



## **ICPAK 2016 ANNUAL TAX CONFERENCE**

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### **THEME:**

# **IS TAX A MONSTER? DISPELLING THE MYTHS**

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### **TOPIC**

## **Regional Perspectives on Taxation – The East African Region**

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**Wednesday 21<sup>st</sup> September, 2016 at Pride Inn Paradise, Mombasa**

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**Horwath Erastus & Co.**

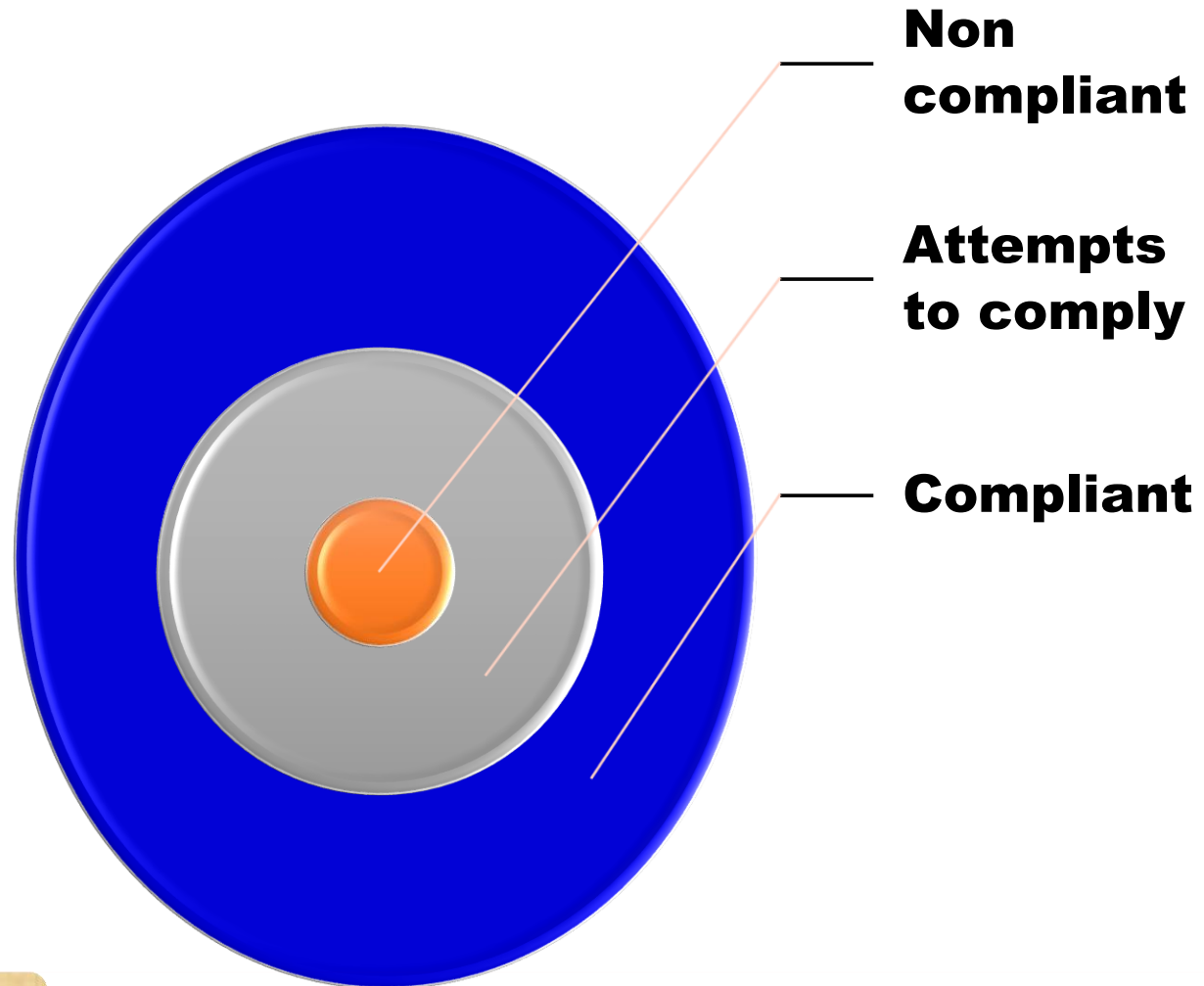
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# Voluntary Compliance

# **Factors Influencing Voluntary Compliance**

- 1. Deterrence - Size of sanctions**
- 2. Affordability / compliance cost**
- 3. Benefits of compliance – Tax Compliance Certificate**
- 4. Opportunities - Provision of services in return for taxes paid**
- 5. Tax moral - Social norms**
- 6. Regulations - No opportunity to evade**

# Voluntary Compliance



# **Voluntary Compliance – Why Comply?**

- **Deterrence laws**
- **Country laws and regulations**
- **Fairness and trust**
- **Integrity**
- **Compliance reliefs**

# Fostering Voluntary Compliance

- **Simple compliance rules and regulations**
- **Tax payer education and outreach programs on voluntary compliance**
- **Litigation on defaulters – joint and several liability**
- **Reducing compliance costs**
- **Online tax services and information**

# Barriers to Voluntary Compliance

➤ **Perceptions of an unfair tax system**

➤ **Fraud**

➤ **Tax Evasion and Avoidance schemes**

➤ **General tax non-compliance**

**Tax Errors**

**Non payment**

**Late payment**

**Under-reporting**

# Tax Administration



# Tax Administration

- **Adequate tax laws and regulations**
- **Effective and efficient tax payment / Collection**
  - **Enforcement - Simplifying registration, procedures and processes**
- **Quality control on tax systems and collection agencies**

# Tax Administration

- **Simplification of tax laws - Clear, unambiguous rules to avoid conflicts**
- **Double Treaty Agreements**
- **Tax tribunals and appeals mechanism**
- **Training and education on tax laws**
- **Concessions and consultations**
- **Facilitation of tax exemptions & tax incentives**

# Tax Information Sharing



# Tax Information Sharing – Why?

- **Strengthening tax policies**
- **Improved tax administration**
- **Building on tax treaties**
- **Shared tax responsibility**

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### **Tax information sharing - assessment**

- **Regulatory obligations**
- **Performance indicators and Assessment tools**
- **Tax Planning**
- **Improved tax enforcement agencies**
- **Tax transparency and accountability**
- **Broad Access to tax information**

## **Tax Information Sharing - Negatives**

- Lack of genuineness in the partnerships**
- Fluctuating tax rates**
- Non co-ordination of tax regimes**
- Complexity in tax rates and boundaries**

# **IS TAX A MONSTER? DISPELLING THE MYTHS**

# THANK YOU



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