fish fillets and fish maws by UGX 57.74 Bn, tobacco by UGX 9.28 Bn and other minerals by UGX 8.61 Bn) leading to a surplus of UGX 3.57 Bn and 66.6% growth rate.
- Reduction in fuel import volumes by 4.4% (98.82 Mn litres) explained by low fuel demand against high fluctuating pump prices, front loading by key players, speculation of violence after the Kenyan elections where Uganda resorted to importing expensive fuel from Tanzania, and Kenyan government policy to regulate fuel trade.

Kenya Revenue Authority:

- The key factors impacting excise duty imports are a decline in oil volumes by 13% in FY 2022/23 affecting oil excise revenues and a decline in motor vehicle numbers by 19.2% in June 2023 impacting non-oil excise duties.
- Import duty: grew by 9.4%. About 95.8% of the deficit accrued in the year was attributable to import duty on non-oil imports.
- VAT Imports: slightly grew by 0.13 percent. While VAT oil performed above its target, VAT on non-oil imports performed below its target.

Rwanda Revenue Authority

- 29.1% growth in import CIF values.
- Currency depreciation.
- Changes in the import composition towards EAC origin imports, subject to lower taxes.
- Implementation of the EAC common external tariff (CET) version 2022 leading to additional Rwf 7.5 billion import duty being collected from items taxed at higher rate of 35%.
- However, the performance is negatively impacted by the tax exemptions placed on many imported goods.

Tanzania Revenue Authority

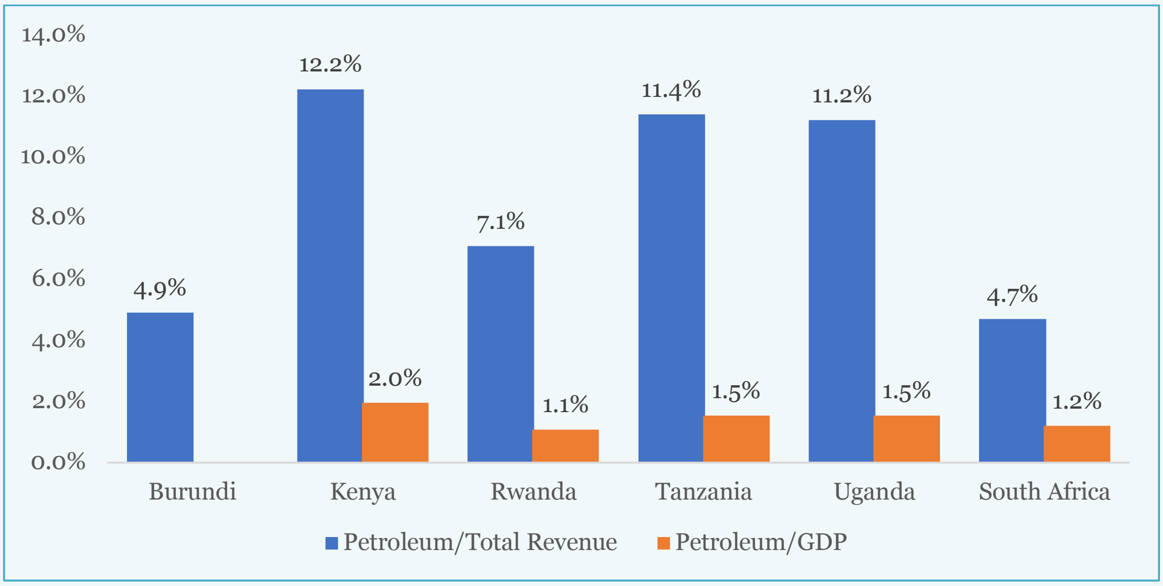
- The major reason for the underperformance of the international trade taxes was due to a decrease in importation of petrol by 12.6 percent.

5.2.2 Contribution of fuel to Total Revenue

The importance of oil to both an economy and to tax revenues is indisputable. Thus, petroleum tax trends are of interest to tax administrators and governments. The petroleum revenue includes various taxes that are imposed on petroleum products in each of the EAC members in the region. Figure 13 compares the petroleum tax in the EAC region and South Africa, it shows that, in FY 2022/23 the contribution of petroleum tax to total revenue on average decreased from 10.6 percent recorded in 2021/22 to 9.4 percent in FY 2022/23. This was still higher than 4.7% recorded by South Africa in 2022/23.

The analysis indicates that Rwanda and Burundi recorded petroleum tax contributions to total revenue below the region average, while Kenya, Tanzania and Uganda recorded petroleum tax contributions to total revenue above the average. The average ratio of petroleum taxes to GDP in the region was 1.5 percent surpassing South Africa's 1.2 percent. Rwanda was the exception, recording a rate of 1.1%, below the average.

Figure 13: Comparison of Petroleum Tax in the EAC Region and South Africa, 2022/23



Source: EARAs

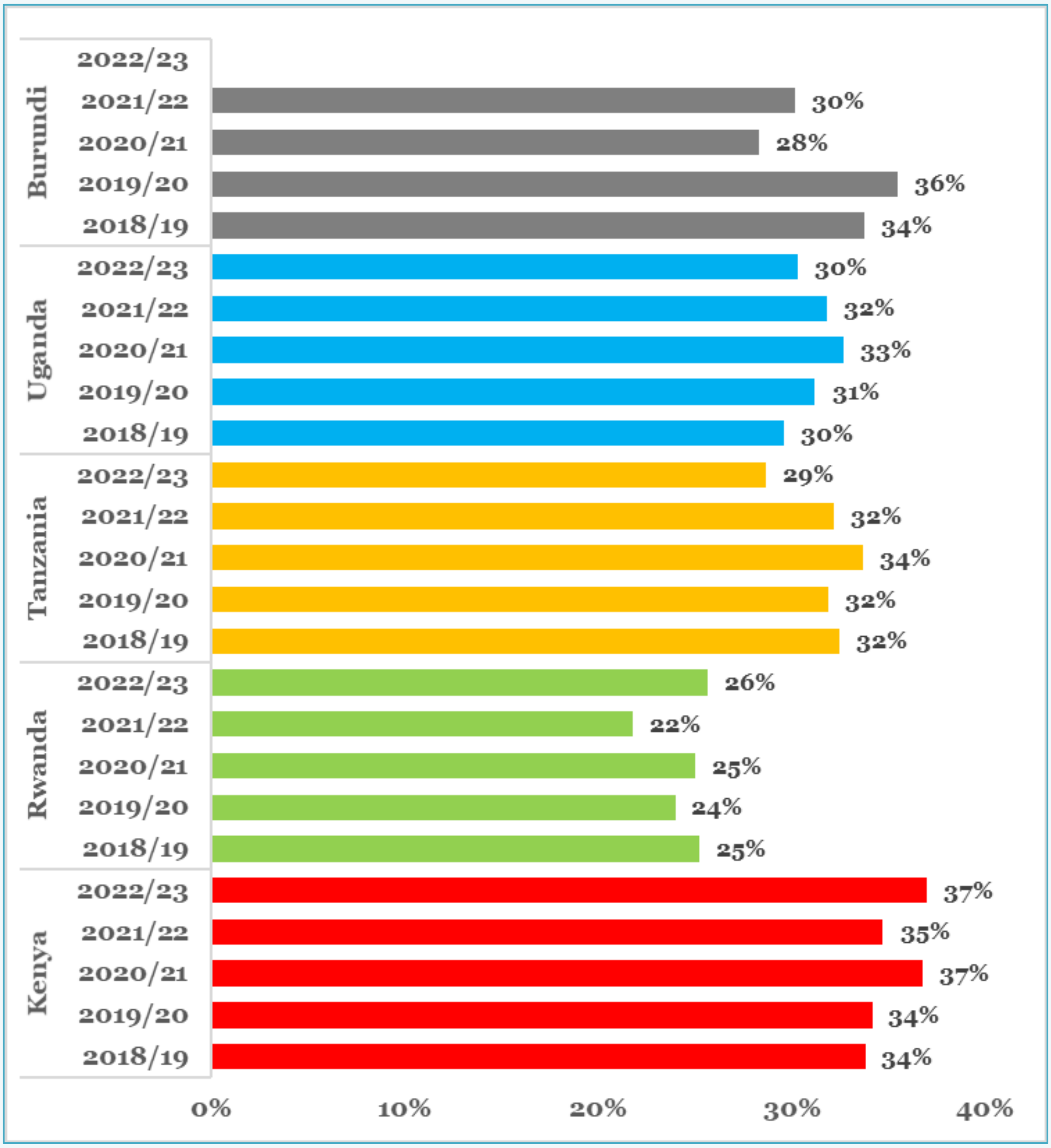
5.2.3 Petroleum Tax Contribution to Total Customs Taxes in the EAC Region

Figure 14 illustrates the trajectory of petroleum tax contributions to total customs taxes in the East African Community (EAC) region from the fiscal year 2018/19 to 2022/23. Over this period, there have been fluctuations in the contribution of petroleum taxes to total customs taxes across all EAC countries, signifying varying trends.

The average contribution of petroleum taxes to total customs taxes reached 30.4%, representing a modest increase of 0.2% points compared to the recorded average of 30.2% in the fiscal year 2021/22.

Comparing the fiscal years 2021/22 and 2022/23, there were notable changes in the share of petroleum tax in total customs taxes for specific EAC countries. Kenya experienced an increase from 34.7% to 37.0%, Rwanda saw an increase from 21.8% to 25.7%, while Uganda witnessed a slight decrease from 31.8% to 30.3%. Tanzania also observed a decrease from 32.2% to 28.7%.

Figure 14: Petroleum Tax Contribution to Total Customs Taxes in the EAC Region



6. REVENUE BY ECONOMIC SECTOR

This section provides an evaluation of the contributions from the three primary economic sectors—agriculture, industry and construction, and services—towards both revenues and GDP in the EAC region. The distribution of sectors within the economy, coupled with their respective roles in generating tax revenues, serves as a significant indicator of a nation's economic development level and its capability to mobilise internal resources.

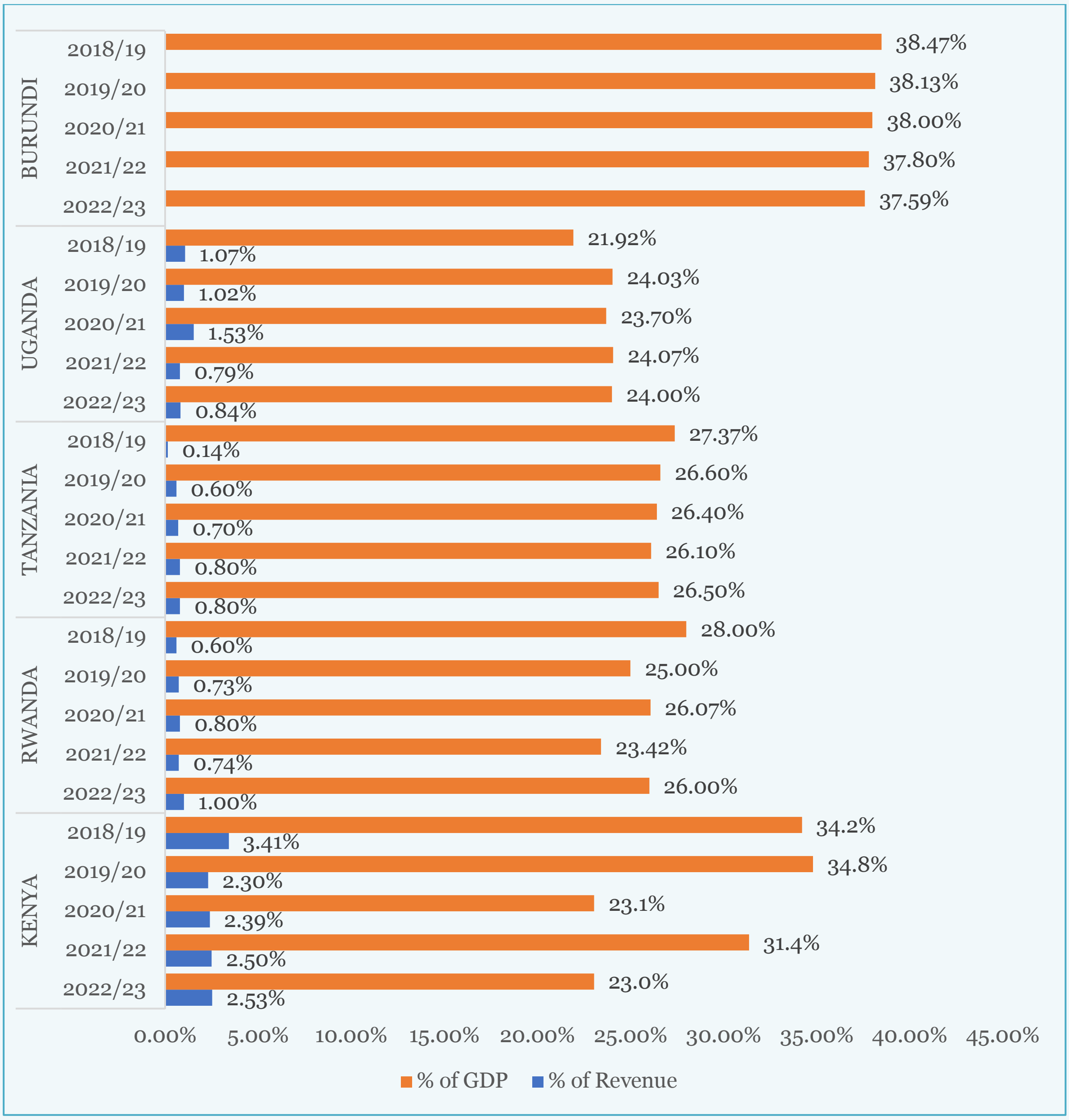
Understanding the sectoral share in the economy is crucial as it provides insights into the diversification of economic activities. Additionally, analysing the corresponding contribution of each sector to tax revenues offers a nuanced perspective on a country's fiscal dynamics. This dual examination sheds light on the country's economic structure, development trajectory, and its ability to harness internal resources for sustained growth.

6.1 Agriculture

Despite the substantial employment of a significant portion of the population in the EAC region, the contribution of agricultural activities to revenue collection remains relatively insignificant. This is primarily attributed to the prevalence of subsistence and small-scale farming practices. Although agriculture makes a substantial contribution to GDP averaging 27.42% in the fiscal year 2022/23, the average proportion of this collected as tax revenue averages merely 1.29%. It is noteworthy that Kenya surpasses this average at 2.53%.

As illustrated in Figure 15, agriculture plays a key role in the GDP of all EAC countries. However, the underperformance of the agriculture sector in generating tax revenue can be attributed to factors such as tax exemptions and the limited modernization of agricultural practices to leverage revenue from value addition.

Figure 15: Agriculture as a Percentage of Revenue and GDP



Source: EARAs

6.2 Industry & Construction

Industry and construction economic activities comprise mining and quarrying, manufacturing, construction, electricity and gas and water supply. The industry sector plays a crucial role in terms of the countries' economic growth and development and provides a substantial tax base for government revenue mobilisation.

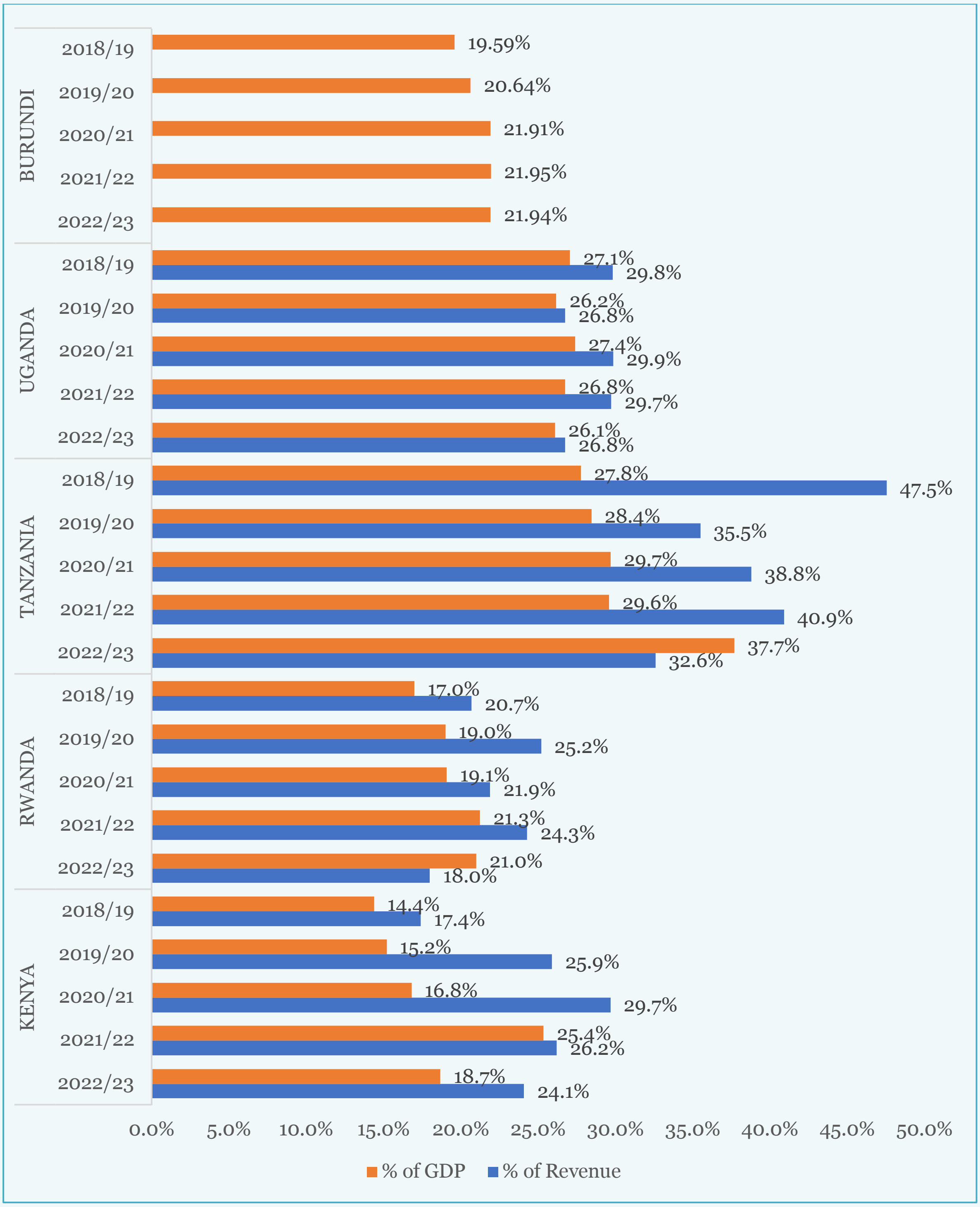
The industry sector tends to be highly formal compared to other sectors, with the potential to generate more revenues. Consequently, at the regional level the sector contributes a bigger share to tax revenue than to the GDP which averaged 25.4% of the total revenue against 25.1% to GDP in FY 2022/23 (Figure 16).

However, there was noticeable decrease in the proportion of revenues generated by this sector to the total revenue in FY 2022/23, compared to FY 2021/22. This decline is attributed to a significant 6%-point decrease in sector contribution to total revenue recorded by both Tanzania and Rwanda in comparison to FY 2021/22.

The contribution of tax revenue from the sector to total taxes, in the year 2022/23, was about 24.1% in Kenya, 32.6% in Tanzania, 26.8% in Uganda and 18.0% in Rwanda.

Most of the revenue in this sector is derived from the manufacturing economic activities in all countries in the region compared to construction, mining and other activities. In the region, however, this sector has been characterised with micro and small-scale industries such as agro- processing, artisans, subcontractors, small scale miners, carpentry and tailoring, which are mostly informal, that is subsequently not captured in tax revenue. Mining and construction economic activities experience revenue leakages due to the taxation regime under the mining activities and informality of the operators in both activities.

Figure 16: Industry as a Percentage of Revenue and GDP



Source: EARAs

6.3 Services

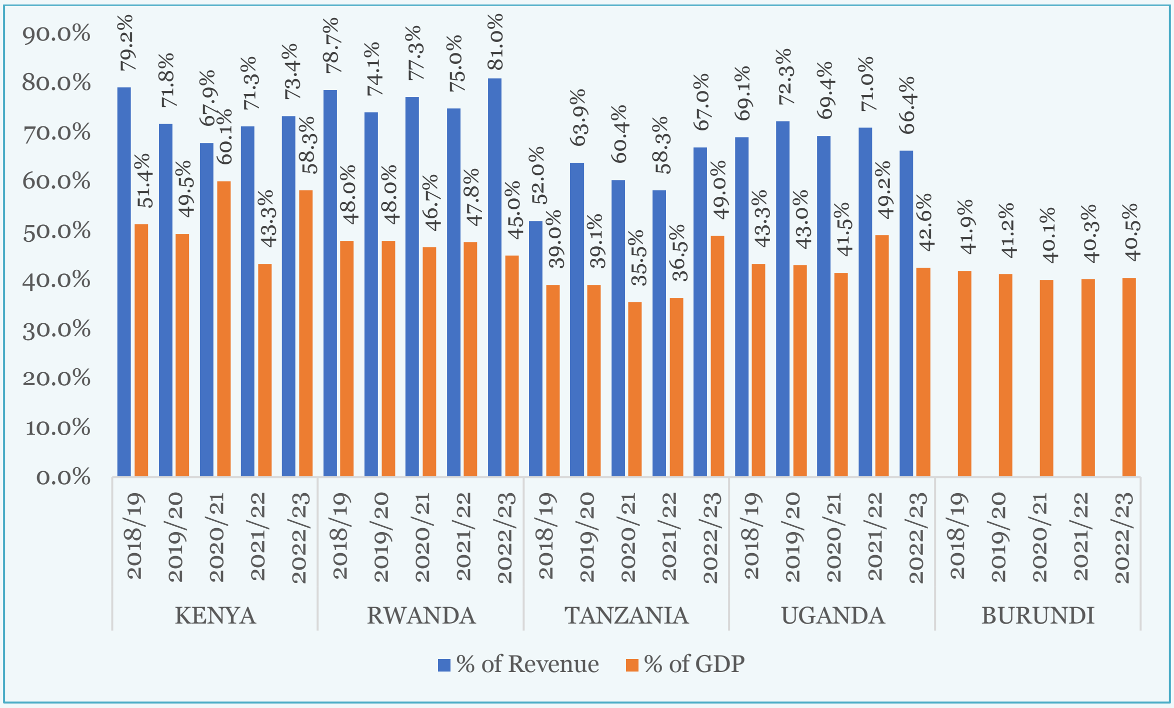
The major economic activities falling under the service sector category in the EAC region include trade (wholesale and retail), hotels and restaurants, transport and storage, financial services, information technology, public administration, professionals, scientific and technical services, education, human health and social work activities. Additionally, other economic activities within this sector include arts, entertainment and recreation, activities involving households as employers, and extraterritorial organisation activities.

Services emerge as the primary contributor to revenue generation in the region, accounting for an average of 71.9% of tax revenues across the EAC. Notably, this proportion is significantly higher than the contribution of services to Gross Domestic Product (GDP), which averaged 47.1% in the fiscal year 2022/23.

In the services sector, major contributors to tax revenues include financial services, information and communications, public administration, trade activities, transport and storage, hotels, and restaurants. However, a significant portion of economic activities within this sector operate informally or engage in e-commerce, posing taxation challenges—examples include wholesale and retail trade, transportation, hotels and restaurants, and professional services.

The implication is that directing efforts towards formalizing businesses within the service sector holds the potential for increased tax revenue. This underscores the need for enhanced tax administration measures in the services sector to broaden the tax base, address informality, and boost revenue generation from this crucial economic segment.

Figure 17: Service as a Percentage of Revenue and GDP



Source: EARAs

7 ADMINISTRATIVE INDICATORS

Revenue authorities should try to minimise the administrative costs of tax collection to ensure the greatest benefit to the government and to taxpayers. The aggregate cost of collection can vary greatly depending on what is included. The cost of collection may include tax collection, but also:

- Customs administration
- Sub-national taxes and fees collection
- Investment in future operational efficiency
- Changes to tax policy to more/less costly areas

The administrative cost of collection is therefore difficult to compare across countries. In East African Revenue Authorities, customs collection is often included as part of the overall cost of collection. This can be misleading when it is compared to countries where customs costs are very low or customs are administered by a separate body.

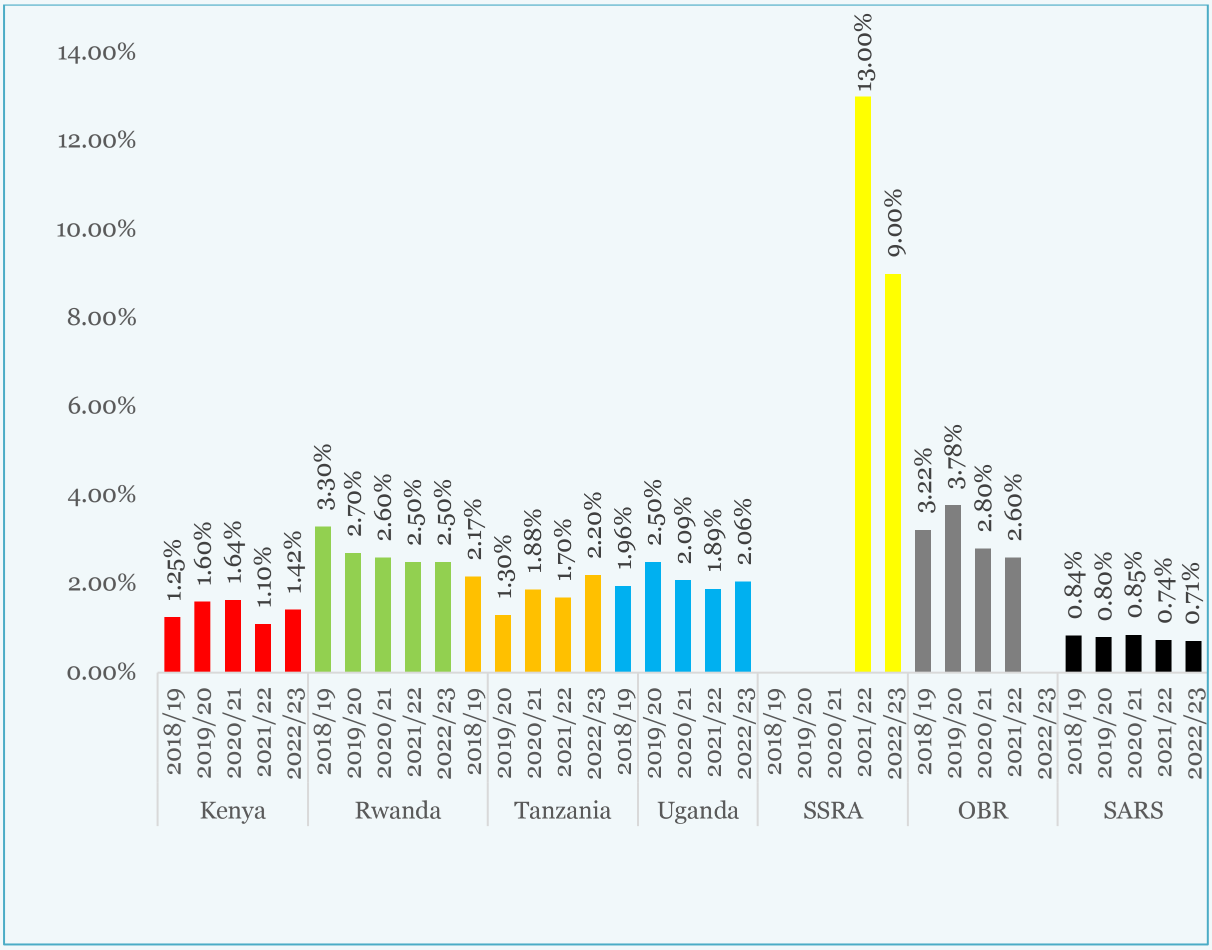
7.1 Cost of Collection

Figure 18 displays a measure of the efficiency of revenue collection by each of the EAC revenue authorities. It shows varying trends across the different revenue authorities and indicates different proportions. There may be differences in compilation between revenue authorities that make these ratios difficult to compare, as noted previously.

In the fiscal year 2022/23, the average cost of tax collection in the region was recorded at 3.4%, notably higher than the 0.71% reported by South Africa in the same period. Kenya, Tanzania, Uganda recorded collection costs of 1.4%, 2.2%, and 2.1% respectively, marking an increase from the 1.1%, 1.7%, and 1.7% reported in FY 2021/22. Rwanda, on the other hand, maintained its cost of collection at 2.5% in the FY 2022/23, while South Sudan and Burundi experienced a decrease from 13% and 2.8% in FY 2021/22 to 9% and 2.6% in FY 2022/23, respectively.

As expected from a higher tax-to-GDP economy, the South African benchmark has a lower cost of collection than EAC countries. South Africa has also achieved a downward trend in the cost-of-collection over the period, which only Rwanda, Sudan and Burundi achieved from the EAC.

Figure 18: Cost of collection EAC countries



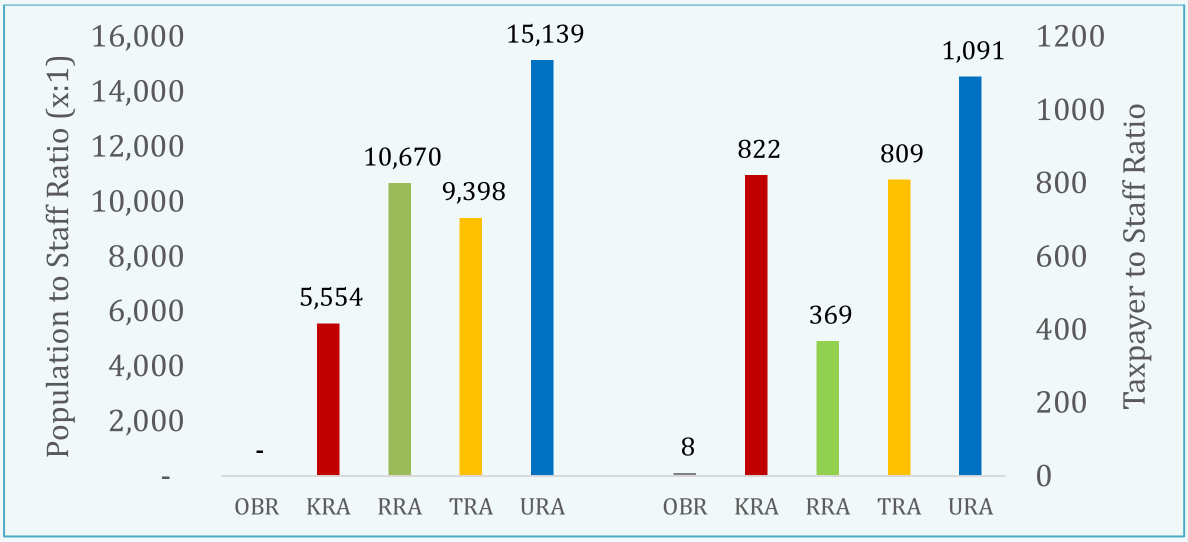
Source: EARAs

7.1.1 Population/Taxpayers per Tax Administrator

Figure 19 shows both the population to tax administration staff ratio, as well as the taxpayer (as per registry) to tax administration staff ratio. The population to staff ratio shows how many people in each country per revenue staff member. The taxpayer registry to staff ratio shows how many registered taxpayers there are per revenue staff member.

The two indicators tell different stories. By comparing the ratios for one country, one can get a sense of the size of the taxpayer registry relative to the population. By comparing across countries, one can get a sense of how many staff are employed to collect taxes from its base.

Figure 19: Population/Taxpayer per tax administrator



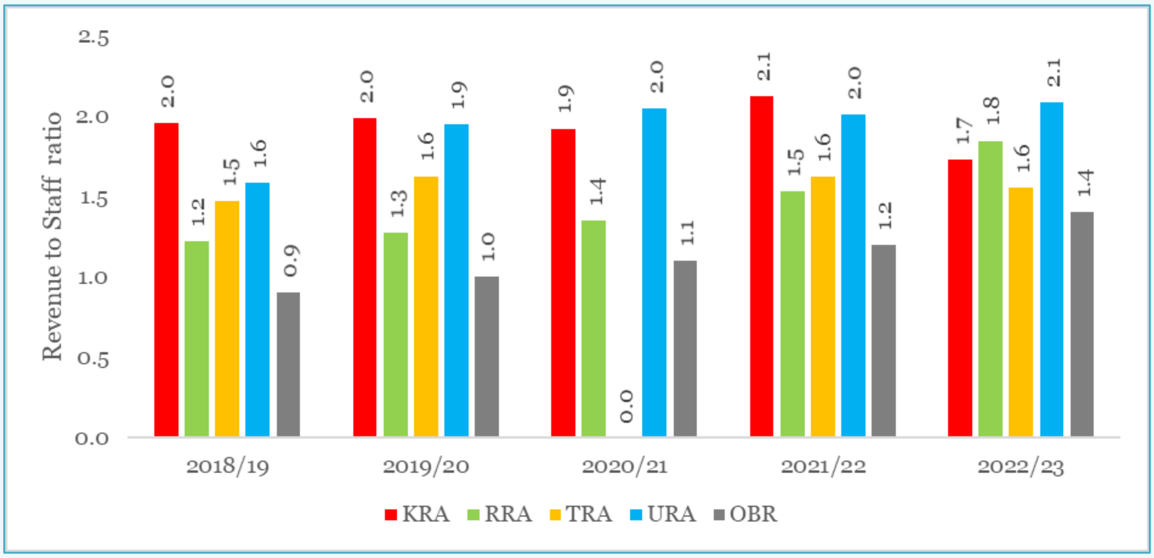
Source: EARAs

7.1.2 Revenue to Staff

This section presents another measure of revenue efficiency by calculating the amount of revenue that is collected per staff member of the tax administration. This metric also incorporates the underlying economic environment and developed countries will have a higher aggregate income per staff member to tax.

In 2022/23, URA had the highest ratio of revenue to staff numbers of any of the revenue authorities in the region at 2.1, whilst OBR recorded the lowest ratio in the region at 1.4 dollars.

Figure 20: Tax Revenue ($ million) per tax administrator



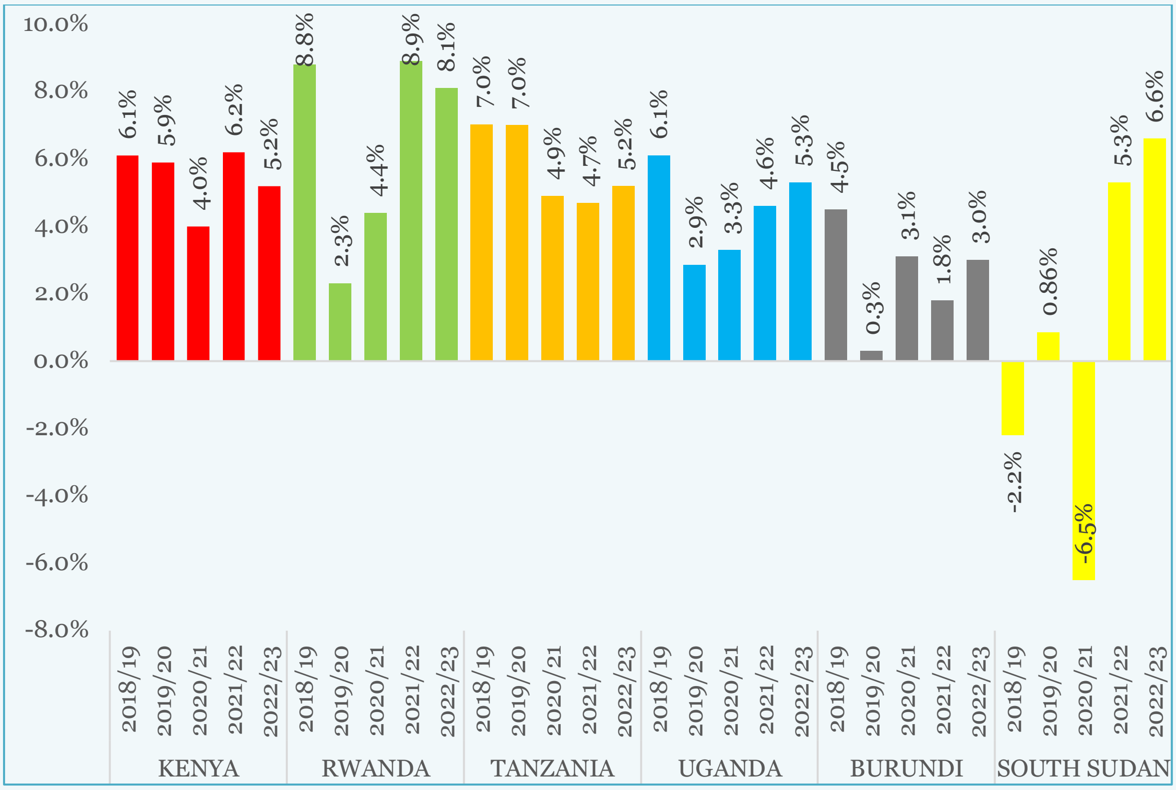
Source: EARAs

8 MACROECONOMIC INDICATORS

8.1 GDP Growth Rates

The real GDP growth rate is one of the macroeconomic indicators used to measure economic performance for countries. For EAC countries, real GDP growth rates fluctuate indicating accelerations and decelerations overtime. The average real GDP growth rate for EAC countries increased by 0.3 point (from 5.3% in 2021/22 to 5.6% in 2022/23). In FY 2022/23, Rwanda experienced the highest growth in real GDP at 8.1%, while Burundi's grew at the slowest rate of 3.0%.

Figure 21: GDP Growth Rate in Real terms



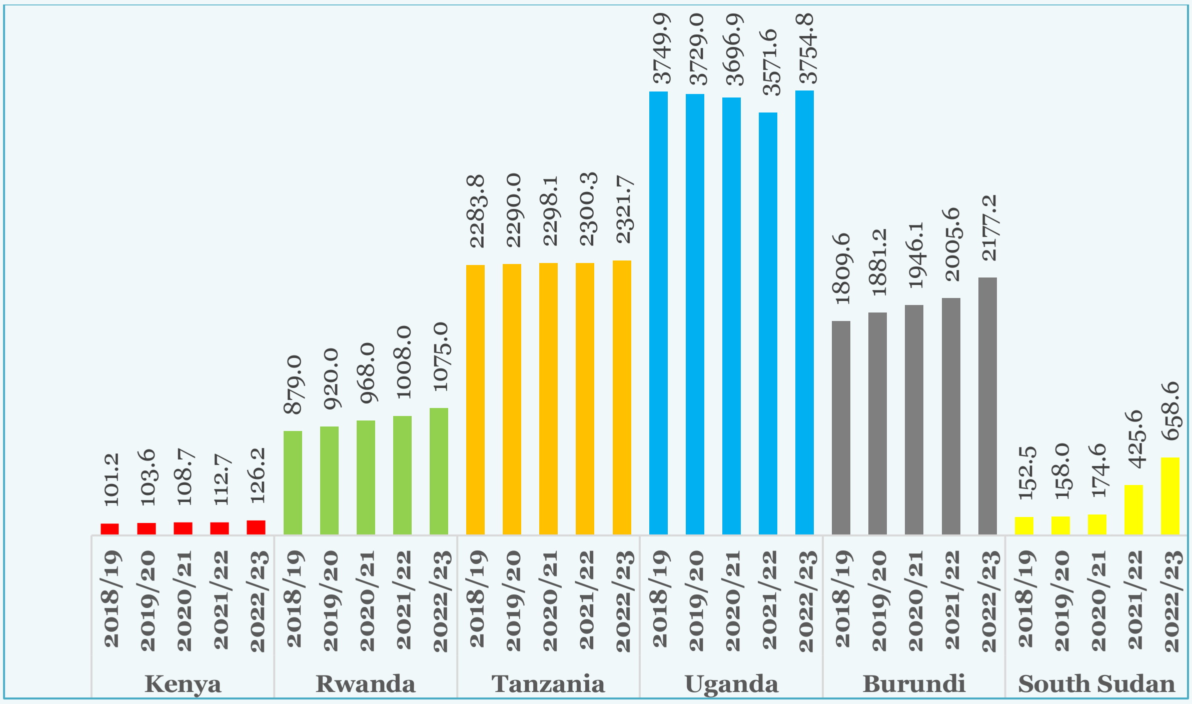
Source: EARAs

8.2 Exchange Rates

During FY 2022/23, there was volatility in exchange rate for local currencies against the US Dollar for all EAC countries.

Exchange rate for Kenya showed a gradual depreciation over the years, climbing from 101.2 in 2018/19 to 126.2 in 2022/23. Similarly, Rwanda and South Sudan also saw currency depreciation, going from 879.0 and 152.5 in 2018/19 to 1075.0 and 658.6 in 2022/23 respectively. Tanzania's exchange rates remained relatively stable, experiencing a modest rise from 2,283.8 in 2018/19 to 2321.7 in 2022/23. Uganda's exchange rates exhibited fluctuations, initially appreciating from 3,749.9 in 2018/19 to 3571.6 in 2021/22, though depreciation in 2022/23 brought the currency back to UGX 3,754.8 per USD. Burundi's exchange rates consistently depreciated, increasing from 1,809.6 in 2018/19 to 2,177.2 in 2022/23.

Figure 22: Exchange rate against the US Dollar



Source: EARAs

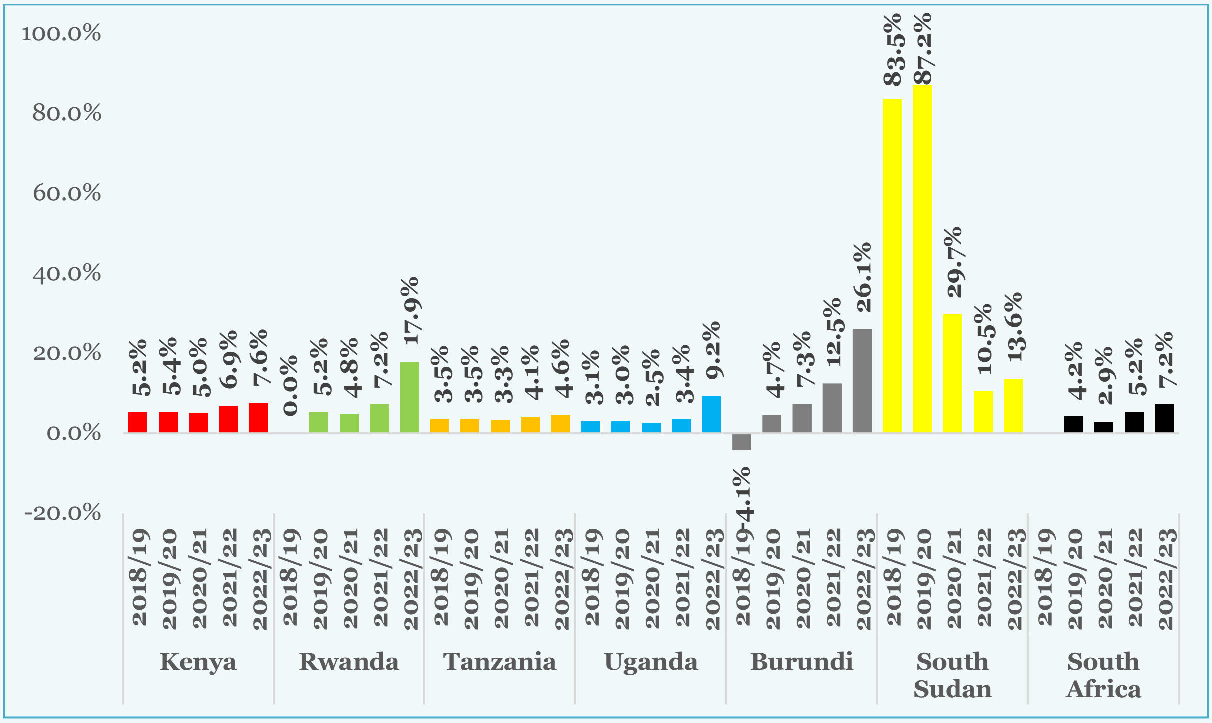
8.3 Headline Inflation

Headline inflation is the measure of the relative changes in prices of all goods and services in the consumption basket. It is more useful for the typical household because it reflects changes in the cost of living. Consumers' behaviour can be affected by the high inflation rate which in turn affects the purchasing power of consumers and tax collection (specific rates in particular).

For the FY 2022/23, Burundi recorded a higher inflation rate of 26.1%, over double the FY 2021/22 rate. Rwanda followed with the second-highest inflation rate at 17.9%, also more than double the rate from FY 2021/22. South Sudan ranked as the third country with a high inflation of 13.6%, Uganda ranked as the fourth with the inflation rate of 9.2% within the region. In contrast, Tanzania registered the lowest inflation rate in the region at 4.6%, a slight increase from the 4.1% recorded in the FY 2021/22, and Kenya experienced the second-lowest inflation rate at 7.6%.

Inflation in the South African benchmark is similar to those seen in Kenya, Tanzania, and Uganda, and does not see the more extreme inflation figures seen in Rwanda, Burundi, and South Sudan.

Figure 23: Inflation in the EAC

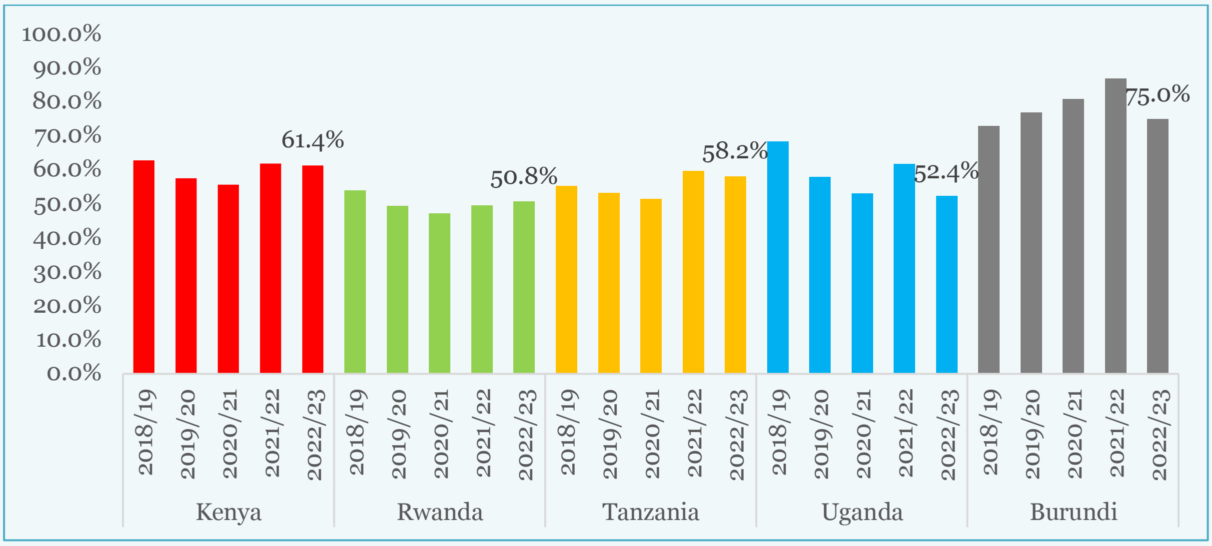


Source: EARAs

8.4 Tax/Budget Ratio

This ratio indicates the proportion of the national budget which can be funded through taxes collected from the economy. The tax-to-budget ratio exhibited variability across all EAC countries, averaging 59.6% in the fiscal year 2022/23. This is a decline from the 64% average recorded in FY 2021/22. Notably, KRA, URA, OBR, and TRA all experienced a decline in their respective tax-to-budget ratios. Interestingly, Rwanda was the sole country to observe an upward trend in the tax-to-budget ratio, climbing from 49.6% in FY 2021/22 to 50.8% in FY 2022/23.

Figure 24: Tax to Budget Ratio



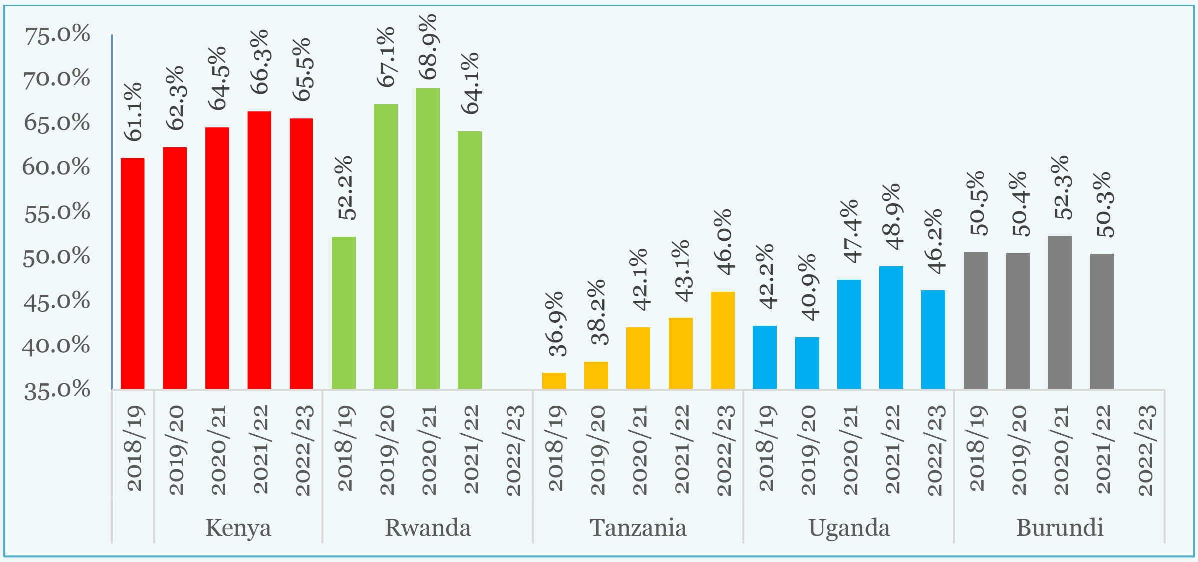
Source: EARAs

8.5 Total Public Debt to GDP Ratio

Many countries in the world, like countries in the EAC region, need sovereign debt to finance their fiscal deficits. This ratio compares the country's debt to its gross domestic product in a period of year.

As Figure 25 indicates, the total public debt to GDP ratios have experienced fluctuations in all EAC partner states. Tanzania has witnessed a steady increase in its ratios since FY 2018/19. In the FY 2022/23, The total public debt to GDP ratios were reported as 46.2% for Uganda, 65.5% for Kenya and 46.2% for Tanzania.

Figure 25: Total Public debt to GDP

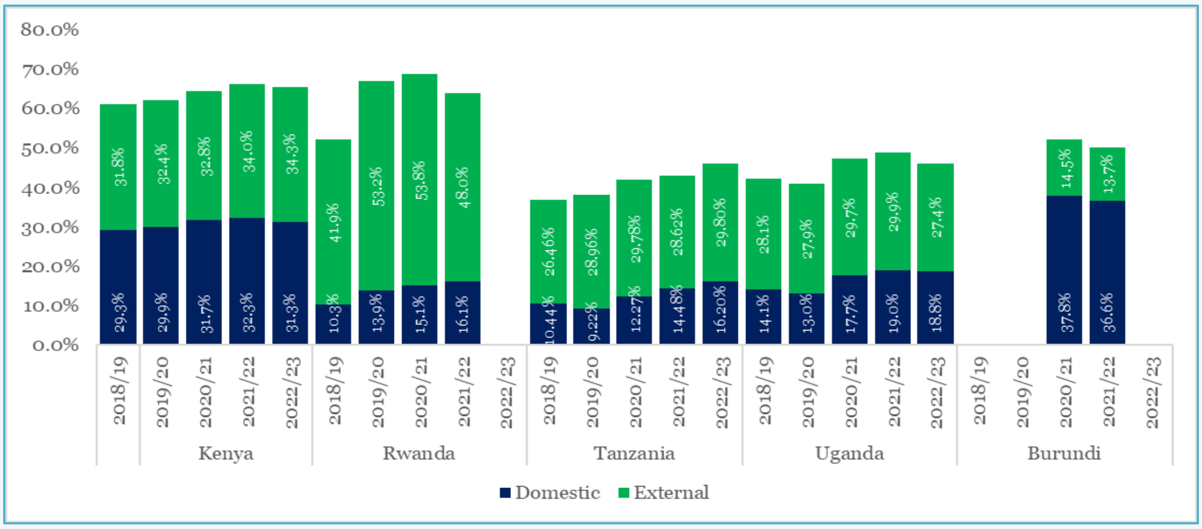


Source: EARAs

As illustrated in Figure 26 below, external debt took precedence in the composition of public debts across EAC countries, except for Burundi, where external debt constitutes 13.7%, with domestic debt at 36.6% in FY 2021/22.

For the period of FY 2018/19 to FY 2022/23, on average, the distribution of domestic and external debts is as follows: 31.3% and 34.3% for Kenya; 16.1% and 48.0% for Rwanda; 16.2% and 29.8% for Tanzania; 18.8% and 27.4% for Uganda, and 36.6% and 13.7% for Burundi.

Figure 26: Composition of Domestic vs External Debt



Source: EARAs

9 EASE OF DOING BUSINESS IN EAC 2023

9.1 Regional Assessment of the Ease of Doing Business Rankings

9.1.1 Doing Business Report Rankings: 2015-2020

The analysis in this section has traditionally relied on the World Bank's Doing Business Report spanning from 2015 to 2020, after which the publication was discontinued in 2021. These reports provided regional average rankings and scores for various aspects of the ease of doing business. The score reflected an economy's deviation from the highest performing regulatory performance observed on each indicator since 2005, graded on a scale of 0 to 100, where 0 represented the worst and 100 the best. Correspondingly, the ranking ranged from 1 to 190. However, for the purpose of this report, the emphasis was on key indicators such as ease of doing business, tax payments, and cross-border trade, considered to be particularly influenced by regional tax administrations.

A notable trend observed throughout the existence of this report is the steady and substantial improvement in the specified indicators by four out of five countries reported since 2015. According to the Doing Business Report figures, the commendable ranking of the East African Community (EAC) is primarily attributed to the impressive performances of Rwanda and Kenya. Over several years, Rwanda consistently stood out as the top-ranked country in the EAC and securing a position among the top 50 globally, making it one of only two African countries to achieve this distinction.

Table 3: Ease of Doing Business Ranking among EAC Countries

Economy	Category	DB 2015	DB 2016	DB 2017	DB 2018	DB 2019	DB 2020
Burundi	Ease of Doing Business	152	152	157	164	168	166
	Paying Taxes	124	111	123	138	138	140
	Trading across borders	169	154	160	164	169	169
Kenya	Ease of Doing Business	136	108	92	80	61	56
	Paying Taxes	102	101	125	92	91	94
	Trading across borders	153	131	105	106	112	117
Rwanda	Ease of Doing Business	46	62	56	41	29	38

	Paying Taxes	27	48	59	31	35	38
	Trading across borders	164	156	87	87	88	88
Tanzania	Ease of Doing Business	131	139	132	137	144	141
	Paying Taxes	148	150	154	154	167	165
	Trading across borders	137	180	180	182	183	182
Uganda	Ease of Doing Business	150	122	115	122	127	116
	Paying Taxes	104	105	75	84	87	92
	Trading across borders	161	128	136	127	119	121

Source: Doing Business Report Rankings

9.1.2 The Ease of Doing Business Report in EAC, 2023

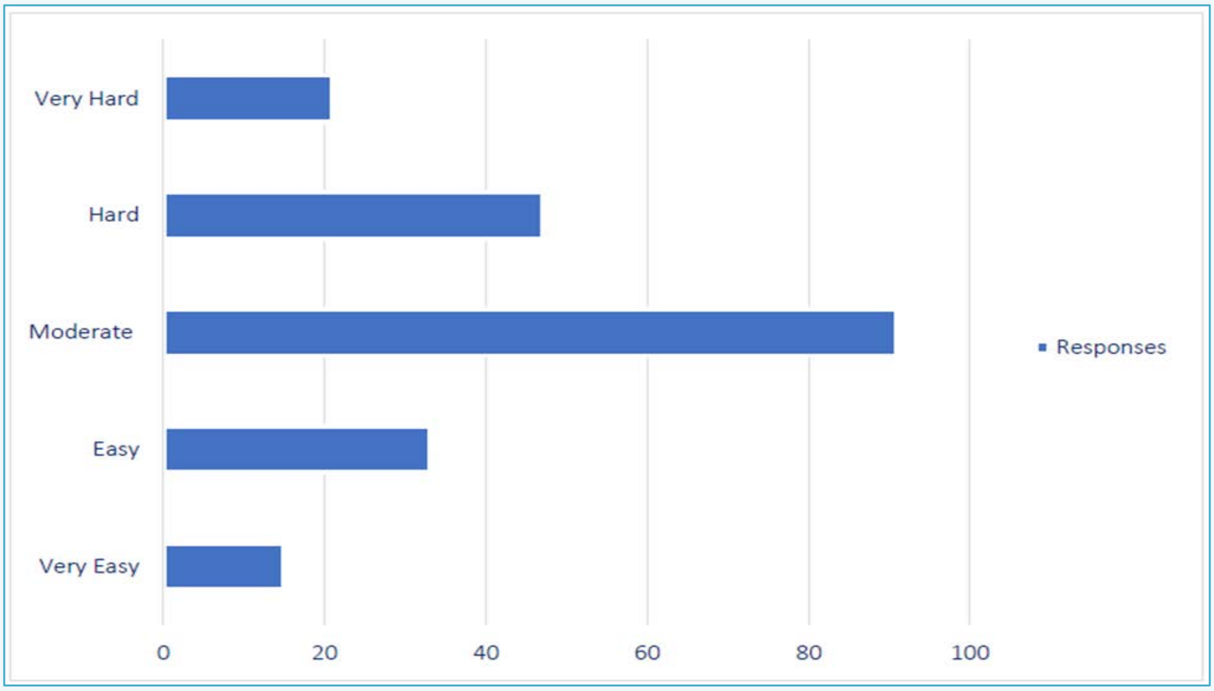
Commencing with this edition, this section will depend on the Report on the Ease of Doing Business in the EAC—an initiative aimed to bridging the information gap resulting from the discontinuation of the World Bank Doing Business Reports.

Released in August 2023, the inaugural report is based on a survey conducted by the EAC Business Council, focusing on businesses operating within the EAC block. In this initial survey, 52% of respondents (equivalent to 133 companies) represented Trade in Goods, while 47% (equivalent to 119 companies) were from Trade in Services.

The report concludes that among the 252 companies fully responding to the questionnaire in both Trade in Goods and Trade in Services, the perceived ease of doing business within the region garnered an overall Moderate ranking (Rank 3.09) across eight specific business environment indicators, as shown in Figure 27. These indicators include

i) Ease of Paying Taxes,
ii) Regulations for Starting and Operating a Business,
iii) Government Operations,
iv) Removal of Trade Restrictions,
v) Infrastructure Development,
vi) Trade Finance,
vii) Trading Across Borders, and
viii) Cross-Border Payments.

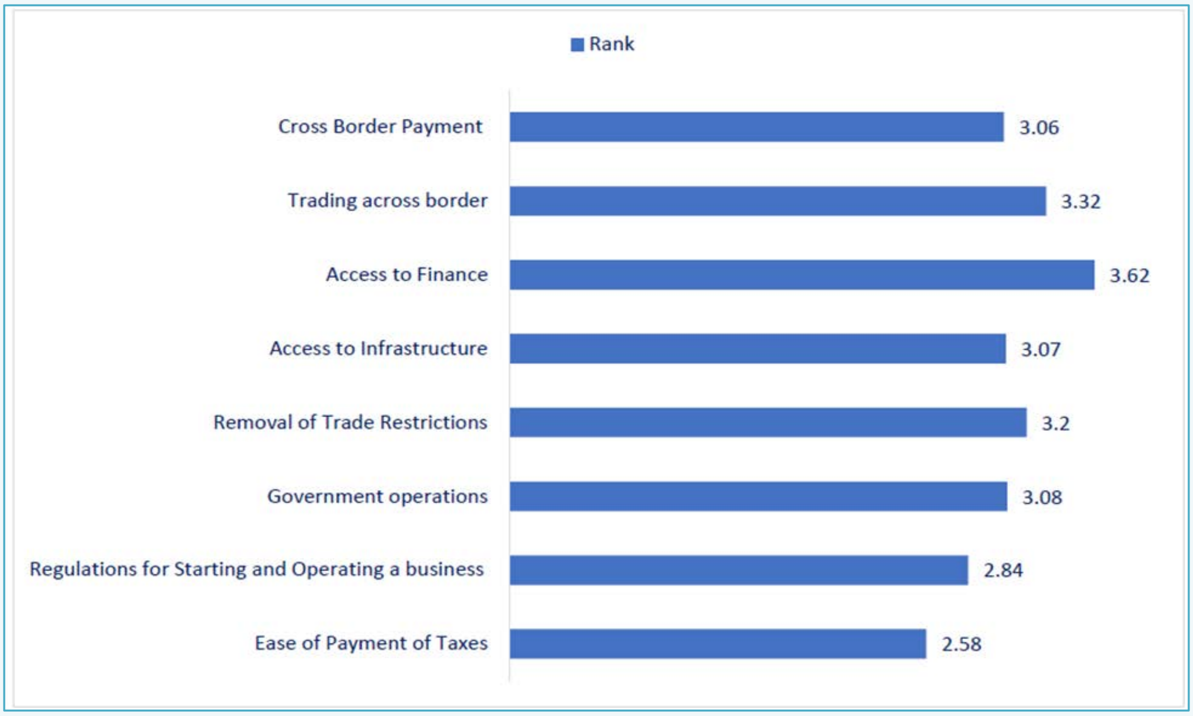
Figure 27: General Rank on the Ease of Doing Business Environment in EAC



Source: Ease of doing business report in EAC, 2023

At the EAC level, the report reveals that, for companies involved in both goods and services, the indicators of ease of paying taxes and regulation of starting and operating businesses stand out as the most favourable and best-performing aspects, with rankings of 2.08 and 2.75, respectively. However, the figure below illustrates that access to finance poses the most significant challenge in the region.

Figure 28: General perception on the ease of doing business in EAC based proposed indicators

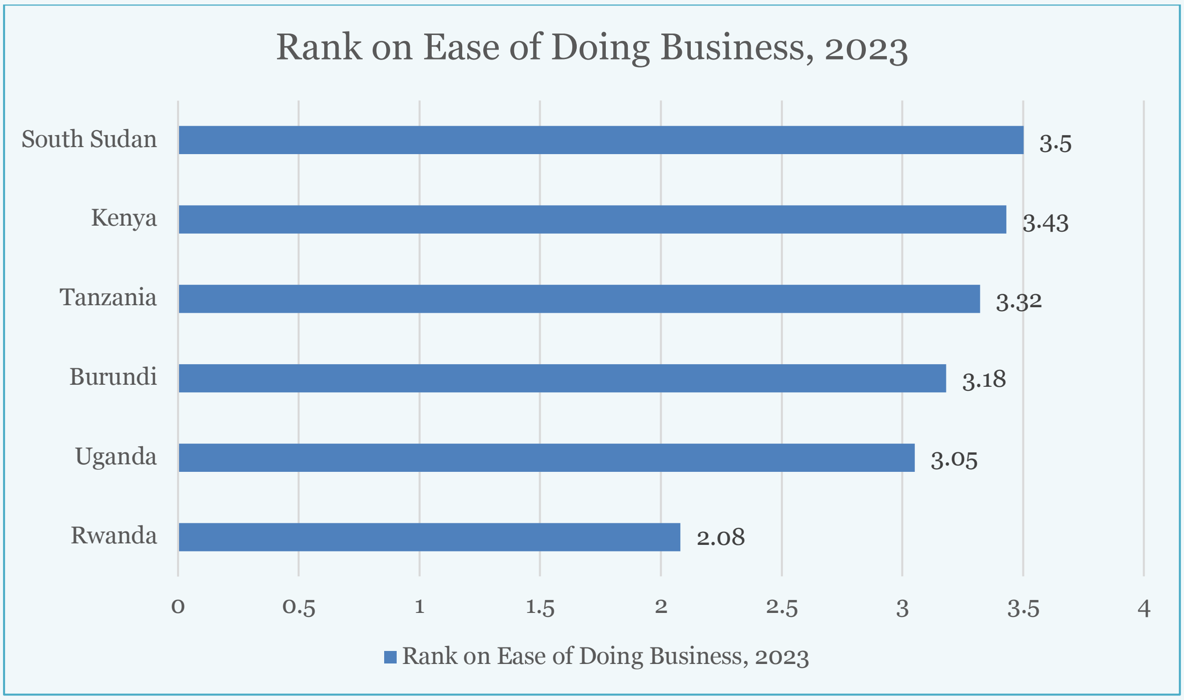


Source: Ease of doing business report in EAC, 2023

9.2 Comparative Review of the Report on the Ease of Doing Business in EAC 2023

The report states that survey respondents were requested to assess the perceived ease of conducting business in their respective countries on a scale ranging from 1 (Very Easy) to 5 (Very Hard). Analysis of their responses revealed the following rankings reported by companies engaged in both Trade in Goods and Trade in Services. As illustrated in the figure below (figure 29), Rwanda stands out with a perceived ease of doing business, earning a rank of 2.08. South Sudan scored the lowest performance (with the highest rank of 3.5), reflecting a challenging business environment, whilst other EAC states were all categorized as being a place of 'moderate ease' of doing business. The report notes that the responses from South Sudan were insufficient to draw a conclusive assessment on the ease of doing business in those countries.

Figure 29: Rank of the Ease of Doing Business in Specific Partner States



Source: Ease of doing business report in EAC, 2023

10 LANE PERFORMANCE

Lane performance is a key customs indicator that reflects the utilisation of various channels (lanes) based on risk assessment in customs operations. To streamline trade and enhance the efficiency of customs clearance, customs management should prioritise minimising both the cost and time associated with importing products into the country. Where risks are lower, less validation is required and this lowers costs and time. In the region, there are four common lane clearance channels, each indicating different risk levels in the clearance process:

Green Lane: Goods passing through the green lane do not require document or physical verification, and there are no post-clearance audits.

Blue Lane: No document or physical verification is needed, but there is a possibility of post-clearance audits.

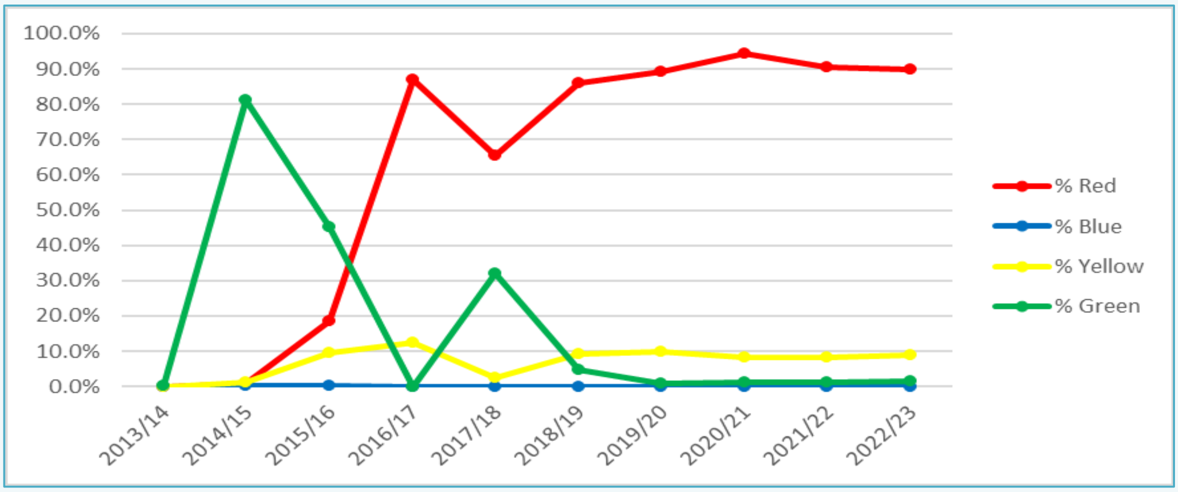
Yellow Lane: Documents are verified, but there is no physical verification. Post-clearance audits are possible.

Red Lane: Both physical and document verification are conducted, with the potential for post-clearance audits.

10.1 Burundi

In Burundi, the majority of goods usually clear through the red channel, with green and yellow lanes as alternatives. This indicates elevated costs and prolonged clearance times. However, there's a slight shift noted, as the red channel decreased from 90.5% in 2021/22 to 89.7%, marking a trend that began in the same period.

Figure 30: OBR Lane Performance

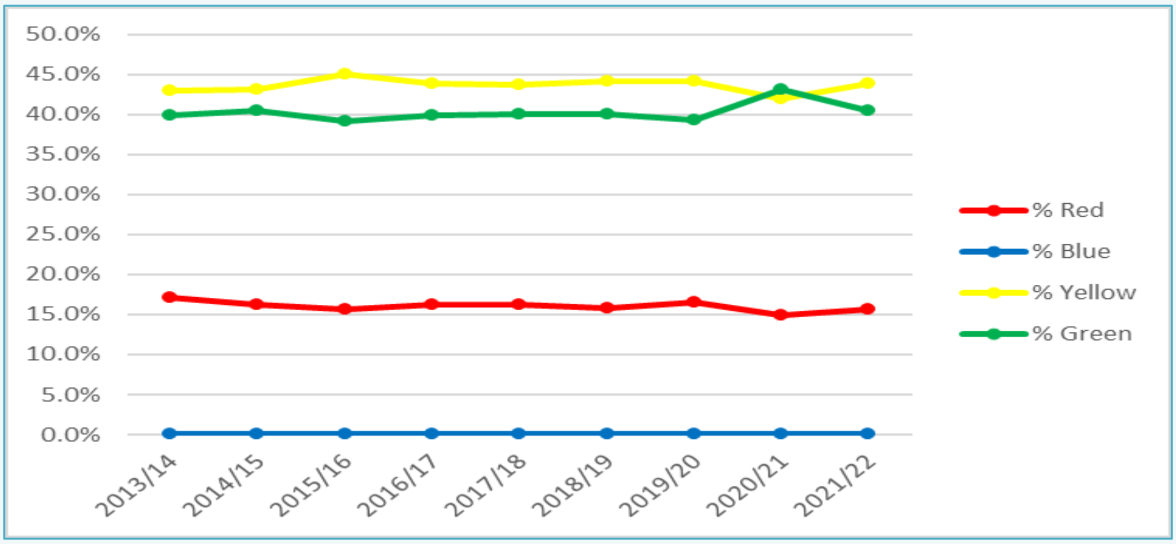


Source: EARAs

10.2 Kenya

Kenya uses three channels to clear the goods which are red, yellow and green. The analysis indicates that most goods in Kenya are cleared through the yellow and green channels while few goods are cleared through the red lane. This implies that the cost and time taken to clear goods is low and fast for most firms. In the FY 2021/22 the goods were cleared as follows, red 15.6%, yellow 43.9% and green 40.5%.

Figure 31: KRA Lane Performance

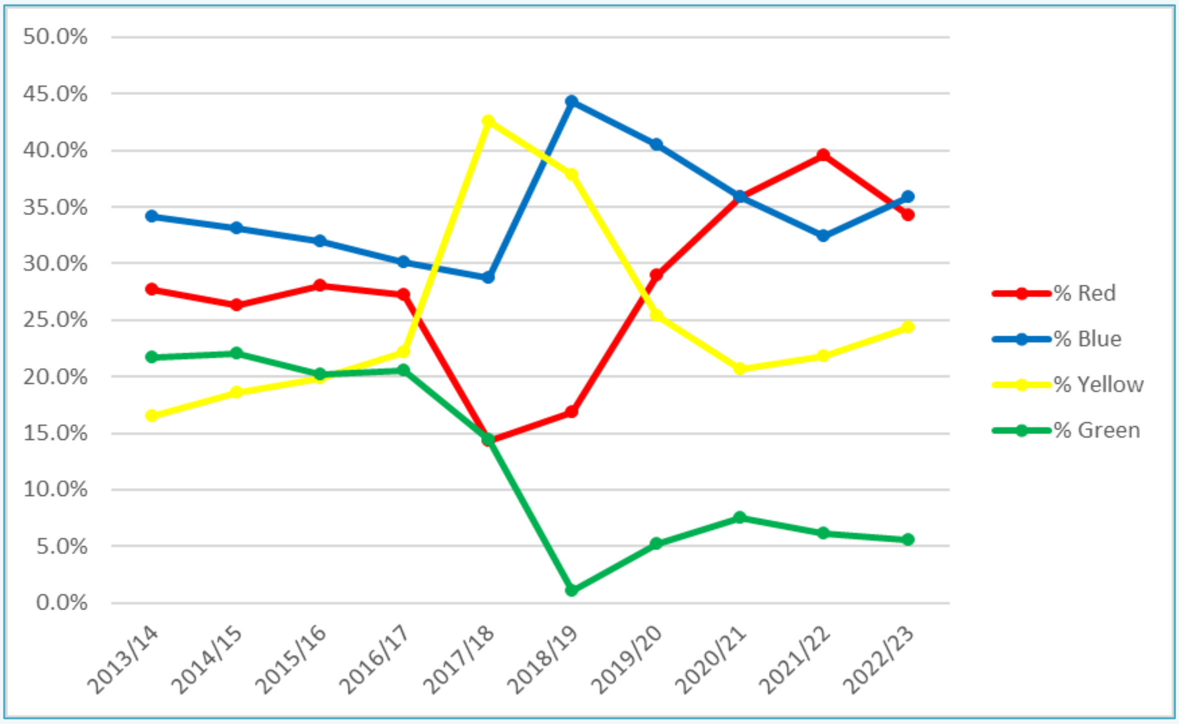


Source: EARAs

10.3 Rwanda

Since the fiscal year 2013/14, Rwanda consistently used all four clearance channels. However, starting from the fiscal year 2017/18, RRA has observed a significant shift towards the red channel, accompanied by a notable decline in the usage of other channels. The use of the red channel surged from 14.3% in 2017/18 to a peak of 39.6% in 2021/22, while the green channel decreased from 14.4% to 6.1%. Although both the yellow and blue channels experienced gradual changes, the blue channel remained the preferred choice for most goods in Rwanda, averaging at 34.7%. It was followed by the red channel at 27.9%, the yellow channel at 25.0%, and the green channel at 12.4%. See Figure 32 for the distribution.

Figure 32: RRA Lane Performance

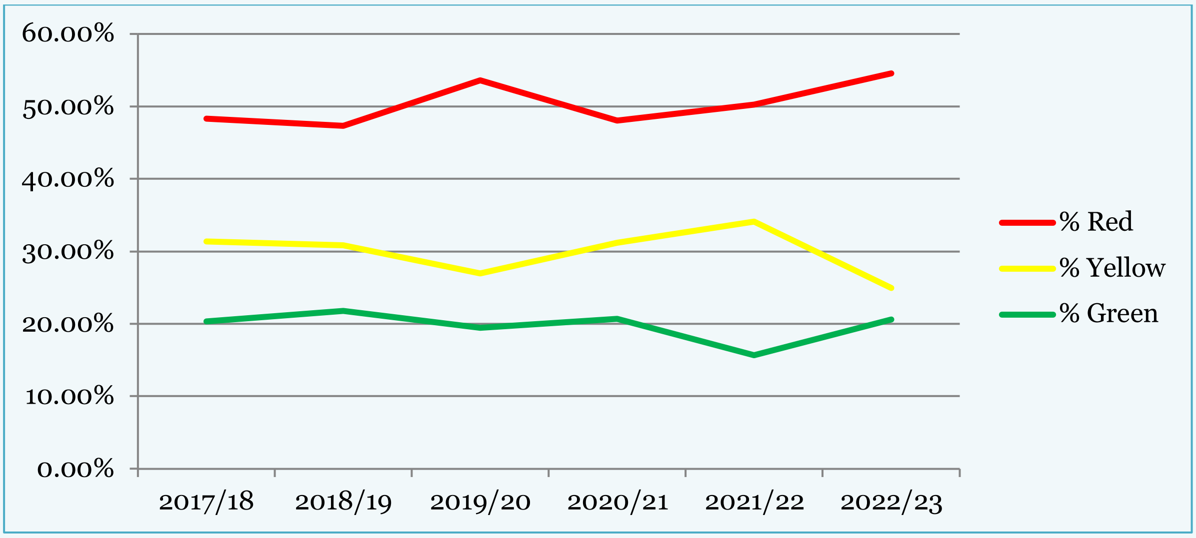


Source: EARAs

10.4 Tanzania

In Tanzania most goods were cleared through the red lane, with fewer utilizing the green channel. This suggests elevated costs and extended clearance times, emphasizing the need to allocate additional resources for efficient clearance processes without necessitating physical verifications. The analysis reveals an increase in goods cleared through the red lane from 50.2 percent in 2021/22 to 54.6 percent in 2022/23. Notably, there is a significant rise in goods cleared through the red and green channels, accompanied by a simultaneous decrease in the yellow in 2022/23 in comparison to 2021/22.

Figure 33: TRA Lane Performance

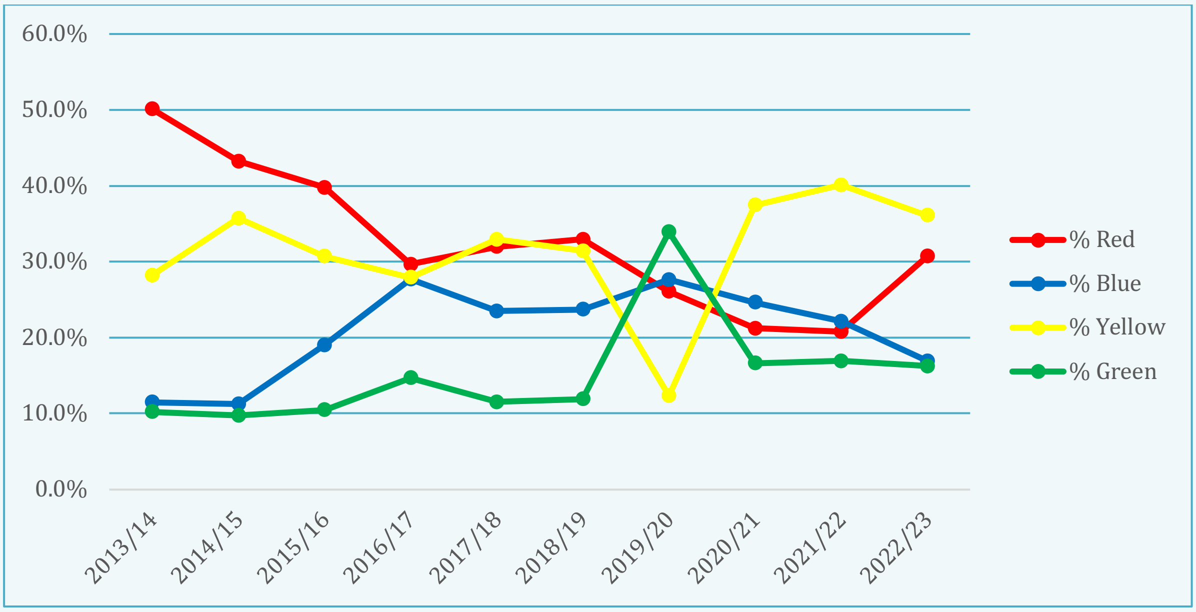


Source: EARAs

10.5 Uganda

Uganda predominantly employs the red and yellow channels for the clearance of goods. In the fiscal year 2019/20, there was a notable increase in goods passing through the green channel, reaching 33.9%, only to decline to 16.7% in the subsequent fiscal year. The primary channels for clearing goods in Uganda, ranked by the average size of goods cleared, are red (32.7%), yellow (31.3%), blue (20.8%), and green (15.2%).

Figure 34: URA Lane Performance



Source: EARAs

11 INTRA-REGIONAL TRADE ANALYSIS

This section builds on a series of analyses conducted in previous years on the EAC intra-regional trade statistics, presenting trade dynamics for the years 2018 to 2022. The section analyses data from the East African Community Facts and Figures report produced annually by the EAC secretariat which captures both the formal and informal trade dynamics within the region.

11.1 Total Imports and Exports

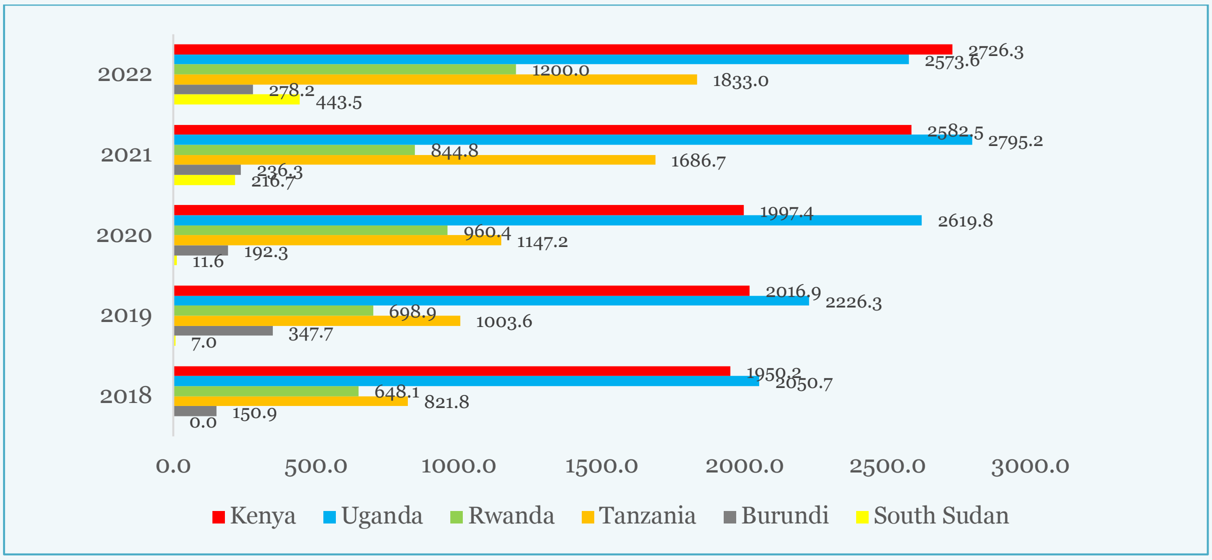
Kenya maintained the largest share of intra-regional trade, followed by Uganda. As depicted in Figure 11 Uganda's total trade within the region fell in 2022, whilst Tanzania's trade continued to grow, bringing the two countries to near parity.

Kenya continues to dominate exports to the region, with Uganda historically serving as the largest importer from the other partner states. Since 2018, there has been a general increase in exports, particularly from Kenya and Tanzania to the region.

South Sudan, Tanzania, and Burundi experienced fluctuations, with a respective decrease of 89%, 2%, and 4% in exports to the region in 2022 compared to 2021.

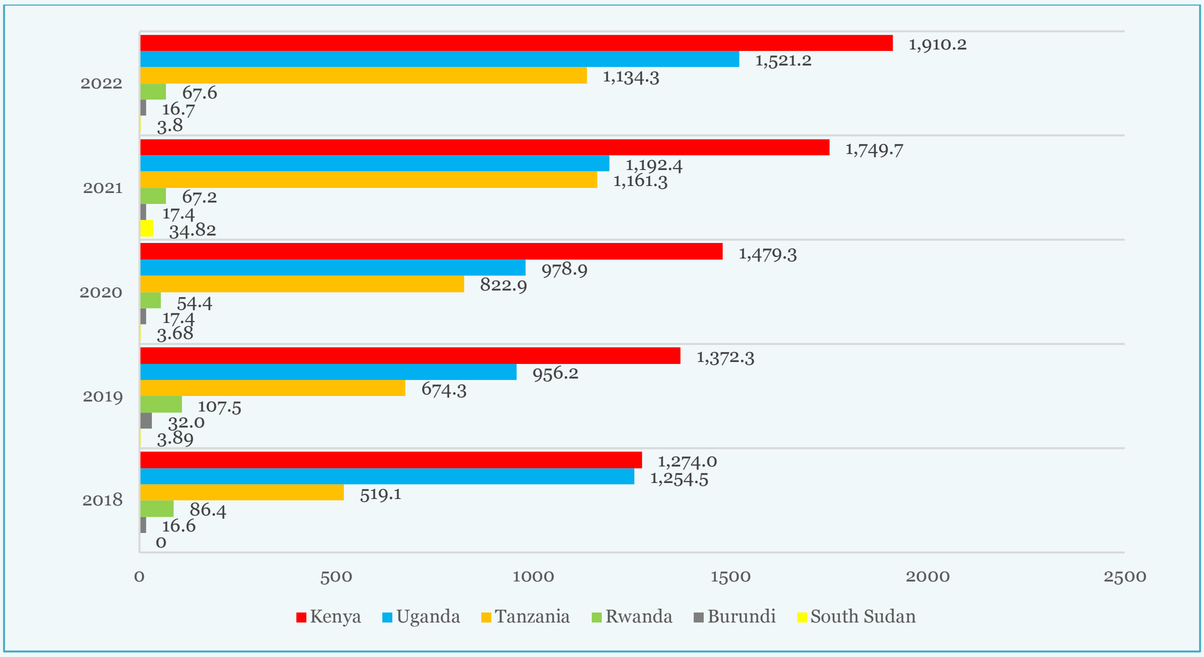
Import dynamics reveal a reduction between 2022 and 2021 for Uganda and Kenya by 35% and 2%, respectively. In contrast, South Sudan, Rwanda, Tanzania, and Burundi saw increased imports from the region in the same period, rising by 142%, 46%, 33%, and 19%, respectively.

Figure 35: Total Intra-Regional Trade (USD Million)



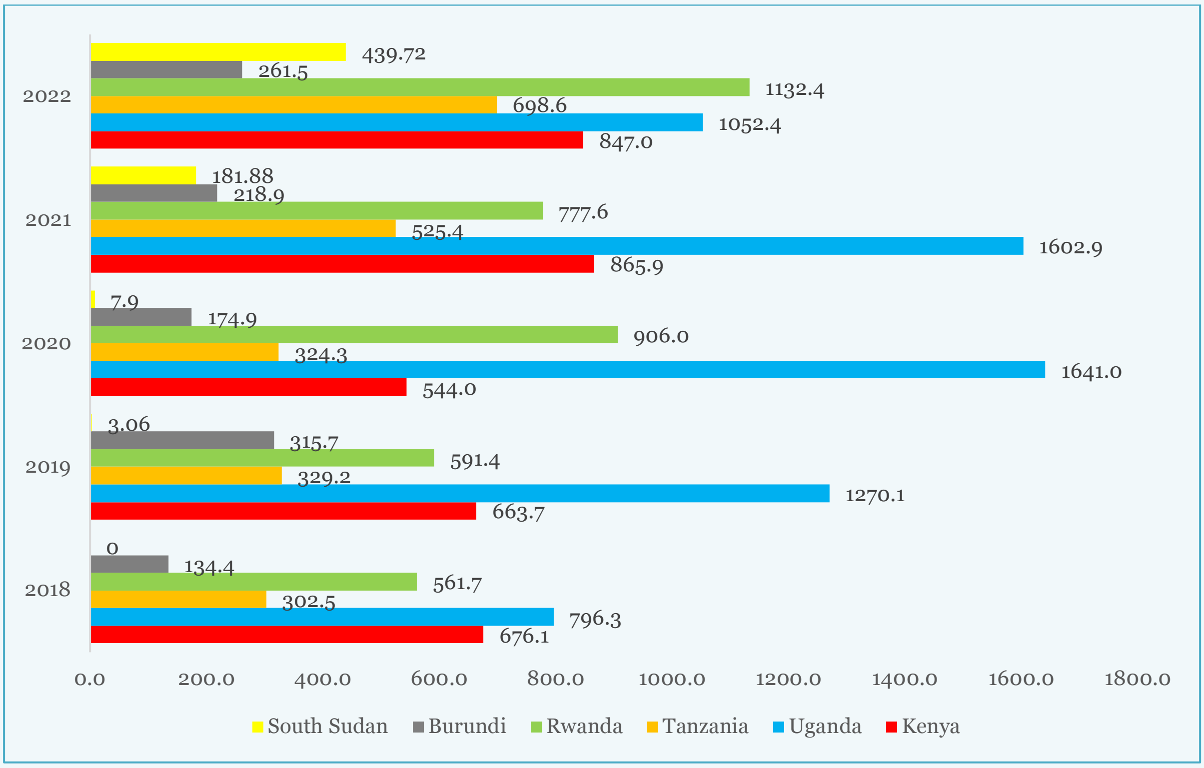
Source: EAC Trade and Investment report, 2022

Figure 36: Total Exports (USD Million)



Source: EAC Trade and Investment report, 2022

Figure 37: Total Imports (USD Million)



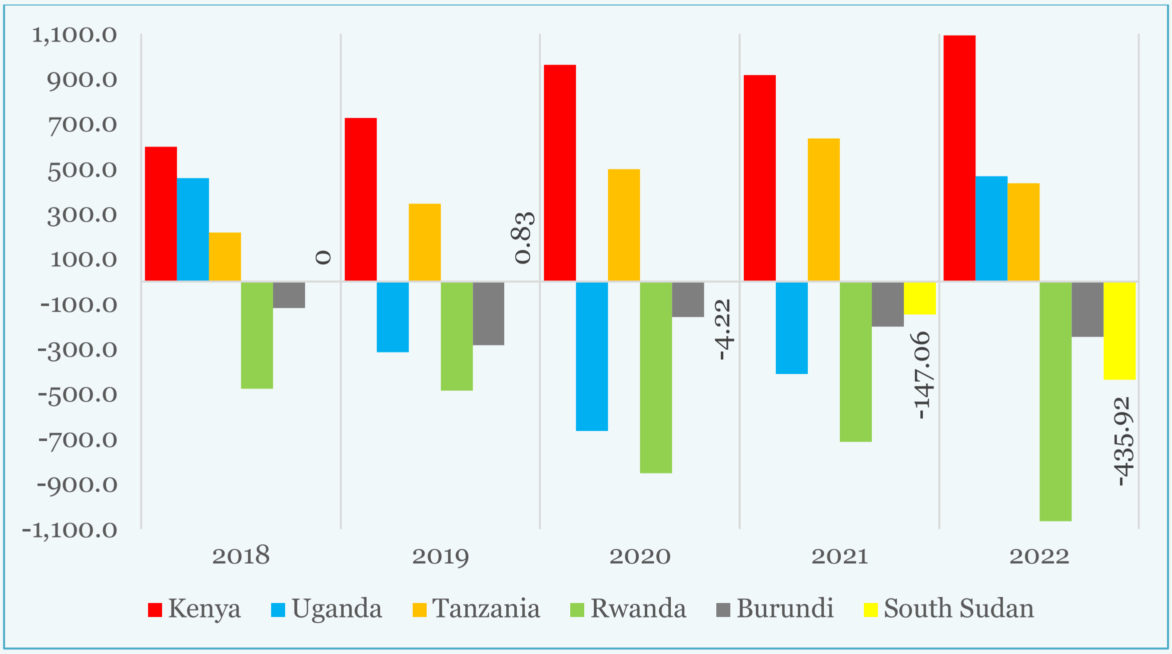
Source: EAC Trade and Investment report, 2022

11.2 Balance of Trade

The balance of trade section merely looks at which countries are net importers, exporters and how these positions fluctuate over time in the region. This position is determined by subtracting a country's imports from the region from its exports to the region and the balance gives its trade balance (surplus or deficit). A positive balance (surplus) illustrates a net exporter position whereas a negative balance (deficit) indicates net importer position.

Kenya and Tanzania had a positive trade balance between 2018 and 2022 with Kenya dominating the trade as shown in figure 11.4 below. Conversely, Rwanda, Burundi and South Sudan experienced a deficit trade balance in the last four years.

Figure 38: Trade Balance, EAC Members (USD Million)



Source: EAC Trade and Investment report, 2022

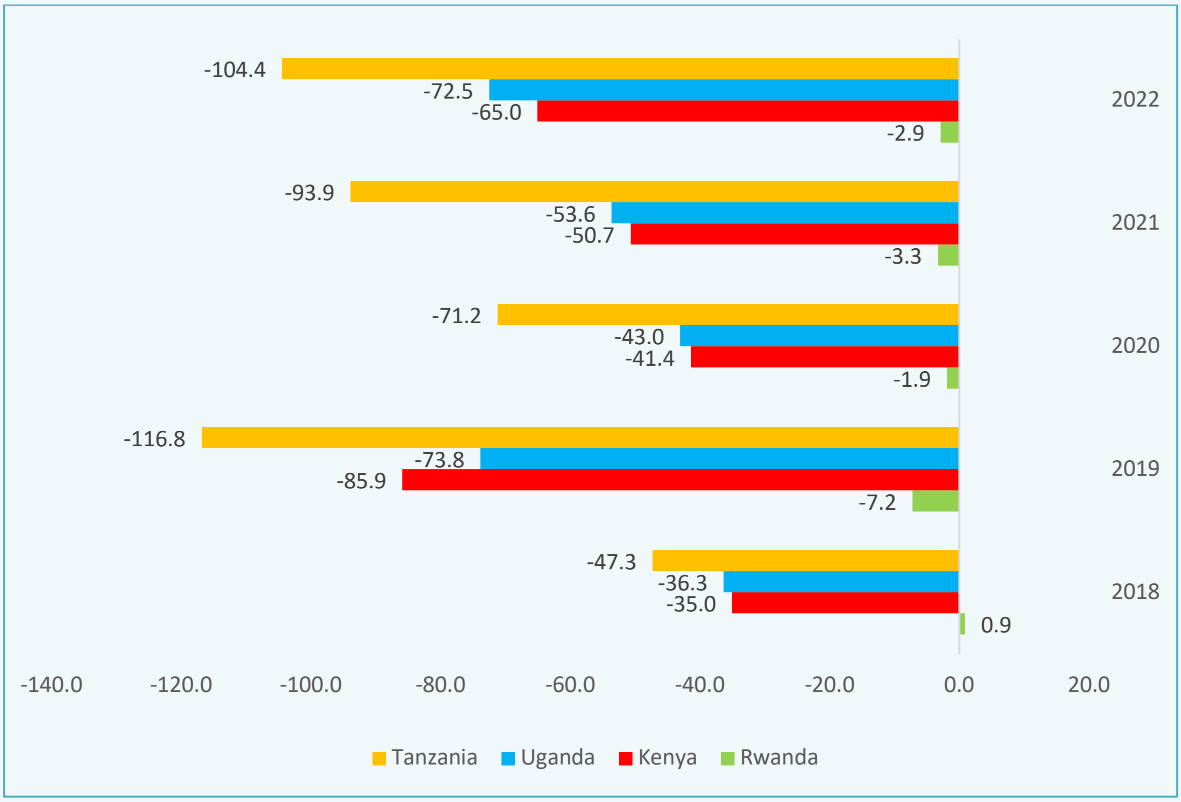
11.3 Individual Country Patterns within other EAC Member States

This section breaks down the overall trade balances into specific country trade dynamics with the other partner states.

11.3.1 Burundi

Burundi experienced a trade deficit with all partner states from 2018 to 2022. Notably, it exhibited a positive trade balance with Rwanda in 2018. Moreover, the deficit with Tanzania, a primary source of imports for Burundi within the region, experienced a slight increase of 11% from 2021 to 2022.

Figure 39: Burundi Trade Balance with EAC Member States (USD Million)

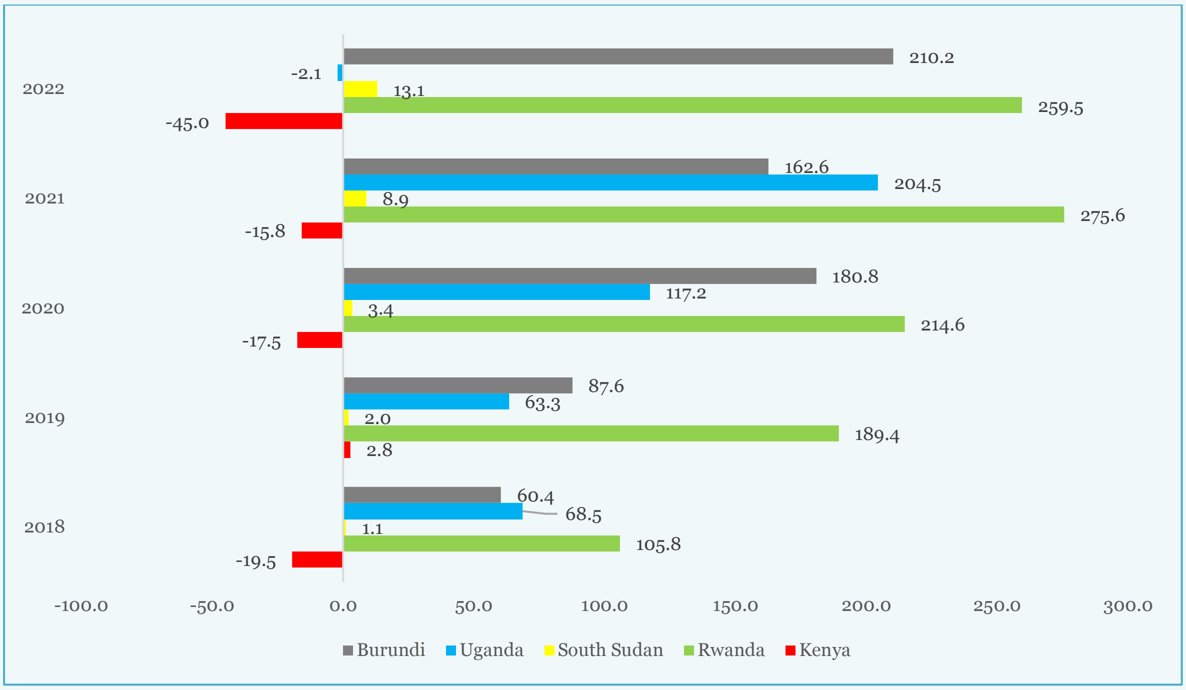


Source: EAC Trade and Investment report, 2022

11.3.2 Tanzania

Tanzania has consistently maintained favourable trade balances with Burundi, Rwanda, South Sudan and Uganda. Its trade surpluses with Burundi and Rwanda have grown sharply from 60.35m USD and 105.8m USD in 2018 respectively, up to 210.2 m USD and 259.5m USD in 2022. Tanzania transitioned from a trade surplus of 204.5m USD with Uganda in 2021 to a trade deficit of 2.1m USD in 2022.

Figure 40: Tanzania Trade Balance with EAC Member States (USD Million)

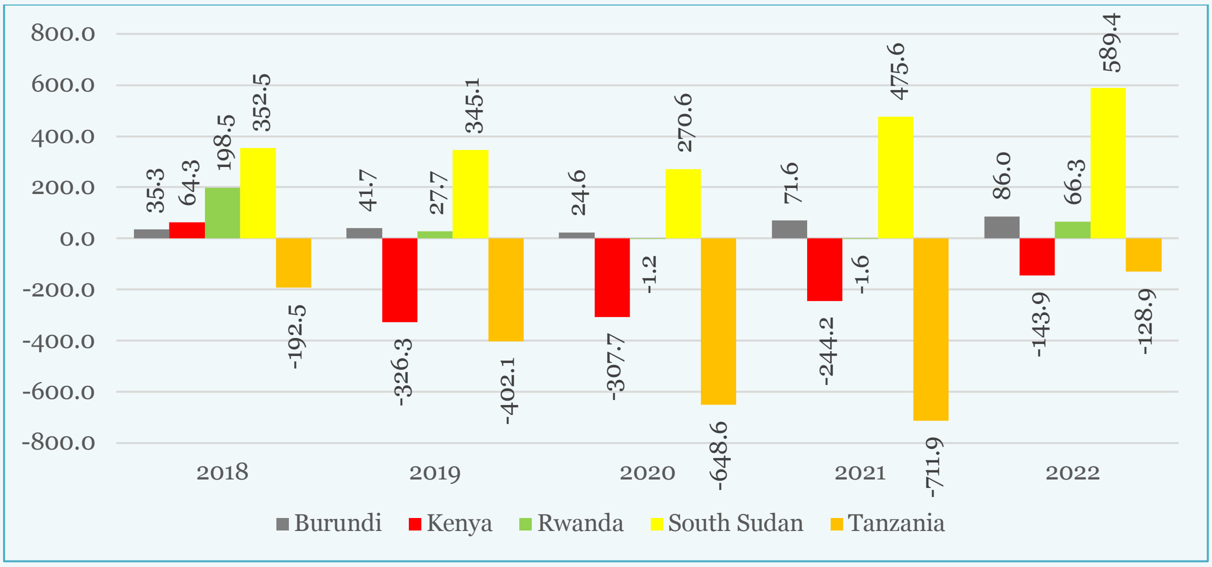


Source: EAC Trade and Investment report, 2022

11.3.3 Uganda

Uganda had a trade surplus with South Sudan, Burundi and Rwanda in 2022, exporting more than it imported from these three countries. Uganda had a trade deficit with Kenya and Tanzania from 2019 to 2022. In 2022, the deficit with Tanzania and Kenya significantly decreased by 82% and 41% respectively compared to 2021.

Figure 41: Uganda Trade Balance with EAC Member States (USD Million)



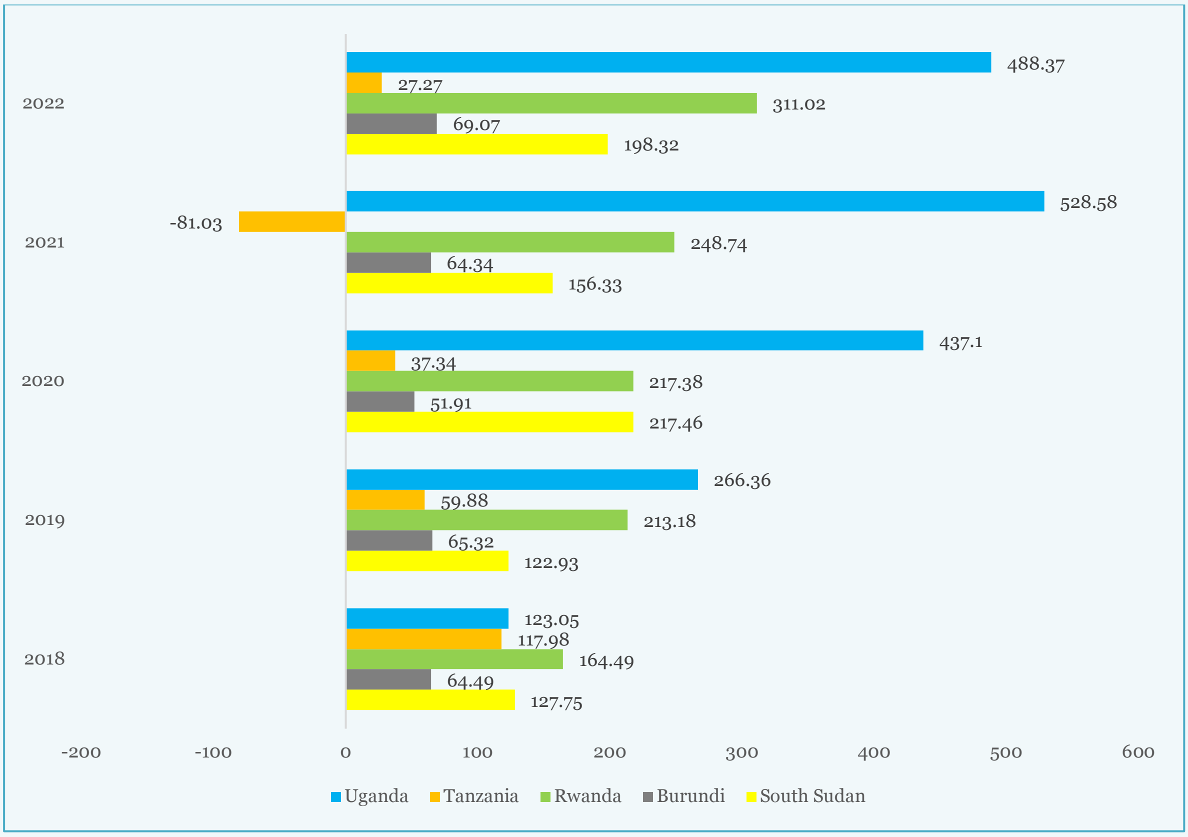
Source: EAC Trade and Investment report, 2022

11.3.4 Kenya

From 2018 to 2022, Kenya maintained its dominance in intra-regional trade within the East African Community (EAC), consistently holding favourable trade balance positions with all partner states. However, a noteworthy deviation from this trend occurred in the trade balance with Tanzania, leading to a deficit of 81 million USD in 2021.

This shift in the trade balance with Tanzania signifies a change in the dynamics of economic exchanges between Kenya and Tanzania during the specified period. Such variations in trade balances can be influenced by factors such as changes in export-import patterns, economic policies, or shifts in market dynamics between the two countries.

Figure 42: Kenya Trade Balance with EAC Member States (USD Million)

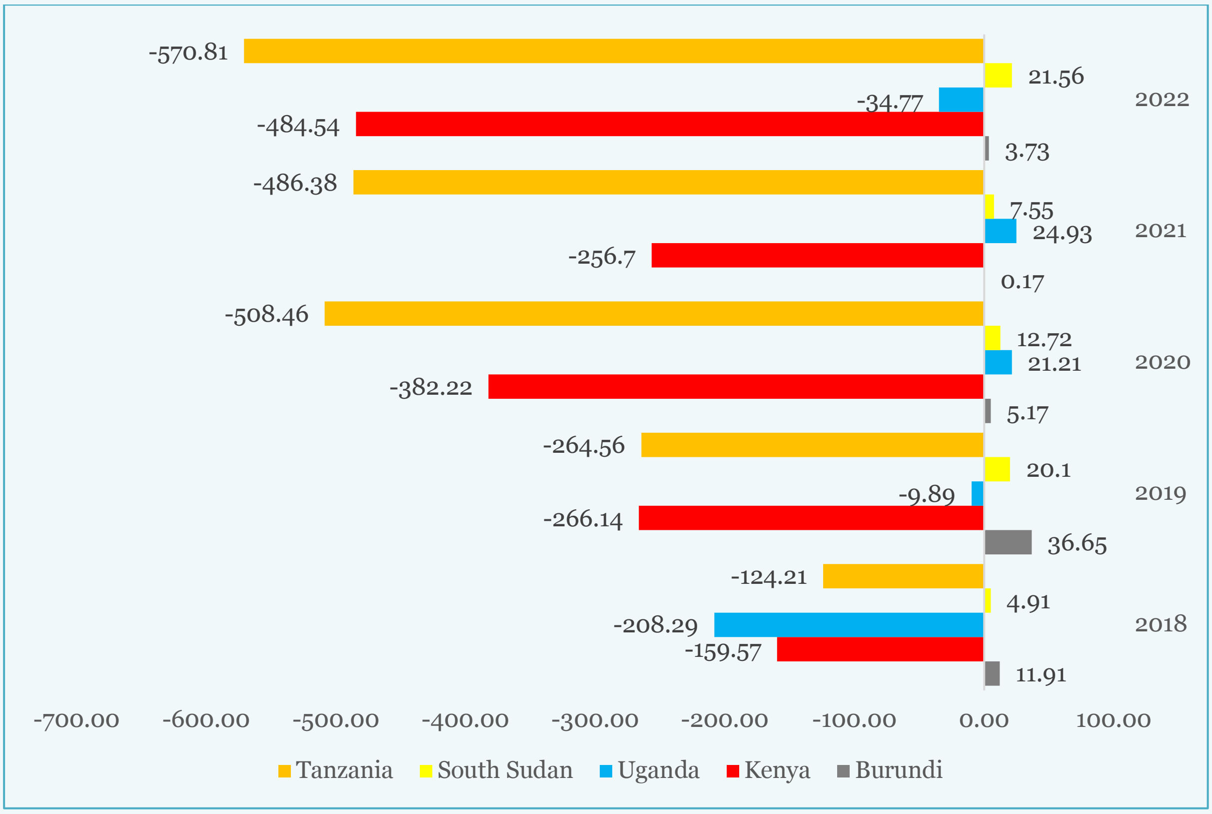


Source: EAC Trade and Investment report, 2022

11.3.5 Rwanda

Throughout the period from 2018 to 2022, Rwanda has consistently faced an expanding trade deficit with Kenya and Tanzania, escalating from 159.56 million USD to 484.54 million USD and 124.2 million USD to 570.8 million USD, respectively. Trade with Uganda exhibited fluctuations, alternating between surplus and deficit. Meanwhile, Rwanda has consistently maintained a surplus in trade with Burundi and South Sudan from 2018 to 2022.

Figure 43: Rwanda Trade Balance with EAC Member States (USD Million)

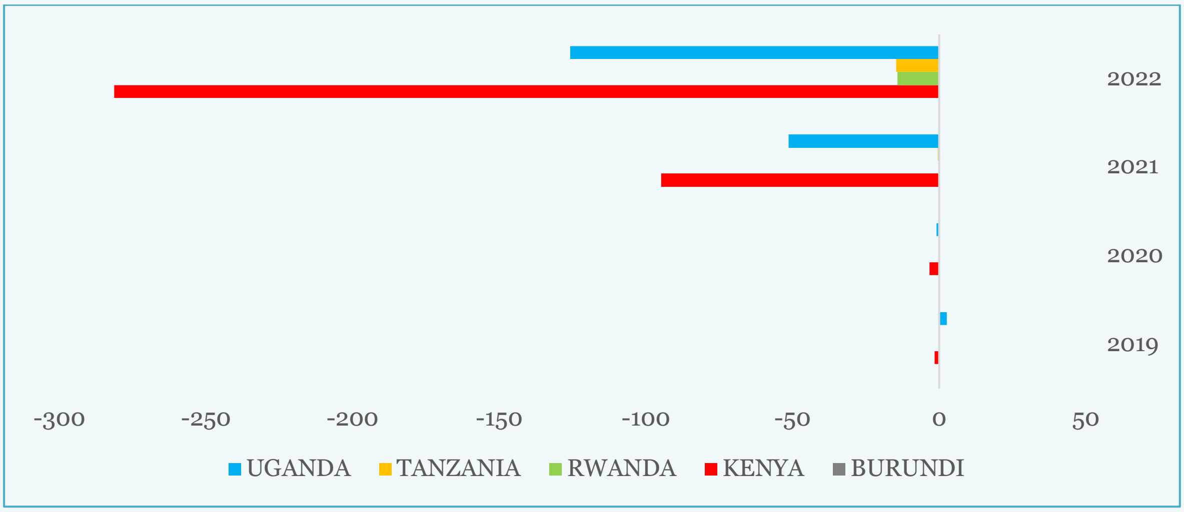


Source: EAC Trade and Investment report, 2022

11.3.6 South Sudan

South Sudan experienced a trade deficit with all partner states from 2020 to 2022. Notably, it exhibited a positive trade balance with Burundi in 2020.Furthermore, the deficit with Kenya and Uganda, the primary sources for imports for South Sudan within the region, increased significantly by 196% and 144% from 2021 to 2022, respectively.

Figure 44: South Sudan Trade Balance with EAC Member States (USD Million)



Source: EAC Trade and Investment report, 2022

12 TAX REFORMS IN EAST AFRICAN REVENUE AUTHORITIES

During the FY 2022/23, a number of tax reforms were implemented by the EAC member states. The reforms are explained below.

12.1 Burundi

Burundi introduced the following reforms in FY 2022/23:

- Introduction of a tax of ten percent (10%) of the rates applied by notaries and lawyers and collected on behalf of the Treasury.
- The consumption tax applied to vehicles from tariff heading 87.03 of the Common External Tariff was reviewed in three categories as follows (With the exception of ambulances, cell cars and cars hearses):
    a. Category one : from 5% to 7%
    b. Category two : from 10% to 12%
    c. Category three : from 15% to 17%
- All the invoices to be presented for deduction of Value Added Tax (VAT) exceeding an amount of five hundred thousand Burundian francs (500,000BIF) must have bank or electronic traceability.
- Establishment of an ad valorem tax of 1.5% of the customs value on all imports (With the exception of those exempted by other laws, international conventions, ratified treaties and international contracts signed by Burundi and imports made by public services) intended to finance public infrastructure.
- The additional tax on the personalized registration plate was reviewed from two hundred thousand Burundian francs (200,000BIF) to five hundred thousand Burundian francs (500,000 BIF) per character and per year.
- Introduction of a special contribution of five percent (5%) of the customs value on business and leisure type vehicles with large displacement of 3500 cc and more; and five percent (5%) of the acquisition value of buildings whose market value is equal to or greater than five hundred million Burundian francs (500,000,000 BIF).
- The rates of the specific tax applied to the products listed below was reviewed as follows:
    a. Beers produced with 100% local raw materials: from 12,030 BIF/hl to 12,430 BIF/hl;
    b. Other categories of beers: from 39,600BIF/hl to 40,000BIF/hl;
    c. Lemonades, soda, fruit juices and other non-alcoholic

drinks: from 30,000BIF/hl to 30,400BIF/hl;

d. Wines of all categories: from 125BIF to 130BIF per Liter;

e. Alcohol, liqueurs and other drinks (Tariff subheading between 2208 20 00 and 2208 90 90): from 125BIF to 130BIF per Liter;

f. Lubricants: from 210BIF to 260BIF per Liter.

- The amount to be paid for the reactivation of a customs clearing agency deactivated due to a proven infringement is done was reviewed from one million Burundian francs (1,000,000 BIF) to ten million Burundian francs (10,000,000 BIF).

12.2 Kenya

Kenya introduced the following reforms in FY 2022/23. By tax head, these are:

VAT:

- Exempting Plant and Machinery for pharmaceutical manufacturers.
- Zero rated fertiliser for chapter 28 and chapter 31.
- Exempting Bioethanol vapour (BEV) Stoves.
- Reduced VAT rate on LPG from 16% to 8%.
- Zero rating the exportation of taxable services in respect of business process outsourcing.

Excise Duty:

- Increase the specific excise duty rate by 10% on all products excluding petroleum products.
- Increasing the ad-valorem excise duty rate of Cosmetics from 10% to 15%.
- Expanding the taxation of articles of plastics to include articles of plastics.
- Expanding the taxation of potatoes to imported potatoes.
- Changing the taxation of liquid nicotine from specific to Kshs. 70 per millilitre.
- Introduce Excise duty on fees charged by digital lenders at 20%.
- Introduce excise duty on imported sim cards at Kshs. 50 per unit.
- Retain excise duty at 10% for unsaturated polyester, Alkyd, Emulsion VAM, Emulsion -styr Acrylic, Homopolymers, Emulsion B.A.M.
- Exemption from excise duty on betting on horse racing.
- Remove excise duty on imported furniture of any kind used in offices, kitchen, bedroom and other furniture.
- Exemption from Excise Duty for Fertilised eggs.
- Imposition of Excise Duty on importation of cellular phones at 10% of excisable value.

Income Taxes

- Reduced the corporation tax from 30% to 15% in respect of a company operating a shipping business in Kenya.
- Introduce Income tax on financial derivatives.
- Increasing capital gains tax rate from 5% to 15%.

12.3 Rwanda

Rwanda introduced the following reforms in FY 2022/23. These are:

- The adoption of new PAYE tax brackets in November 2022.
- Exempting hybrid/electric motor vehicles and their spare parts from import duty, excise duty, and VAT.
- Temporary exemption (on import taxes) for construction materials under the Manufacture and Build to Recover Program (MBRP).
- Implemented the Common External Tariff (CET) Version 2022, with a modified tariff structure.
- Exempting rice and maize flour from VAT (both Customs and Domestic).
- Raised the VAT retention rate to clear VAT refunds from 12% to 15% resulted in reduced tax collection in FY 2022/23.

12.4 Tanzania

- VAT on Digital service.
- Exempt VAT on inputs used by local manufacturers of fertilizers.
- Grant VAT exemption on Refrigerated trucks and Cold rooms for perishable agricultural products.
- Exempt VAT on float for fishing net, mark buoy, life rings, fishing hooks, fishing lines HS and life jackets.
- Exempt VAT on Moisture meter, Rain gauge for weather stations; PH meters, tissue culture equipment, and Tensiometers.
- Exempt VAT on UHT and yoghurt to enable domestic milk processors.
- Grant VAT exemption on Dairy packaging materials (Boxes, bottles and plastic packaging satchels).
- Exempt VAT on unprocessed green vanilla pods to focus on attracting processing of vanilla in the country and thus increase employment and foreign exchange.
- Exempt VAT on Peat moss (growing media), Packaging materials, Plastic

packaging materials, Agro-nets, Mushroom casing, and Incinerator waste machine.

- Exempt VAT on local manufacturers of edible cotton oil and sunflower oil.
- Remove VAT exemption on Smartphones, Tablets and Modems.
- Impose Digital Service Tax (DST) under the Income Tax Act, 2004 at the rate of 2%.
- Amendment of presumptive scheme by introducing 3.5% for sales above 11M not more than 100M.
- Introduce flat rate income tax of 3.5M per annum on each truck and passenger buses.
- Introduce excise duty at the rate of 20 percent on imported UHT Milk and yoghurt.
- Remove excise duty on Plastic Sleeves, Perforated bags, Puneet, Cling film, Plastic liners, Poly packaging bags, Plastic cryovac bags.
- Introduce excise duty of TZS 500/KG on locally manufactured and imported sweets, chewing gums, sweet biscuits and Chocolates.
- Impose excise duty of 5% to Lead-acid, of a kind used for starting piston engines.
- Introduce export levy of 30% or USD 150 per metric tons (whichever is higher) on copper waste and scrap metals.
- Reduce the Money Transfer Levy to 50%.

12.5 Uganda

Uganda did not introduce any tax policy reforms in FY 2022/23, but did introduce the following tax measures to reduce tax expenditures:

Income Tax

- Repeal Section 27A of the ITA (remove 50% deduction of cost base of initial property invested 50kms outside Kampala).
- Restrict Section 40A of the TPC to existing commitments (government paying tax on behalf of certain taxpayers).
- Cap the indefinite carry forward of tax losses.

Value Added Tax

- Standard rate the supply of diapers with the exception of adult diapers.
- Repeal the supply of all production inputs necessary for processing of hides and skins into finished leather products in Uganda and the supply of leather products wholly made in Uganda.
- Repeal the supply of billets for further value addition in Uganda.
- Expand the definition of electronic services.

Additional Tax Policy Measures introduced after publishing bills

- Waiver of outstanding interest and penalties for taxpayers that voluntarily pay outstanding principal tax between 1st July 2023 and 31st December 2023 (Tax Amnesty).
- Withholding Tax on Commissions derived from Agency banking.
- Impose a rate of 10% or Shs.75 per litre of mineral water.
- Review of the withholding tax on lotteries and gaming sector.

12.6 South Sudan

- Removal of fuel subsidy to save more than **SSP 1.0 billion.**
- Increase Customs valuation exchange rate from SSP 90 to 300 to generate over **SSP 80 billion.**
- Control discretionary exemption to reduce revenue loses by at least 30% to about **SSP 800 million.**
- Replace Schedule II of the Taxation Act, 2009 with the following:

S/No.	Taxable item	FY 2022/2023	FY 2023/2024
1	Personal Income Tax/Business Profit Tax		
	1. **From wages**		
	Monthly income does not exceed SSP 20,000		0%
	Monthly income exceeds SSP 20,001 but does not exceed SSP 40,000		5%
	Monthly income exceeds SSP 40,001 but does not exceed SSP 57,000		10%
	Monthly income exceeds SSP 57,001 but does not exceed SSP 90,000		15%
	Monthly income exceeds SSP 90,001		20%
	Pension income		10%
	2. **Other withholding tax rates**		
	Dividends	10%	10%
	Interest	10%	10%
	Royalties	10%	10%
	Rent	20%	20%

S/No.	Taxable item	FY 2022/2023	FY 2023/2024
	Government contract payment	20%	5%
	Technical fees	20%	20%
	Lottery and other gaming winnings	20%	20%
	3. For entrepreneurial activities of sole proprietors with no audited financial statements		
	Annual turnover does not exceed SSP 2,000,000		NIL
	Annual turnover exceeds SSP 2,000,000 but does not exceed SSP 4,000,000		SSP 200,000
	Annual turnover exceeds SSP 4,000,000 but does not exceed SSP 7,000,000		SSP 400,000
	Annual turnover exceeds SSP 7,000,000		SSP 800,000
2	Sales tax		
	Imported goods		18%
	Locally manufactured goods		18%
	Hotel, bar and restaurant services		18%
	Telecommunication services		18%
	Commission, fee or charge levied for financial services, cash/money transfer or travel & tour agency		18%

- Replace schedule III of the taxation act with the following

HS CODE	HARMONIZED DESCRIPTION	EXCISE DUTY RATE	
		CURRENT	PROPOSED
20.09	Fruit or nut juices (including grape must and coconut water) and vegetable juices, unfermented and not containing added spirit, whether or not containing added sugar or other sweetening matter.	5%	5%
22.01	Waters, including natural or artificial mineral waters and aerated waters, not containing added sugar or other sweetening matter nor flavoured; ice and snow.	5%	5%
22.02	Waters, including mineral waters and aerated waters, containing added sugar or other sweetening matter or flavoured, and other non-alcoholic beverages, not including fruit, nut or vegetable juices of heading 20.09.	5%	5%
22.03	Beer made from malt	50%	50%
22.04	Wine of fresh grapes, including fortified wines; grape must other than that of heading 20.09.	50%	50%
22.05	Vermouth and other wine of fresh grapes flavored with plants or aromatic substances.	50%	50%

HS CODE	HARMONIZED DESCRIPTION	EXCISE DUTY RATE	
		CURRENT	PROPOSED
22.06	Other fermented beverages (for example, cider, perry, mead, sake); mixtures of fermented beverages and mixtures of fermented beverages and non-alcoholic beverages, not elsewhere specified or included.	50%	50%
22.07	Undenatured ethyl alcohol of an alcoholic strength by volume of 80% vol or higher; ethyl alcohol and other spirits, denatured, of any strength.	100%	100%
22.08	Undenatured ethyl alcohol of an alcoholic strength by volume of less than 80% vol; spirits, liqueurs and other spirituous beverages.	100%	100%
24.02	Cigars, cheroots, cigarillos and cigarettes, of tobacco or of tobacco substitutes.	100%	100%
24.03	Other manufactured tobacco and manufactured tobacco substitutes; "homogenised" or "reconstituted" tobacco; tobacco extracts and essences.	100%	100%
24.04	Products containing tobacco, reconstituted tobacco, nicotine, or tobacco or nicotine substitutes, intended for inhalation without combustion; other nicotine containing products intended for the intake of nicotine into the human body.	0%	100%
27.10	Petroleum oils and oils obtained from bituminous minerals, other than crude; preparations not elsewhere specified or included, containing by weight 70 % or more of petroleum oils or of oils obtained from bituminous minerals, these oils being the basic constituents of the preparations; waste oils.	5%	5%
33.03	Perfumes and toilet waters.	0%	25%
33.04	Beauty or make-up preparations and preparations for the care of the skin (other than medicaments), including sunscreen or sun tan preparations; manicure or pedicure preparations.	0%	25%
33.05	Preparations for use on the hair.	0%	25%
33.07	Pre-shave, shaving or after-shave preparations, personal deodorants, bath preparations, depilatories and other perfumery, cosmetic or toilet preparations, not elsewhere specified or included; prepared room deodorisers, whether or not perfumed or having disinfectant properties.	0%	25%
87.02	Motor vehicles for the transport of ten or more persons, including the driver.	10%	10%
87.03	Motor cars and other motor vehicles principally designed for the transport of persons (other than those of heading 87.02), including station wagons and racing cars.	20%	25%
87.04	Motor vehicles for the transport of goods.	10%	10%
87.07	Bodies (including cabs), for the motor vehicles of headings 87.01 to 87.05.	5%	5%
87.11	Motorcycles (including mopeds) and cycles fitted with an auxiliary motor, with or without side-cars; side-cars.	20%	25%
	Air transportation (scheduled)	15%	15%

HS CODE	HARMONIZED DESCRIPTION	EXCISE DUTY RATE	
		CURRENT	PROPOSED
	Air charter	20%	20%
	Insurance premiums	10%	10%
	Telecommunication service	20%	20%

13 ADMINISTRATIVE REFORMS IN EAST AFRICAN REVENUE AUTHORITIES

This section presents some of the key administrative reforms or measures that were undertaken by the EAC member states during the FY 2022/23.

13.1 Kenya

In the FY 2022/23, the Kenya Revenue Authority (KRA) initiated a series of significant administrative reforms to enhance revenue collection and optimize the efficiency of the tax system. These measures, aligned with broader economic objectives, aimed at addressing fiscal challenges, reducing budget deficits, and fostering economic growth. Here are some of the pivotal administrative reforms undertaken by KRA during this period:

Suspension and Review of Tax Reliefs:

- As part of efforts to streamline tax processes and align them with international best practices, KRA temporarily suspended the disbursement of tax reliefs. This measure facilitated a comprehensive audit of existing tax relief processes and procedures.
- It is essential to note that this suspension applied exclusively to irregularly granted tax reliefs, with legitimate reliefs continuing to be honored.

Common Reporting Standards Regulations:

- The Treasury Cabinet Secretary enacted the Tax Procedures (Common Reporting Standards) Regulations, granting KRA unrestricted access to information regarding bank accounts held by Kenyan citizens in 106 countries, including recognized tax havens.
- Under these regulations, domestic financial institutions were mandated to provide the KRA with relevant information regarding foreign account holders, supporting KRA's international efforts to combat tax evasion.

Strengthening Revenue Administration:

- As part of a broader government agenda to counter domestic tax evasion, KRA embarked on an extensive recruitment campaign aimed at enhancing its capacity.

Revenue Mobilization Plan:

- The improvement of tax relief processes and procedures was a central component of an aggressive revenue mobilization plan.
- This overarching strategy sought to boost revenue collection and direct resources toward priority initiatives that stimulate economic growth.

Medium-Term Revenue Strategy (MTRS) and National Tax Policy:

- The government finalized the National Tax Policy and the Medium-Term Revenue Strategy (MTRS) for the period FY 2023/24-2026/27.
- The MTRS articulated a vision of raising ordinary revenue to GDP from 15% to 25% by 2030 and increasing the tax compliance rate from 70% to 90% by 2030.
- These reforms aimed to enhance administrative efficiency within the tax system and provide consistency and predictability in tax legislation and tax expenditure management.

Tax Administration Reforms:

- KRA implemented a multifaceted approach to enhance revenue collection, including reducing the value-added tax (VAT) gap and the corporate income tax (CIT) gap.
- A key initiative was the implementation of the electronic Tax Invoice Management System (eTIMS), along with efforts to integrate KRA's tax infrastructure with telecommunication entities and broaden the tax base within the informal sector.

Strengthening Tax Compliance:

- To address challenges related to tax compliance, KRA implemented proactive measures such as addressing the missing trader phenomenon, curbing under-declaration of sales, and preventing false input claims.
- Comprehensive strategies included the full-scale implementation of eTIMS, deploying advanced big data analytics, and automating systems to facilitate seamless data exchange among vital government entities, thereby enhancing compliance.

Tax Incentives:

- To promote local manufacturing, production, and various sectors, the government proposed introducing targeted tax incentives. These incentives were envisioned for industries ranging from pharmaceuticals to electric vehicles and the sports sector.
- These comprehensive administrative reforms underscored Kenya's unwavering commitment to optimizing revenue collection, reducing tax discrepancies, and promoting economic growth through a judicious blend of policy and administrative enhancements within the tax framework.

International Trade Taxes

- Enhanced benchmarking of sensitive goods
- Enhanced Pre-Export Verification of Conformity inspections
- Enhanced Scanner/release points solution-relocation and deployment

of mobile scanners to check on miss-declaration

- Strengthening Post Clearance Audits
- Strengthening and Monitoring Regional Electronic Cargo Tracking System.

13.2 Rwanda

Rwanda implemented a number of administrative measures over the period 2022/23. These include:

- Various approaches to widen the tax base by bringing more taxpayers into the tax net as required by law. These approaches were centred around the application of various risk rules to identify potential taxpayers to be registered for income tax, PAYE, VAT or other taxes. As a result, a total 96,334 newly registered taxpayers were registered and newly registered taxpayers contributed Rwf 19.3 Bn. In addition, taxpayers' registration led to an increase of 22.2% in total number of active taxpayers (466,593 taxpayers as of end June 2023 compared to 381,741 as of end June 2022);

- Conducting effective tax audits and post-clearance audits. A total of 45,531 audit cases were completed and led to an additional amount of Rwf 40.4 Bn for Small and medium taxpayers. For Large taxpayers, 74 audit cases were completed and led to an additional re-assessed amount totaling Rwf 16.2 Bn. Post-clearance audits led to re-assessed amount of Rwf 0.7 Bn;

- Combating tax evasion - RRA continued to strengthen investigation and intelligence operations to minimize revenue leakage through fraud. The number of investigation cases completed during this fiscal year were 58, and raised an additional amount of Rwf 1.03 Bn compared to Rwf 217.1 Mn from tax paid through self-assessment by taxpayers. In addition, RRA conducted 48 joint anti-smuggling and inspections operations in collaboration with Rwanda National Police, these operations focused on goods most susceptible to smuggling and use of EBM. As a result, 3,207 statements of offense with a value of Rwf 1.7 billion were established compared to 3,198 statements of offense with Rwf 2.8 billion in 2021/22. The most smuggled goods in FY 2022-23 were: Second hand clothes and shoes; Loincloths (Kitenge); Food stuff; Lotion (Movit and Bleaching); Alcoholic drinks, especially liquor and wines;

- Enforcement in recovery of arrears – Under Domestic Taxes Department, recovered arrears totaled Rwf 170.7 Bn compared to Rwf 65.2 Bn recovered in FY; representing 10% of the total DTD tax collection and 7.4% of the total tax revenue for FY 2022/23. Under Customs Department, recovered arrears totaled Rwf 17.3 Bn compared to Rwf 28.6 Bn recovered during FY 2021/22;

- Strengthen electronic invoicing system by extending various electronic invoicing facilities suitable to our taxpayers' specific needs. These facilities include:
    - EBM Software used by 49,110 taxpayers in 2022/23 compared to 41,190 taxpayers from FY 2021/22, an increase of 7,920 taxpayers (19.2%);
    - EBM Mobile System used by 29,261 taxpayers in 2022/23 compared to 22,019 taxpayers from FY 2021/22, an increase of 7,242 taxpayers (32.8%);
    - Online EBM used by 6,758 taxpayers in 2022/23 compared to 3,235 taxpayers from FY 2021/22, an increase of 3,523 (108.9%);
    - Online Sales Data Controller designed for taxpayers using their own invoicing systems to issue receipts over the internet;
    - Virtual Sales Data Controller which works as OSDC except that it can continue operating while offline;

- Taxpayers' education and sensitization campaigns intended to expand knowledge on tax matters and strengthen taxpayers' engagement nationwide;

- Timely handling taxpayers' disputes either through appeal, amicable settlement committee or court litigation;

- Participate in drafting and reviewing some of the tax legal instruments and provided advices on tax issues to its stakeholders

13.3 Tanzania

During the period from July to June 2022/23FY, TRA implemented various revenue measures with the objective of boosting voluntary taxpayer compliance and enhancing domestic revenue mobilisation. Among others measures include:

- Expansion of Tax Base: During the year a total TRA managed to register 97,745 business taxpayers against the target of registering 110,597 business new taxpayers translating to performance of 88.4 which is equivalent to the increase of 6 percent. On other hand, 33 Non-resident electronic service providers/supplier were registered out of 302 identified which realized a revenue of TZS 914.86 million

- Management of effective use of EFD: During the period a total of 244 structured EFD surveillances (Physical Visits) upon which 77 noncompliance incidences were detected and total amounted of TZS 915 million was compounded.

- Management of effective use of ETS: During the period a total of 211 ETS surveillances were conducted upon which 13 noncompliance incidences were detected and TZS 325.00 million was collected from various ETS surveillances.

- Audit: During the period of 2022/23 a total of 4461 audit cases were completed against a target of 4999 equivalent to 89.2 percent. The Actual revenue established was TZS 2,058,582 million against the Target of TZS 2,171,961 million equivalent to 94.8 percent.

- Post Clearance Audit (PCA): During the year the PCA conducted 368 against the planned 312 case which is equivalent to 118 percent. The completed cases established a total tax amounted to TZS 34.4 million against of the target of TZS 19.8 million.

- Human Resources Matters: Capacity building of TRA staff is among the key initiatives earmarked for implementation in the 6th Corporate Plan. During the financial year 2022/23 TRA planned to conduct 94 training programs for 1,885 staff but managed to conduct 92 training programs which involved 1,304 staff equivalent to performance of 98 percent.

- Investigation Matters: During the period one-hundred-ninety-nine (199) cases were planned to be investigated. A total of two hundred thirty-two (232) cases (prosecution, compoundment and civil), with revenue potential of TZS 259.9 bil were completed.

- Dispute resolution: During the period of 2022/23 FY a number of tax cases won by TRA were 179 which realised a revenue of Tsh. 928,878.83 million.

13.4 Uganda

Numerous administrative measures were adopted during the FY 2022/23;

- Expansion of tax base: 882,286 new taxpayers were added to the tax-payer register representing a growth of 33.70% against a targeted growth of 17.00%. 102,216 were valued clients from whom UGX 47.76 Bn was collected.

- Enforcement interventions: Customs country wide enforcement operations led to a recovery of UGX 132.77 Bn as a consequence of 14,187 seizures. Recoveries were mainly due to: mis-description/false documentation 11.70%; undervaluation 4.54%; outright smuggling 7.11%; other offenses 32.96%; under-declaration 42.61%; concealment 0.60%; and misclassification at 1.12%.

- Consistent Arrears management: The total arrears stock as at end of FY 2022/23 was UGX 4,493.41 Bn, of which UGX 263.77 Bn were government self-generated arrears and commitments and UGX 4,229.64 Bn were non-government arrears. For FY 2022/23, total recoveries were UGX 1991.39 Bn. Government commitments fulfilled were to the tune of UGX 713.47 Bn. The total non-government arrears recoveries were UGX 1277.92 Bn.

- Audit and other Tax compliance initiatives: Custom post clearance audits during the FY 2022/23 were 122 of which 54 Issue audits, 27 comprehensive audits, 27 spot audits and 14 post-authorization audits completed with UGX 72.33 Bn in assessments. Domestic taxes department executed compliance advisories, visits, audits, self-healthy reviews, spot inventory checks and register maintenance. Total assessments from the compliance initiatives amounted to UGX 1,039.43Bn of which UGX 119.26 Bn was collected.

- Legal Services: A total of UGX 130.50 billion was recovered against a target of UGX 80.00 Bn hence a performance of 163.13%. The litigation success rate was 85.33% with 164 cases ruled in favor of URA, 33 cases ruled in favor of taxpayers, 28 Withdraws in favor of URA, 06 split decisions and 29 settlements/consents.

- Tax Investigations compliance initiatives: Compliance enhancement initiatives included intelligence, investigation, exchange of information, scientific analysis and forensic document examination to deter, detect and prevent tax fraud and systematic non-compliance tendencies while also looking out for revenue enhancement opportunities. Investigations led to the identification of recoverable revenue amounting to UGX 174.64 Bn.

- URA added 688 new staff to its workforce bringing the staffing levels to about 3280 staff.

- URA launched the new Performance Management approach on 1st July 2022. This followed training of about 92% of all URA staff on the New Performance Management approach, executing performance evaluations for Senior Management and other middle management staff.

- Implementation of the URA Competency Framework has been designed to reinforce the high performing culture and will serve as an integrating mechanism for all HR Processes and form the basis for recruitment, transfer and deployment, performance and career management, learning and development.

14 EARAS TAX STRUCTURES FY 2022/23

14.1 Burundi

14.1.1 Domestic Direct Taxes

Tax Type	Tax Base	Tax Rates
Residents (PAYE)	BIF. 0 - 1800000 BIF	0% of the amount by which chargeable income is below BIF 1800000
	BIF1800001-3 600 000	20% of the amount by which chargeable income exceeds BIF 1800000 but below BIF 3600000
	Over BIF 3600000	30% is charged on the amount by which chargeable income exceeds BIF 3600000
Residents	The same as for resident	The same as for resident
Non-Residents	The same as for resident	The same as for resident
Corporation Tax	Corporate Profits	30% for resident companies
Withholding tax	Value of supplies to Government and local Authorities & other institutions as specified by the Ministry of Finance	4% for both resident and non-resident.
Rental income	Interest from bank	15% for both residents and non-residents.
	Dividends	
	Royalties	
	Management fees	
	Professional fees	
	Training fees (inclusive of incidental costs)	
	Winnings from betting and gaming	
	Pensions/provident schemes	
	Consultant and agency fees.	
	Telecommunication services/message transmission.	0% for residents, 5% for non-residents.
	Final Withholding tax on Gross interest on Government securities	15%
Rental income: Capital Gains	BIF. 0 - 1800000 BIF	0% of the amount by which chargeable income is below BIF 1800000

Tax Type	Tax Base	Tax Rates
	BIF 1800001-3 600 000	20%
	Over BIF 3 600 000	30%
	Based on transfer of property by a person	15% for both residents and non-residents

14.1.2 Domestic Indirect Taxes

Tax Type	Tax Base	Tax Rates	Remarks
Excise Duty			
Cigarettes	Retail selling price	22BIF by unit	
Beer		BIF39600 by HL	
Soft drinks		BIF 3000 by HL	
Spirits		BIF125 by liter	
Sugar		600BIF/kg	
Bottled Water		0.42% of production cost	
Plastic shopping bags		50% of their CIF value	
Motor vehicle	Depends on type and size	5-15% of CIF value	
Value Added Tax		ordinary rate :18%	
Value Added Tax		Intermediate rate: 10%	for foodstuffs and agricultural inputs
		Particular rate: 0%	For export and similar transactions

14.2 Kenya

14.2.1 Direct Domestic Tax

The Finance Act of 2023 in Kenya introduces a series of significant tax measures aimed at enhancing revenue collection and addressing various economic and social concerns. These measures reflect the government's efforts to strike a balance between stimulating economic growth, promoting fairness in taxation, and addressing emerging challenges. From adjustments in withholding tax rates to the introduction of new tax bands and the taxation of digital assets, the Act seeks to reshape the country's tax landscape.

Additionally, this act addresses issues such as the taxation of repatriated income for Permanent Establishments, changes in the Turnover Tax threshold, and favorable adjustments for certain property owners. These measures are designed to create a more dynamic and equitable tax environment while bolstering the government's revenue collection efforts.

Tax Type	Tax Base Description	Tax Rate	Remarks
Excise Duty	Total excise for electric powered motor vehicles	0%	Introduced Rate
	Cumulative excise on imported gas cylinders	0%	Introduced Rate
	Aggregate excise for imported glass bottles	35.00%	Increased by 10.0%
	Combined excise for imported furniture	30.00%	Increased by 5.0%
	Overall excise on unsaturated polyester	20.00%	Introduced Rate
	Collective excise for Alkyd	20.00%	Introduced Rate
	Total excise on Emulsion VAM	20.00%	Introduced Rate
	Complete excise on Emulsion-styrene Acrylic	20.00%	Introduced Rate
	Cumulative excise on Homopolymers	20.00%	Introduced Rate
	Aggregate excise for Emulsion B.A.M	20.00%	Introduced Rate
	Overall excise for telephone and internet data services	15.00%	Decreased by 5.0%
	Cumulative excise on fees charged for money transfer services by banks, money transfer agencies, and other financial service providers	15.00%	Decreased by 5.0%
	Aggregate excise for fees charged for money transfer services by cellular phone service providers	15.00%	Increased by 3.0%
	Total excise on betting - amount wagered or staked	12.50%	Increased by 5.0%
	Complete excise on gaming - amount wagered or staked	12.50%	Increased by 5.0%
	Overall excise on price competition - the amount paid or charged to participate in a prize competition	12.50%	Increased by 5.0%
	Cumulative excise on lottery (excluding charitable lotteries) - amount paid or charged to buy the lottery ticket	12.50%	Increased by 5.0%
	20% of the value of imported fish	20.00%	Introduced Rate
	Kshs.25 per kg of powdered juice	25/Kg	Introduced Rate
	10% of the value or Kshs.1.50 per Kg of imported cement	10% or 1.5/Kg	Introduced Rate
	15% on fees charged on advertisement by TVs, print media, billboards, and FM stations on alcoholic beverages, betting, and gaming, lottery, and prize competition	15.00%	Introduced Rate
	15% on imported paints, varnishes, and lacquers	15.00%	Introduced Rate
	25% on imported non-virgin test liner	25.00%	Introduced Rate
	25% on imported non-virgin fluting medium	25.00%	Introduced Rate
	25% on imported cartons, boxes, and cases of corrugated paper or paperboard, and imported folding cartons, boxes, and case of non-	25.00%	Introduced Rate

Tax Type	Tax Base Description	Tax Rate	Remarks
	corrugated paper or paperboard and imported skillets, free hinge lid packets of tariff heading 4819.10.00, 4819.20.10 and 4819.20.90 excluding companies gazetted under the duty remission scheme		
	25% on imported plates of plastic of tariff heading 3919.90.90, 3920.10.90, 3920.43.90, 3920.62.90 and 3921.19.90	25.00%	Introduced Rate
	25% on imported paper or paperboard, labels of all kinds whether or not printed of tariff heading 4821.10.00 and 4821.90.00	25.00%	Introduced Rate
Housing Levy	Employee and Employer Contributions to National Housing Development Fund	1.5% each	Non-refundable levy introduced for both employers and employees.
PAYE Tax Bands	Income between KES 500,000 and KES 800,000	32.50%	New tax band introduced for income in this range.
	Income exceeding KES 800,000	35%	New tax band introduced for income exceeding KES 800,000.
VAT on Petroleum Products	Petroleum products (excluding LPG gas)	16% (increased from 8%)	VAT on petroleum products (excluding LPG gas) increased from 8% to 16%, expected to impact the cost of living.
Exportation of Services	Exportation of services	0%	Tax rate on exportation of services set to 0%, aligning with international norms and standards.
Withholding Tax	Content creators' earnings	5%	Reduced from the proposed 15%, aligning with the rate for professional and management fees paid to residents.
MNE's with Permanent	Profits attributable to a PE	30% (Corporate Tax) + 15%	Introduced repatriated income tax at 15% to align

Tax Type	Tax Base Description	Tax Rate	Remarks
Establishment (PE)		(Repatriated Income Tax)	taxation of PEs with resident companies. Income tax lowered from 37.5% to 30%
Turnover Tax (TOT)	Taxable revenue between KES 1 million and KES 25 million	3%	Threshold adjusted from KES 500,000 to KES 1 million, with an increased rate from 1%. Upper threshold reduced from KES 50 million to KES 25 million.
Digital Asset Transfers (DAT)	Digital asset transfers	3%	Introduced 3% tax on digital asset transfers, covering cryptocurrencies and non-fungible tokens.
Monthly Rental Income (MRI)	Monthly rental income	7.50%	Reduced MRI rate to 7.5% per month from 10%
Commercial Vehicle Tax (Advance tax)	Various commercial vehicle categories (e.g., vans, trucks, buses)	Kshs 2,500 per tonne or Kshs 5,000 per year (whichever is higher) for certain vehicles, Kshs 100 per passenger load per month or Kshs 5,000 per year (whichever is higher) for others	Increased rates for certain commercial vehicle categories to generate additional revenue.
Zero-Rated Inbound Sea Freight	Inbound international sea freight services provided by registered companies	0%	Supplies of inbound sea freight services by VAT-registered shipping lines in Kenya are now zero-rated.
Capital gains tax	Transaction value	15%	CGT rate increased from 5% to 15%

14.3 Rwanda

14.3.1 Domestic Direct Taxes

Tax Type	Tax Base Description	Tax Rate	Exemptions	Remarks
Corporate Income Tax	Business profit of entities	30%	Income from agricultural and livestock is exempt, if the proceeds from these activities do not exceed twelve million (Rwf 12,000,000) in a tax period.	
Personal Income Tax (Real Regime)	Income received by an individual: calculated on basis of annual real incomes - The taxable income is composed of: Employment income, Business profits, Investment income	• Rwf 0-360,000=0%; • Rwf 360,001-1,200,000=20%; • Above Rwf 1,200,000=30%	Income that is subject to withholding tax; Income on investment related that is subject to withholding tax	
Personal Income Tax (Lump Sum Regime)		12M-50M=3% of the Annual turnover		
Personal Income Tax (Flat Regime)		• 2M-4M=60,000, • 4M&1Rwf-7M=120,000, • 7M&1Rwf-10M=210,000, • 10M&1Rwf-12M=360,000		
Withholding Tax on imports and on government purchases	All imports calculated on the CIF value, Supply on public tender	5% of the value of goods imported for commercial use, 3% on the sum of invoice, excluding the Value Added Tax		

Tax Type	Tax Base Description	Tax Rate	Exemptions	Remarks
Taxes on investment income	Income derived from investment	15% of total realized income		Income derived from investments includes any payment in cash or in kind by an individual in the form of interest, dividend, royalty or rent which has not been taxed as business income
Pay As You Earn (PAYE)	Income derived from employment	**Year 1:** 0 - 60000: 0% 60,000 - 100,000: 20% Over 100,000: 30% **Year 2:** 0 - 60000: 0% 60,000 - 100,000: 10% 100,001 - 200,000: 20% Over 200,000: 30%	The following taxable payments are excluded from taxable income resulting from employment: The discharge or reimbursement of expenses incurred by the employee: a. wholly and exclusively for business activities of the employer; b. those that are deducted or would be deductible in calculating the employee 's income from all his or her business activities; 2° Retirement contributions made by the employer on behalf of the employee to the state social security fund; 3° Pension payments made under the state	Year one started with November 2022, Year two started in November 2023.

Tax Type	Tax Base Description	Tax Rate	Exemptions	Remarks
			social security system; 4° Retirement contributions made by the employer on behalf of the employee and or contributions made by the employee to a qualified pension fund to a maximum of ten per cent (10%) of the employee 's employment income or one million and two hundred thousand (1,200,000) Rwandan francs per year, whichever is the lowest; 5° Employment income received by an employee who is not a citizen of Rwanda from a foreign government or a non-governmental organization under an agreement signed by the Government of Rwanda and when the income is received for the performance of aid services in Rwanda; 6° Employment income received from an employer who is not a resident in	

Tax Type	Tax Base Description	Tax Rate	Exemptions	Remarks
			Rwanda by a non-resident individual for the performance of services in Rwanda, unless such services are related to a permanent establishment of the employer in Rwanda. Persons that are exempted from employment income in Rwanda as provided for by International Agreements due to services rendered in the exercise of their official duties are the following: 1° any foreigner who represents his or her country in Rwanda; 2° any other individual employed in any Embassy, Legation, Consulate or Mission of a foreign state performing state affairs, who is a national of that state and who owns a diplomatic passport; 3°any non-citizen individual employed by an international organization that has signed an agreement with	

Tax Type	Tax Base Description	Tax Rate	Exemptions	Remarks
			the Government of Rwanda in accordance with Rwandan law.	

Domestic Indirect Taxes

Tax Type	Tax Base Description	Tax Rate	Exemptions	Remarks
Value Added Tax (VAT)	Sales value	18%		
Natural fruit or vegetable juices		5%		
Lemonade, soda and other non-natural juices		39%		
Industrial packed water		10%		
Beer whose local material content, excluding water is at least 70% by weight of its constituents		30%		
Other beers		60%		
Wine whose local raw material content, excluding water, is at least 70% by weight of its constituents		30%		
Other wines		70%		
Brandies, liquors and whisky		70%		
Cigarettes		36% of retail price of a pack (of 20 rods) and Frw 130 per pack		
Premium (excluding benzene)		183frw/liter on premium		
Gas oil		150frw/liter on gas oil		
Lubricants		37%		
Vehicles with an engine capacity of less than 1500 cc		5%		
Vehicles with an engine capacity of between 1500 and 2500 cc		10%		
Vehicles with an engine capacity of above 2500 cc		15%		
Powder milk		10%		
Telephone communications		10%		

14.4 Tanzania

Tax type	Tax Base	Tax Rates	Tax payable when records are complete
PAYE	Where total Income does not exceed Tshs. 270,000/=	NIL	
	Where the total Income exceeds Tshs. 270,000/= but does not exceed Tshs. 520,000/=	8% of the amount in excess of the amount in excess of Tshs. 270,000/	
	Where total Income exceeds Tshs. 520,000/= but does not exceed Tshs. 760,000/=	Tshs. 20,000/= plus 20% of the amount in excess of Tshs. 520,000/=	
	Where total Income exceeds Tshs. 760,000/= but does not exceed Tshs. 1,000,000/=	Tshs. 68,000/= plus 25% of the amount in excess of Tshs. 760,000/=	
	Where total Income exceeds Tshs. 1,000,000/=	Tshs. 128,000/= plus 30% of the amount in excess of Tshs. 1,000,000/=	
Presumptive tax	Where turnovers does not exceed Tshs 4,000,000	NIL	
	Where turnover exceeds Tshs 4,000,000/= but does not exceed Tshs 7,000,00	Tshs 100,000/=	% of the turnover in excess of Tshs 4,000,000/=
	Where turnover exceeds Tshs 7,000,000/= but does not exceeds Tshs 11,000,000/=	Tshs 250,000/=	Tshs 90,000/= plus 3% of the turnover in excess of Tshs 7,000,000/=
	Where turnovers exceed Tshs. 11,000,000/= but does not exceed Tshs. 100,000,000/=	3.5% of turnover	
Corporate Tax	Corporate profit	30% 25% for companies under DSE	
Skill Development Levy	Gross PAYE	35% of the gross salary of the organisation	a. A Government Department or a Public Institution which is wholly financed by the Government b. Diplomatic Missions

Tax type	Tax Base	Tax Rates	Tax payable when records are complete
			c. The United Nations and its organizations d. International and other foreign institutions dealing with aid or technical assistance e. religious institutions whose Employees are solely employed to administer places of worship, to give religious instructions or generally to minister religion f. Charitable organizations g. Local Government Authority h. Farm employers whose employees are directly and solely engaged in farming i) Registered educational Institutions (Private schools including Nursery, Primary and Secondary Schools; Vocational, Educational and Training Schools; Universities and Higher Learning Institutions)
VAT	Consumption	18% for imports and local supplies, 0% for exports	i. Food supplements or Vitamins supplied to the Government ii. Concessional loan, non-concessional loan or grant through Government of URT and another government or representative of another government, donor or lender of concessional loan or non-concessional loan iii. A grant agreement approved by the Minister in accordance with provisions of government loans grants and guarantees Act entered between Local Government Authority and a donor. iv. Sanitary Pads of HS code 9619.00.10
Rental income	Rent from properties	Land and building 10%, Aircraft lease 10% for resident and 15% for non-resident,	

Tax type	Tax Base	Tax Rates	Tax payable when records are complete
		Other assets non-resident 15%	
Capital Gains Tax	Income from Disposal of Investment Asset	10% of the gain for a resident person (b) 20% of the gain for a non-resident person	Private resident gain of 15million or less, agricultural land-market value of less than 10million, share held by person less than 25%
Excise Duty	Beer made of malt (stout &porter)	Locally Produced TZS 765/ltr Imported& Others TZS 803.5/ltr	
	Powdered Beer	Locally produced TZS NIL Imported TZS 844/kg	
	Non-alcoholic Beer	Locally produced TZS 561.00/ltr Imported & Others TZS 589.05/ltr	
	Mineral & Aerated water (bottled)	Locally produced TZS 58/Ltr Imported TZS 64.05/Ltr	
	Mineral & Aerated waters containing sweetening/flavoured	TZS 64.00	
	Fruit Juice	Locally produced TZS 90/ltr Others TZS 232/ltr	
	Sprit and Whiskies	Locally produced TZS 3978.00, Imported TZS 4386.06	
	wines	Domestic grapes content	

Tax type	Tax Base	Tax Rates	Tax payable when records are complete
		exceeding 75%, TZS 200/ltr, Imported TZS 2,466.45 per litre	
	Yarn (except sewing)	Locally and Imported 10%	
	Furniture	Imported 20%	
	Imported seats	Imported 20%	
	Revolvers and pistols and other fire arms	Imported 25%	
	Yachts and other vessels for pleasure or sports; rowing boats and canoes	Imported 20%	
	Motor car and other motor vehicles principally designed for the transport	cylinder capacity exceedingly not exceeding 3000cc 5%, exceeding 3000 is 10% while below 1000cc - nil	
	Recorded DVD, VCD, CD, audio	TZS 50.00 per unit	
	Women's or girls' and men's overcoats, car-coats, capes, cloaks, anoraks (including ski-jackets), windcheaters, wind-jacket	TZS 10%	
	Carpets and other textile floor coverings, woven, not tufted or flocked, whether or not made up, including "kelem", "Schumacks", "Karamanie" and similar hand-woven rugs"	TZS 10%	
	Tubes, pipes and hoses, and fittings thereof (for example, joints, elbows, flanges), of plastics	Imported TZS 10%	
	Lubricating oils preparation	TZS 669.00 per cubic meter	
	Personal deodorants, bath preparations, depilatories and other perfumery, cosmetic or toilet preparations,	TZS 10%	
	Preparations for use on the hair. i.e shampoo	TZS 10%	

Tax type	Tax Base	Tax Rates	Tax payable when records are complete
	Motor Spirit (gasoline) regular	TZS 379.00/ltr	
	Illuminating Kerosene (IK)	TZS 465.00/ltr	
	Gas oil (automotive, light, amber for high-speed engines)	TZS 225.00/ltr	
	Residual fuel oils (marine furnace and similar fuel oils)	TZS 80.00/ltr	

14.5 Uganda

Tax Type	Description/ Category	Tax Rates	Exemptions
Excise Duty	Fuel - Diesel (AGO)	UGX 1130 per Litre	Sales to Diplomats, Embassies and Bicycle Manufacturers, exemption due to power generation
	Petrol (PMS)	UGX 1,450 per Litre	Sales to Diplomats and Embassies
	Other Gas Oils	UGX 630 per Litre	Gas Oil for the Thermal Power Generation to the National Grid
	Illuminating Kerosene	UGX 200 per Litre	
	Jet A1 and Aviation Oil	UGX 630 per Litre	Jet A1 and Aviation fuel imported by registered companies, with designated storage facilities or with contracts to supply airlines.
	Gas oil for power generation to national grid	Nil	
	Jet A1 and aviation fuel imported by registered airlines, companies	Nil	
	with designated storage facilities or with contracts to supply airlines		
Environment Levy on imported used goods	Environment Levy on imported used goods	35% for vehicles older than five years but less than ten years	Vehicles below 5 years from the date of manufacture
		50% for vehicles ten years and older	Tractors and Earthmovers
Export Levies	Hides and Skins	20%	
	Fish	Large Fish-0.05cents per Kg	
		Small Pelagic Fish - 0.02cents per Kg	
		Industrial by-products from fish such as fish frames, fat, skin, off-cuts and fish oil-0.02cents per Kg	
	Fish Maw	8%	
	Raw Tobacco Exports	$0.20 per Kg	
	Processed gold	5%	
	Unprocessed minerals	10%	

Tax Type	Description/ Category	Tax Rates	Exemptions
Pay As You Earn	Employment income	Nil	
		10% of the amount by which chargeable income exceeds UGX. 235,000 i.e. (10% of (Y-235,000)	
		20% of the amount by which chargeable income exceeds UGX. 335,000 plus UGX. 10,000. i.e. (20% of (Y-335,000) + UGX. 10,000)	
		30% of the amount by which chargeable income exceeds UGX.410, 000 plus UGX. 25,000. i.e. (30% of (Y-410,000)+UGX. 25,000)	
		10% is charged on the amount by which chargeable income exceeds UGX. 10,000,000	
Corporation Tax	Corporate Profits	30% for Resident Companies	1. The Dividend received by a resident company where it controls more than 25% of the total share. 2. Incomes of professional bodies 3. Income of Bujaali hydro power project
		2% for non –resident companies in Shipping & aircraft.	4. Interest income for SACCOs 5. 10 year income for developing an industrial park/free zone with capital of at least USD 50 million for a foreigner and 10 million for a citizen. 6. An operator in an industrial park/free zone with capital of at least USD 10 million USD for a foreigner or 1 million USD for a citizen 7. Any business outside the industrial park/free zone with capital of USD 10 million for a foreigner or USD 1 million USD for a citizen, who:
		25%-45% for Mining Companies	
Presumptive Tax		The rates are provided for under the guidelines on taxation of small businesses accessible on the URA web portal	Taxpayers whose Gross turnover is greater than UGX.10 million but less than UGX.150million
Individual Tax for Residents		10% of the amount by which chargeable income	- Taxpayers in this category include

Tax Type	Description/ Category	Tax Rates	Exemptions
		exceeds UGX. 2,820,000 i.e. [(10% of (Y_t - 2,820,000))	Businessmen earning income from trade.
			- The taxpayer estimates his/her annual charge income and pays provisional tax in four instalments.
		20% of the amount by which chargeable income exceeds UGX. 4, 020,000 plus UGX. 120,000. i.e 20% of (Yy -4,020,000) + UGX. 120,000	- - Filing of final returns is required four months after the end of accounting period.
		30% of the amount by which chargeable income exceeds UGX.4, 920, 000 plus UGX. 25,000. i.e. (30% of (Yy - 410,000)+UGX. 300,000)	
		30% of (Yy -4,920,000) + UGX. 300,000	
		10% is charged on the amount by which chargeable income exceeds UGX. 120,0000,000 and added to the tax from the amount less than 120,000,000	
Individual Tax for Non-Residents		10%	
		20% of the amount by which chargeable income exceeds UGX. 4,020,000 i.e.	
		20% of (Y_y -4,020,000) + UGX. 402,000	
		30% of (Yy -4,920,000) + UGX. 582,000	
		10% is charged on the amount by which chargeable income exceeds UGX. 120,0000,000 and added to the tax from the amount less than 120,000,000	
Withholding Tax		6% for residents, 15% Non-Residents Residents 0-5% and Non-residents 15% Residents 20% and Non-residents 20%	1. Companies deemed to be complying with Income tax are exempted. [The Commissioner General profiles and gazettes them on a year-to-year basis]. 2. Interest paid by (i) a natural person (ii) by a

Tax Type	Description/ Category	Tax Rates	Exemptions
		30% for resident companies and 0-15% for non-resident, non-resident companies 15%	company to associated company or iii) which is exempted from tax in the hands of recipient iv) The WHT does not include any amount which is business, employment or exempt income 3. Interest paid by a resident company were debentures i) Were issued by the company outside Uganda for the purpose of raising a loan outside Uganda ii) Were widely issued for the purpose of raising funds for use by the company in a business carried on in Uganda or the interest is paid to a bank or a financial institution of a public character, and iii) The interest is paid outside Uganda. iv) Dividends paid to a company controlling 25% or more of the voting powers
		6%	Exempt persons
		10% for those securities that mature in 10 years or more	An exemption for income from interest paid on infrastructure bonds with a maturity period of at least 10 years
		20% for those securities that mature in less than years	
		10%	
		1%	
		6%	Persons who have satisfied the CG that they have complied with their VAT tax obligations.
		15%	
		10% to 30% (see link)	
Rental Income Tax	Rental Income (Individual) Rental Income (Non -Individual)	12%	
Tax on Bank Interest	Bank Interest	15%	
Local Excise Duty	Cigarettes	UGX. 55,000 per 1000 sticks(mille) for locally manufactured Soft cap	Duty Free Sales & Exports
	Soft Cap		
	Hinge Lid	UGX 80,000 per 1000 Sticks (mille) for locally manufactured Hinge Lid	Duty Free Sales & Exports

Tax Type	Description/ Category	Tax Rates	Exemptions
	Cigars, cheroots and cigarillos containing tobacco	200%	Duty Free Sales & Exports
	Smoking tobacco, whether or not containing tobacco substitutes in any proportion	200%	Duty Free Sales & Exports
	Homogenised or reconstituted tobacco	200%	Duty Free Sales & Exports
	Other	200%	Duty Free Sales & Exports
	Beer	60% or shs.2050 per litre, whichever is higher	- Duty Free Sales & Exports
	Malt beer		
	Beer whose local raw material content, excluding water, is at least 75% by weight of its constituent	30% or Shs.650 per Litre, whichever is higher.	
	Beer produced from barley grown and malted in Uganda	30% or Shs.950 per litre, whichever is higher.	
	Opaque Beer	20% or Shs. 230 per litre,	
	any other alcoholic beverage locally produced	20% or Shs. 230 per litre, whichever is higher	
	Spirits		
	Un-denatured spirits, of alcoholic strength by volume of 80% or more made from locally produced raw materials;	60% or shs. 1500 per litre, whichever is higher;	Duty Free Sales & Exports
	Un-denatured spirits, of alcoholic strength by volume of 80% or more made from imported raw materials;	100% or shs. 2500 per litre, whichever is higher;	Duty Free Sales & Exports
	any other un-denatured spirits that are locally produced, of alcoholic strength by volume of less than 80%;	80% or shs. 1700 per litre, whichever is higher	Duty Free Sales & Exports
	Un-denatured spirits made from locally produced raw materials that is used in the production of disinfectants and sanitizers for the prevention of the spread of COVID-19, of alcoholic content by volume not	Nil	Duty Free Sales & Exports
	Wine	20% or UGX 2000 per litre whichever is higher	Duty Free Sales & Exports
	Wine made from locally produced raw materials		
	Other wines	80% or UGX 8000 per litre whichever is higher	Duty Free Sales & Exports
	Soft drinks		
	Non-alcoholic beverages not including fruit or vegetable juices	12% or shs.250 per litre, whichever is higher	Duty Free Sales & Exports
	fruit juice and vegetable juice, except juice made from at least 30% pulp or at least 30% juice by weight or volume of the total composition of the drink from fruits and vegetables grown locally.	12% or shs.250 per whichever is higher	Duty Free Sales & Exports
	Powder for reconstitution to make juice or dilute to taste drinks excluding pulp	15% of the value	Duty Free Sales & Exports
	any other non-alcoholic beverage locally produced other than the beverage referred to in subparagraph	12% or shs. 250 per litre, whichever is higher	Duty Free Sales & Exports

Tax Type	Description/ Category	Tax Rates	Exemptions
	(a) made out of fermented sugary tea solution with a combination of yeast and bacteria		
	Bottled Water Mineral water, bottled water and other water purposely for drinking	10% or shs. 75 per litre whichever is higher	Duty Free sales and exports
	Cement	Shs.500 per 50kgs	Duty Free sales and exports
	Sugar		
	Cane or beet sugar and chemically pure sucrose in solid form	Shs.100 per kg	Duty Free sales and exports
	Cane or beet sugar for industrial use	0%	Duty Free sales and exports
	Plastic Plastic product and plastic granules;	2.5% or USD 70 /= per ton, whichever is higher	
	Cosmetics & Perfumes	10%	Duty Free Sales & Exports
	Cosmetics and perfumes, except creams used by Albino in the treatment of their skin		
	Telecommunication services		
	Airtime on mobile cellular, landlines and public pay phones	12%	Diplomats (Claim through the tax refund system)
	internet data,	12%	Data for provision of medical services and education services
	Money transfer or withdrawal services, including transfers and withdrawal services by operators licensed or permitted to provide communications or money transfers or withdrawals but not including transfers and withdrawal services provided by banks	15%	Diplomats (Claim through the tax refund system)
	Value added services	12%	
	Mobile money transactions of withdrawals of cash	0.50%	Deposits
	Incoming international calls,	USD 0.09 per minute	Calls from the Republic of Kenya, the Republic of Rwanda and the Republic of South Sudan.
	Bank Charges Ledger fees, ATM fees, withdrawal fees and periodic charges and other transaction and non-transaction charges, excluding loan related charges periodically charged by financial institutions.	15%	Diplomats (Claim through the tax refund system)
	Lubricants	15%	Aircraft lubricants.
	Lubricants under HS codes 2710.19.51, 2710.19.52, 3403.19.00 and 3403.99.00 including motor vehicle lubricants,		
	Sugar Confectionaries	Nil	
	Sugar confectionaries; Chewing gum, sweets and chocolates		
	Furniture		
	Specialised hospital furniture	Nil	

Tax Type	Description/ Category	Tax Rates	Exemptions
	Furniture manufactured in Uganda using local materials but excluding furniture which is assembled in Uganda.	Nil	Furniture manufactured using local timber
	Other furniture	20%	
	Cooking Oil	Shs. 200 per litre	
	Registration Fees	UGX 200,000	
	Motorcycles; at first registration		
	Fermented Beverages		
	any other fermented beverages made from imported cider, perry, mead, spears or near beer	60% or shs 950 per litre whichever is higher	
	any other fermented beverages made from locally grown cider, perry, mead, spears or near beer	30% or shs 550 per litre whichever is higher	

15 CONCLUSION AND RECOMMENDATIONS

15.1 Conclusion

This analysis demonstrates the varied tax landscapes within the East African Community, including different macroeconomic pressure points and base levels of tax collection. However, progress is being made by all RAs in the EAC, including new and continuing administrative reforms which complement the tax policy reforms in each area.

Growth in revenues has continued to be strong across the bloc in the post-pandemic era. However, tax-to-GDP ratios remained relatively weak. Kenya and Rwanda in particular witnessed sharp falls in their tax-to-GDP ratios in FY 2022/23, and South Sudan, Uganda and Tanzania tax-to-GDP ratios remain significantly below the 15% tax-to-GDP ratio which is seen internationally as the tipping point for accelerating economic growth.

Intra-regional trade is growing, a desirable result of the trade facilitation efforts of the EAC. Reduced costs of tax compliance and import bureaucracies between countries have larger spillover effects on the economies within the bloc.

However, the analysis has also noted a number of recurring challenges common to most of the revenue authorities encounter. These include;

- Countries with a high proportion of goods cleared through the red channel tend to score poorly on trading across borders. It is more costly and time consuming to import/export within these countries compared to those that clear less goods through the red channel.
- Underfunding of the RAs is impacting growth in collection of revenues (implementing key reforms, administrative measures, etc.)
- Foregone revenues through exemptions and tax deductions limit the country's ability to fund national budgets.
- Existence of smuggling and illicit trade as indicated by customs indicators.
- RAs remain highly dependent on international taxes despite increased trade facilitation goals under the SCT. This has a negative impact for the future sustainability of revenue mobilisation as regional integration continues to grow.

15.2 Recommendations

Some of the proposed general recommendations relevant to all the countries within the region are:

1. Enhance collaboration efforts with agencies for data exchange, surveillance, sensitization, and enforcement to combat smuggling and illicit trade. For example, significant gains could be made by sharing customs data and verifying Certificates of Origin to prevent companies fraudulently claiming to originate from inside the EAC customs union.

2. Strengthen domestic revenue collections, including investing in solutions for taxing the e-commerce/digitalized economy.

3. Continuously review and rationalize exemption regimes.

4. Facilitate taxpayer compliance by continuously investing in effective digital solutions. For example, the introduction of a variety of invoicing systems across the EAC (e.g. EBM in Rwanda, EFD in Tanzania, EFRIS in Uganda) has increased regional VAT compliance. Countries can learn from each other about how to refine these systems and where other improvements can be made.

5. Improve customs management for enhanced measures against tax evasion. This includes facilities similar to those implemented by TRA, such as the establishment of a Customs Laboratory for accurate tariff classification, duties, and taxes, and a state-of-the-art Transit Monitoring Control Room to ensure efficient transit control and reinforce monitoring capabilities, along with other appropriate measures.

16 EARAS 2022/23 IN PICTURES

16.1 KRA:

KRA: Hosted EARATC delegates for during the 95th meeting hosted in June, 2023

KRA: Commissioner for Legal Services & Board Coordination Mr Paul Matuku (5th R) with staff and other delegates during the Tax Disputes Resolution seminar. November, 2022.

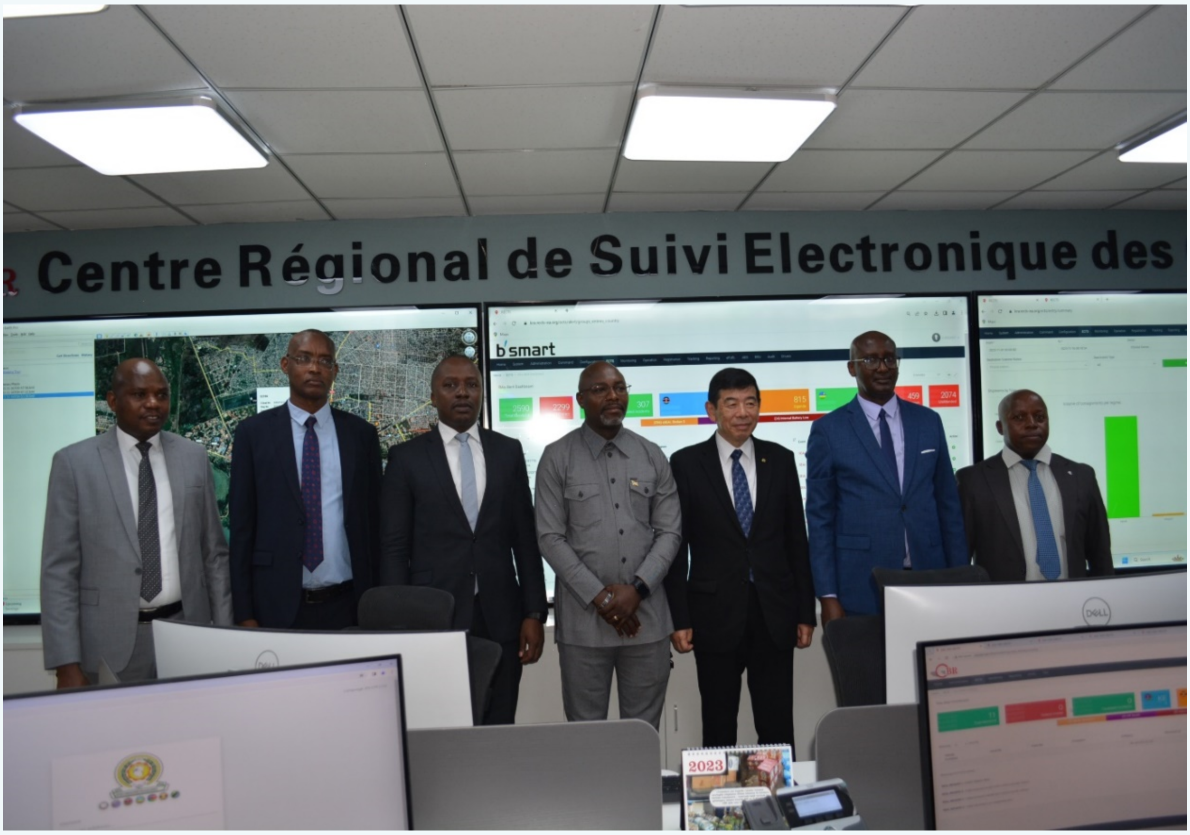
KRA: Commissioner for Customs & Border Control Ms Lilian Nyawanda with C&BC staff at ICDN celebrating the Department's August 2022 revenue collection. C&BC collected Kshs. 70.7 billion which translated to a performance of 112 percent. September 2022

KRA hosted a delegation from Benin & Niger for a study mission on tax administration and track and trace. The delegation of 10 comprised of high-level government experts in tax policy, tax administration, customs, fiscal and budget policy from the two countries.

KRA: Illicit goods seized by KRA are destroyed at a destruction site in Athi River. June, 2023.

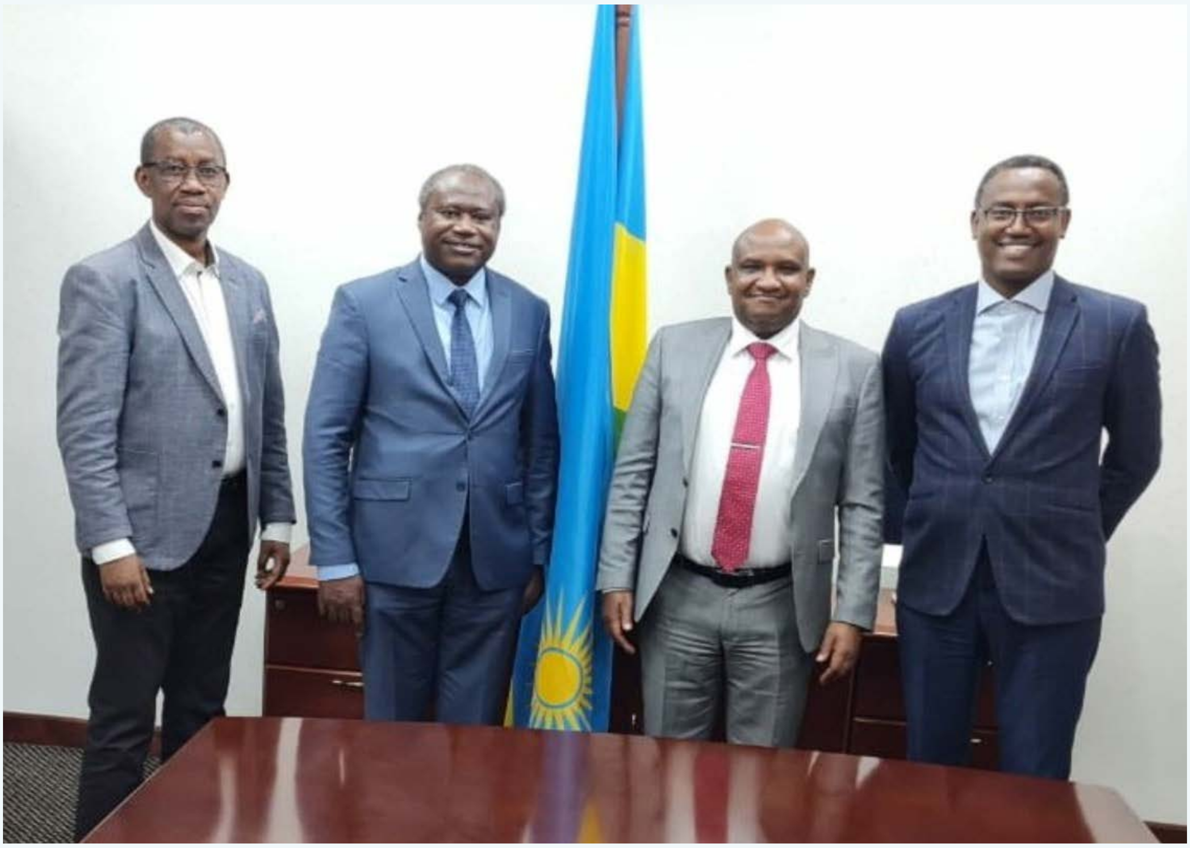
16.2 OBR:

WCO secretary general visited OBR (CG&SG)



WCO SG visiting the RECTS unit of OBR

16.3 RRA:



RRA: In December 2022, the Commissioner General of KRA was received by Rwanda's minister of Finance with RRA CG and DCG during a courtesy visit to discuss the possibilities of implementing the Rwandan EBM into Kenya's environment

RRA: Jan 2023: New temporary RRA Headquarters located at Kicukiro-SONATUBE, Silverback Building

RRA: September 20th 2022, RRA launched the 20th Taxpayers Appreciation month.

On August 4, 2022, the Hon. Minister of State for the National Treasury, Mr. Richard Tusabe, graced the inauguration of RRA Research Day, themed "Enhancing the Research Culture in RRA”

16.4 TRA:

The Chairman of the Board of Directors of the Tanzania Revenue Authority (TRA), Mr. Uledi Mussa Abbas with the Deputy Commissioner General of TRA Mr. Mcha Hassan Mcha received the delegation of the Board of Directors of the Ghana Revenue Authority (GRA) led by its Chairman Prof. Peter Ohene Kyei

Deputy Commissioner of the Tanzania Revenue Authority (TRA) Mr. Mcha Hassan Mcha and the Executive Director of the Malawi Revenue Authority (MRA) Organizational Services Mrs. Agnes Katsonga Phiri launched a system for exchanging information electronically. The launch event was held at the Joint Customs Centre (OSBP) Kasumulu located in Kyela District in Mbeya Region.

16.5 URA:

URA: Kampala Capital City Traders Association (KACITA) awarded URA as the most outstanding government agency.

URA: Participated in International Atomic Energy Association (IAEA meeting) held in Kampala.

URA: URA CG hosted a delegation from Zimbabwe treasury department on gender equality in revenue mobilization.

URA Launched its digital strategy