



# *Technical challenges involved in collecting customs duties on electronic transmissions*

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Liberian Proverb

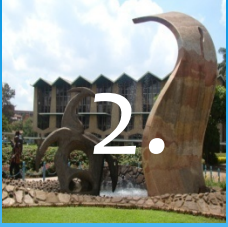
When building a house, don't  
measure the timbers in the forest.



# 1. Taxation Across the Board



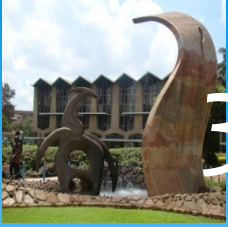
- \* Customs
  - \* Physical goods identifiable
  - \* Online goods pass through
  - \* Transactions outside the country not necessarily traceable
- \* Transaction Tax
  - \* Transaction outside the country allow full avoidance
- \* Withholding taxes/Personal Income Tax
  - \* Still applicable for services 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



# 4. 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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