

# Table of Contents

List of Tables	ii	
List of Charts	ii	
Acronyms	iii	
Acknowledgement	v	
Executive Summary	vi	
<hr/>		
Introduction	1	
1. Functions of a Tax System	1	
2. Economic Background	2	
2.1 International	2	
2.2 National	2	
3. Declining Trend of Tax Revenue/GDP Ratio	4	
4. Reasons for the Decline	6	
5. Composition of Tax Revenue – Direct and Indirect	6	
6. Fiscal and Tax Incentives	8	
7. Elasticity and Buoyancy of the Tax System	10	
8. Taxation, Savings and Capital Formation	10	
9. Tax Base and Coverage`	12	
9.1 Tax Free Allowances and Threshold	12	
9.2 Deductible Expenses for Assessable Income	12	
10. Tax Rates	13	
10.1 Corporate	13	
10.2 Personal	13	
10.3 Professionals	15	
10.4 Flat Rate	15	
10.5 Current Changes	15	
10.6 The Laffer Curve	16	
10.7 Relevant Reforms	17	
11. Provincial and Local Government Revenue	18	
12. Capital Gains Taxation	19	
13. Tax Evasion	20	
13.1 Tax Avoidance	21	
13.2 Withholding Taxes	21	
13.3 Tax Amnesties	22	
14. The VAT Debate	22	
14.1 Threshold	23	
14.2 Exemptions	23	
14.3 Zero Rating	24	
14.4 Rates	24	
14.5 Financial Services	25	
14.6 Wholesale and Retail Trade	25	
14.7 VAT Frauds	25	
14.8 Administration	26	
15. Customs Duties, Excises and Miscellaneous Taxes and Levies	27	
15.1 Tariffs	27	
15.2 Excise Duties	27	
15.3 Miscellaneous Taxes and Levies	27	
15.4 Simplification	28	
16. Revenue Administration	29	
16.1 Number of Taxpayers and Files	29	
16.2 Compliance	29	
16.3 Audits and Investigations	31	
16.4 Default Taxes	31	
16.5 Appeals	31	
16.6 Coordination between Revenue Departments	33	
16.7 Cost of Administration	33	
16.8 Measures Taken for Improvement	33	
17. Concluding Remarks	34	
References	35	