Technical challenges involved in collecting customs duties on electronic transmissions

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Liberian Proverb

When building a house, don't measure the timbers in the forest.
1. Taxation Across the Board

- Customs
  - Physical goods identifiable
  - Online goods pass through
  - Transactions outside the country not necessarily traceable
- Transaction Tax
  - Transaction outside the country allow full avoidance
- Withholding taxes/Personal Income Tax
  - Still applicable for services but only if the company submits or the service provider declares it... digital nomads bypass this system
- Corporate taxes
  - Residence RSA blocked companies not registered and with a physical address
  - Zambia asked for a turnover account to be set up in the country with all expenditure emanating from it but was overturned
2. Fiscal Laws and Policies

- No recognition of digitally based companies outside the country
- AfCFTA
- Poor regulatory system for the normal economy is exacerbated by digital systems
- No physical address system in place in most parts of the continent yet
- Duties applicable not easily available
3. Tax Administration

- Customs used to hard systems and physical products and services, not used to digital processes
- RA separate from customs eg Nigeria
- Qualifications to joint customs lower than revenue eg Kenya
- Low political/ judiciary capacity
Supporting Infrastructure and Services

- Depth of digital infrastructure
- Depth of physical infrastructure
- State priorities: conflict states and peace and security
- Systems of delivery of goods and services
5. The possibilities

- Digital helps with the system as much as it grows so tapping into the digital system can resolve the fiscal issues
- Mapping systems possible and in progress
- AfCFTA and other regional blocs
Thank you

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