A CRITICAL ANALYSIS OF TAX ADMINISTRATION IN SOUTH SUDAN

A CASE STUDY OF THE NATIONAL MINISTRY OF FINANCE AND ECONOMIC PLANNING (MOFEP), JUBA, SOUTH SUDAN.

BY

DANIEL DENG WEK

LLB/32399/102/DF

A RESEARCH PROPOSAL SUBMITTED TO THE FACULTY OF LAW IN PARTIAL FULFILMENT FOR THE REQUIREMENTS OF THE AWARD OF BACHELOR OF LAWS OF KAMPALA INTERNATIONAL UNIVERSITY

JUNE 2014
DECLARATION

I DANIEL DENG WEK, hereby declare that this dissertation on a critical analysis of tax administration; A case study of the National Ministry of Finance and Economic Planning (MOFEP) Juba, South Sudan is my original work and has not been presented for any award in any institution whatsoever.

Dated at Kampala this..................Day of June 2014.

Signature...
APPROVAL

This is to certify that this research dissertation has been submitted for examination with my approval as the University supervisor in the School of Laws, Kampala International University.

SIGNATURE Date 12/06/2014

Ms. Patricia OKumu Ringa

PATRICIA OKUMU - RINGA
MBA ESAMI, LLB (MUK) Dip.LP (LDC) ADVOCATE
P. O. BOX 7019, KAMPALA
DEDICATION

This dissertation is heartedly dedicated to my nephew Hon. Achuil Akoch, the former State minister for Finance and Economic Planning and his wife Mrs. Nyalang Dhal for encouragement and financial support in my academic life. My appreciation also goes to my lovely wife Mrs. Adeng Mariel who encouraged and supported me all through. Lastly special thanks go to all friends, Arop Malook Bol Lual and Majak Madut for the support extended to me in their respective capacities.
ACKNOWLEDGEMENTS

It is my pleasure to convey my humblest gratitude to my Supervisor, Ms. Patricia Okumu Ringa for her personal support during the period of writing this dissertation. I must mention her personal advice, guidance and ultimate understanding that eventually enabled me to successfully complete my study. Her skills were particularly useful especially when I was carrying out my research, all the way from my proposal. I also want to mention her professionalism which was evident when I was writing the first chapters of this work. She mentioned a lot of unique suggestions that have been very useful, for this course and for my future careers.

Lastly, I want to in a special way pay tribute to my family especially, my mother, my father and my two younger brothers and sisters for their immeasurable love, encouragement and the ultimate support that went unnoticed throughout my years of study in Uganda.
# TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>DECLARATION</td>
<td>i</td>
</tr>
<tr>
<td>APPROVAL</td>
<td>ii</td>
</tr>
<tr>
<td>DEDICATION</td>
<td>iii</td>
</tr>
<tr>
<td>ACKNOWLEDGEMENTS</td>
<td>iv</td>
</tr>
<tr>
<td>TABLE OF CONTENTS</td>
<td>v</td>
</tr>
<tr>
<td>LIST OF THE STATUTE</td>
<td>vi</td>
</tr>
<tr>
<td>ABSTRACT</td>
<td>vii</td>
</tr>
<tr>
<td>CHAPTER ONE</td>
<td>viii</td>
</tr>
<tr>
<td>1.0 Introduction</td>
<td>1</td>
</tr>
<tr>
<td>1.1 Background of the study</td>
<td>3</td>
</tr>
<tr>
<td>1.2 Statement of the problem</td>
<td>4</td>
</tr>
<tr>
<td>1.3 Purpose of the study</td>
<td>5</td>
</tr>
<tr>
<td>1.4 Objectives of the study</td>
<td>5</td>
</tr>
<tr>
<td>1.5 Research Questions</td>
<td>5</td>
</tr>
<tr>
<td>1.6 Scope</td>
<td>6</td>
</tr>
<tr>
<td>1.6.1 Conceptual Scope</td>
<td>6</td>
</tr>
<tr>
<td>1.6.2 Geographical scope</td>
<td>6</td>
</tr>
<tr>
<td>1.6.3 Time scope</td>
<td>6</td>
</tr>
<tr>
<td>1.7 Significance of the Study</td>
<td>7</td>
</tr>
<tr>
<td>1.8 Conceptual Framework</td>
<td>7</td>
</tr>
<tr>
<td>CHAPTER TWO</td>
<td>10</td>
</tr>
<tr>
<td>LITERATURE REVIEW</td>
<td>10</td>
</tr>
<tr>
<td>2.0 Introduction</td>
<td>10</td>
</tr>
<tr>
<td>2.1. The structure of tax system</td>
<td>10</td>
</tr>
<tr>
<td>2.1.2. The Legal framework</td>
<td>17</td>
</tr>
<tr>
<td>2.1.2.1 Transitional Constitution of the Republic of South Sudan</td>
<td>18</td>
</tr>
<tr>
<td>2.1.2.2 Local Government Act</td>
<td>20</td>
</tr>
<tr>
<td>2.1.2.3 Local Non-Tax Revenues</td>
<td>21</td>
</tr>
<tr>
<td>2.1.3 Definition and concept of tax regime</td>
<td>21</td>
</tr>
<tr>
<td>2.2 The characteristics of a good tax regime</td>
<td>22</td>
</tr>
<tr>
<td>2.3 The Tax Regime factors</td>
<td>23</td>
</tr>
<tr>
<td>2.4 The Method of Tax collection</td>
<td>24</td>
</tr>
<tr>
<td>2.4.1 Tax deducted at source</td>
<td>24</td>
</tr>
</tbody>
</table>
LIST OF STATUTES

The Interim Constitution, 2005 of the Republic of Sudan

The Local Government Act, 2009

The Taxation [Amendment No 2} provisional Order 2012

The taxation Act 2009


The Transitional Constitution, 2011 of the Republic of South Sudan
### LIST OF ACRONYMS AND ABBREVIATIONS

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Full Form</th>
</tr>
</thead>
<tbody>
<tr>
<td>CPA</td>
<td>Comprehensive Peace Agreement</td>
</tr>
<tr>
<td>GOSS</td>
<td>Government of South Sudan</td>
</tr>
<tr>
<td>ICSS</td>
<td>Interim Constitution of South Sudan as of January 2005</td>
</tr>
<tr>
<td>LG</td>
<td>Local Government</td>
</tr>
<tr>
<td>LGC</td>
<td>Local Government Councils</td>
</tr>
<tr>
<td>MOFEP</td>
<td>Ministry of Finance and Economic Planning</td>
</tr>
<tr>
<td>PETS</td>
<td>Participatory Expenditure Tracking Survey</td>
</tr>
<tr>
<td>SG</td>
<td>State Government</td>
</tr>
<tr>
<td>SPLA</td>
<td>Sudan People's Liberation Army</td>
</tr>
<tr>
<td>SPLM</td>
<td>Sudan People's Liberation Movement</td>
</tr>
<tr>
<td>SSP</td>
<td>South Sudanese Pounds</td>
</tr>
<tr>
<td>SSRA</td>
<td>South Sudan Revenue Authority</td>
</tr>
<tr>
<td>TC</td>
<td>Transitional Constitution</td>
</tr>
<tr>
<td>TDS</td>
<td>Tax Deducted at Source</td>
</tr>
</tbody>
</table>
ABSTRACT

The research carried out on “The Critical Analysis of Tax Administration in South Sudan” was aimed at establishing tax administration in the Republic of South Sudan. The investigation was also based on the metrics relevant to the analysis of tax administration and the effective mechanisms required in establishing taxation laws and ensuring that tax institutions applies relevant policies and methods in optimizing tax management in South Sudan. The theoretical framework establishes the specific revenue collection systems that are used in South Sudan. This also includes the action plan which is necessitated optimally within the given structural framework as established in the existing legal framework. The method that was used to carry out the research was based on exploratory approach and this involved using descriptive survey as an ideal method of getting relevant information that involve the taxation policies, attitude and lack of infrastructure. Ideally, the factors influencing the impact of tax administration include the level of productivity, convenience and economic factors. The sampling was by randomized means and this was aided by differences in the respondents’ classes. The instruments used in the research varied according to both the respondents’ age and level of education. The questionnaires were used to get information from an informed class of respondents while oral interviews focused on both the management officials and the clients who require tax support services. The data was analyzed by using relevant coding procedures. The data was analyzed using the standard XL program where evaluations, comparisons and descriptions were made. The findings of the study showed that the legal framework offered a compelling impact of the role of tax administration in South Sudan. The legislation on tax laws in South Sudan showed that the relevance of taxpayer factors were directly correlated with the tax collection methods. Conclusively, this project showed that taxation policies and methods of taxation directly influence tax administration in South Sudan.
CHAPTER ONE

1.0 Introduction

Nothing is certain in life but death and taxes. Needless to say, nowhere is it possible to escape the former; but it's all too easy to shun taxes in South Sudan. Though we all may despise paying them and no matter how dry one might find the subject, taxes are important – and arguably central – to state-building efforts, or the arduous process of establishing mutually accountable, legitimate, public institutions. Indeed, beyond bankrolling basic public goods and services, taxes can help forge more accountable, responsive, and representative governments. One of the necessary conditions for rapid, equitable, and sustainable economic growth in Africa and elsewhere is a healthy system of public finance. The tax system constitutes one of the most important instruments of development policy in any country. Revenue should be adequate to finance basic services such as security and primary education, to permit the government to help finance public investment, and to obviate the need for inflationary financing. Government should also be financed in an efficient way, using a well-designed tax system not overly reliant on taxes on trade. Several recent studies of rapid economic growth in East and Southeast Asia have highlighted the role played by consistent, prudent public finance policy.

The literature on tax reform in developing countries, which has burgeoned over the past decade or more, has led to three main recommendations. First, indirect taxation should rely heavily on a value added tax (VAT), to replace turnover and even sales taxes. Second, taxes should be levied at low and relatively flat rates on bases that have been broadened through the elimination of exemptions and other loopholes. Lower, simpler taxes are seen as easier to collect and administer, and as creating less inefficiency. Third, countries

---

1 Richard Bird, 1992, pg. iv
3 Jenkins 1991; Gillis 1989, p. 503
4 Gillis 1989, pp. 1-2
should move away from their current heavy reliance on taxes on trade, which are seen as being particularly inefficient.\(^5\)

The emphasis on lower, flatter, simpler, and more broadly based taxes appears to leave little room for excises, which are by their very nature taxes levied at high rates on narrow bases. The most important of these taxes are the traditional excise taxes on tobacco products, alcoholic beverages, and petroleum products. The only thorough assessment of excise taxation is over 20 years old,\(^6\) and in his review of recent tax reforms explains that as “the orphans of tax policy.”\(^7\) In this vein, the government has recently approved the first comprehensive Plan for the new Republic of South Sudan, which sets out the medium-term priorities of the government and the actions necessary to achieve them. The South Sudan Development Plan\(^8\) will centre on building strong institutions needed to promote a transparent and accountable state, as well as the promotion of private sector-led economic growth and basic service delivery to reduce the incidence of poverty among the population.

The main tax laws are; The Taxation Act 2009, The Taxation Act (Amendment) Act, 2011, the Taxation (Amendment No 2) Provisional Order, 2012. These tax laws envisaged four main kinds of tax and this includes; personal income tax, business profit tax, excises tax and sale tax. Besides the above tax, the laws provides for the government institutions to set “institution taxes, fee and charges as agreed with the Finance ministry aimed to collect about two-thirds of non-oil revenue through taxes and one third through fees and charges. Other forms of taxation and revenue seem to be largely outside the scope of this taxation law though they are partly governed by others are; oil revenue, drawing on reserves, government borrowing and state-level taxation\(^9\) provides that States shall legislate for raising revenue or collecting taxes from various possible source. Some of these sources correspond to provision in taxation law and

---

\(^6\) Cnossen 1977
\(^7\) Jenkins (1991)
\(^8\) U.S. Special Envoy Princeton Lyman, “U.S.-Sudan Relations,” Address at the Atlantic Council, August 1, 2012.
\(^9\) Article 175 of the Transitional Constitution of South Sudan
some do not. The states have adopted a variety of approaches. One is to use a traditional kind of
poll tax, which falls on each community, person or family in which chief help the local
government to collect cash, grain or animals.

Fiscal decentralization — the transfer of taxing and spending powers to lower levels of
government - has become an important subject of governance in many developing countries in
recent years\textsuperscript{10}. As an outcome of discontent with the performance of centralized systems,
reformers have turned to decentralization to split the hold of central government and induce
broader participation in democratic governance\textsuperscript{11}. Being closer to the people, it is claimed;
local authorities can more easily identify people’s needs, and thus supply the appropriate form
and level of public services\textsuperscript{12}. It is argued, individuals are likely to be willing to pay local taxes
where the amounts they contribute can be related more directly to services received\textsuperscript{13}.

1.1 Background of the study

The prospect of South Sudan’s history of domination by external powers, and its consequent
experience of oppression and underdevelopment, dates back almost two centuries. The struggle
for the liberation of South Sudan is officially agreed to have begun in the year 1820, when,
having successfully resisted Egyptian domination since pre-modern times\textsuperscript{14}.

The policies of the Anglo-Egyptian Condominium period 1899-1955 were also a major
contributing factor in the historical under-development of South Sudan. Sudan was officially
separated into North and South, with the colonial administration detaching the south from the
rest of Sudan for all practical purposes. Southern Sudan's provinces of Equatoria, Bahr El-
Ghazal and Upper Nile were viewed as remote and undeveloped, and received little official
attention, except for efforts to suppress localized conflicts and the slave trade. The British

\textsuperscript{10} Manor, 1999; World Bank, 1999; Shah, 1998; Crook and Manor
\textsuperscript{11} Olowu, 2000; Smoke, 1994; Wunsch and Olowu, 1990
\textsuperscript{12} Enemuo, 2000; Omotes, 1972
\textsuperscript{13} Livingstone and Charlton, 1998; Westergaard and Alam, 1995
\textsuperscript{14} GoSS (2010d), GOSS Priority Core Governance Functions,
justified this policy by claiming that the South was not ready for exposure to the modern world. Adopting a ‘Closed Districts’ policy of allowing the South to develop along ‘indigenous’ lines, the British closed the region to outsiders and the south remained isolated. A few Arab merchants controlled the region's limited commercial activities, while Arab bureaucrats administered whatever laws existed. Christian missionaries, who operated schools and medical clinics, provided what limited social services there were in Southern Sudan. Thus, the tax culture is marked by critical management, determination and legal establishment of relevant framework needed to comprehensively achieve relevant tax procedures\textsuperscript{15}.

1.2 Statement of the problem
The system of tax legislation as it presently stands is too complex, difficult to understand, enforce, and comply with. Meanwhile, abundant oil rents and aid – in combination with an underdeveloped economy – threaten to undermine incentives to tax in the first place. The current legal framework for taxation policy in South Sudan shows a poor relationship which includes significant provisions that include limited progresses in major levels. These constructs show that the performance extensions for all its tax exploration would be based on better service delivery as well as consistent attributes in environmental dynamics, including the approachable legal measures to ensure that the policies reflecting taxations are fully embraced. The focus has been to make progress on the taxation policies, and to demonstrate unity of purpose and alignment. The achievement of results and managing taxes and revenues in the wider development and state building agenda has not been very successful. The new challenge will be to focus on the framework for managing revenues and taxes and the legal aspect that pertains to that. Seminal works on the subject argue that taxes, in combination with the largely external threat of war, were the lynchpin to European state consolidation. This amounts to the ‘fiscal-social contract,’ in which the general public is able to hold ruling elites to account by

\textsuperscript{15}Reaffirmed by all 10 states in the consultation exercise for the South Sudan Development Plan and the Planning Conference held on 19-20 May 2011.
monitoring state spending and subsequently voting elected officials out of office if they fail to deliver on commitments. Intuitively, the essence of the theory holds true for sub-Saharan Africa and post-conflict countries more broadly – including South Sudan.

1.3 Purpose of the study
This study set out to achieve the objective of assessing the legal aspect for revenue potential of the government of South Sudan. This study therefore focused on the Ministry of Finance and Economic Planning.

1.4 Objectives of the study
The main objectives of this study will be to:

i. Analyze the existing revenue collection system in South Sudan

ii. Formulate an action plan for improving the existing revenue collection system through adoption of modern technology, among others;

iii. Examine the relationship between tax legislation and revenue collection in South Sudan.

iv. Propose a strategy to enhance legal compliance through prevention of tax evasion and revenue collection.

1.5 Research Questions

i. What are the existing revenue collection systems in South Sudan?

ii. What action plan can be formulated to improve the existing revenue collection systems in South Sudan?

iii. What is the relationship between the legal procedure of taxes and revenue collection in South Sudan?

iv. Propose a strategy to enhance legal compliance through prevention of tax evasion.

---

16 Article 4 of the Republic of South Sudan
1.6 Scope

This project will cover the following areas of scope:

1.6.1 Conceptual Scope

1) The study will be aimed at identifying possible challenges facing tax issues in South Sudan. The aim will be determine by the extent to which these frameworks are influenced by private gun ownership. Review of the existing legal framework for own-source revenue collection with the purpose of updating and strengthening it. It will also include strengthening in the sense of introducing elaborate regimes to enforce collection borrowing, for example from similar provisions in the Income Tax Act and the Value Added Tax Act\(^\text{17}\). Replacement of the current out-dated and fragmented fees and charges regime with a more comprehensive one taking advantage of the re-introduction of local business licensing from January 2013.

1.6.2 Geographical scope

The study will be carried out in the National Ministry of Finance and Economic Planning of South Sudan. These institutions will be selected because they are directly responsible for identifying essential laws and regulatory measures ideal for tax controls.

1.6.3 Time scope

The study will be carried out between February 2014 and May 2014. This will total 5 months of data collection from the areas identified above.

1.7 Significance of the Study

1. Examine the effectiveness of the current development tax and revenue framework and the modalities used in South Sudan to-date;

2. Improve the design and implementation of development of the policy assistance in the future;

\(^{17}\) Article 6 of South Sudan Constitution
iii. Identify to what extent the fragile situation of the existing tax and revenue frameworks impacts aid effectiveness;

iv. Raise the level of understanding by government and development partners that directly support the management of tax and revenue collections in general.

v. Identify the priority action required for both the tax and revenue bodies and government to improve development outcomes.

1.8 Conceptual Framework

The projected level provides a comprehensive link between the independent variable (IV) and the dependent variable (DV) as based on the changing variations regarding absoluteness in taxation policy determination. The changing factors aiding the research are hence fully assimilated with the core relevance including quality of care, courtesy and the attitudes. There
are significant factors which complete the economic, demographic and operational classifications.

Chart Showing Method of Tax Collection in South Sudan

Chart Showing Tax Laws In South Sudan
CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

Taxation\(^{18}\) is a compulsory contribution imposed by a public authority irrespective of the exact amount of services rendered to the tax payers in return (\textit{non quidproquo})\(^{19}\). Accordingly, taxation policy\(^{20}\) as a systematic enforcement of tax laws with a view of attaining certain predetermined goals say of economic growth, equal distribution of resources in the economy. Thus taxation policy is a strategic weapon the government uses to achieve already determined goals. Taxation\(^{21}\) is the sovereign right that the state uses to transfer resources from private to public use in a way that is most consistent with economic goals of the society\(^{22}\). Economists have a more pragmatic definition of taxation referring to it as any leakage from the circular flow of income into the public sector with the exception as loan transactions and direct payments for publically produced goods and services\(^{23}\).

2.1. The structure of tax system

It might be a new country, but South Sudan is not starting with a fresh tax system. The system is constructed of a patchy mixture of lingering policies from the Anglo-Egyptian Condominium, subsequently altered by successive regimes in Khartoum and then, in places, rejected or again changed by the SPLA and SPLM during and following the civil war. Although the topic is understudied in South Sudan, taxation – and especially the act of resisting its payment – can serve as a powerful tactic of rebellion. It therefore may not come as a surprise that the current system of tax laws is complicatedly recorded in several different legislative documents. For example, information on Personal Income Taxes is noted in the 2009 Tax Act, details of Corporate Income Tax are included in the 2009 Investment Act, while
each of the 10 states implement their own 'Gevana' taxes – roughly equivalent to an internal customs duty, Southern Sudan has historically relied on revenues from oil production; with oil generating 98 per cent of Southern Sudan's revenue over the past five years. Further, more than 60 per cent of Southern Sudan's revenues has been collected at checkpoints, which will no longer be feasible as South Sudan progresses economically.

Under the Act, the former Government of Southern Sudan obtained authority over personal income tax, excise on luxury goods and business profits tax on small and medium-sized enterprises, leaving other taxation rights with the former Government of National Unity. The Act does not provide for large business taxation, VAT or goods and services tax, nor stamp duty, land tax or inheritance tax. However, the Ministry of Finance and Economic Planning hopes to extend this Act to a general sales tax and to introduce a business profit tax to large businesses. The Act sets out the administrative machinery necessary to implement the new tax system:

Functions and duties of the Directorate of Taxation, The power to investigate any person The appointment of Revenue Officers, Registration of taxpayers, Filing returns, Tax assessments, Time limits for assessments; collection of tax, Penalties, The procedure for appeals, Judicial review on a tax assessment.

The rules for recordkeeping, interest and penalties, tax collection and statute of limitations are generally reasonable, although they will need to be fleshed out administratively. Income tax rates for individuals are fairly flat and low by international norms: 0 per cent for the first 300 South-Sudanese Pounds (SSP), 10 per cent for SSP 301-5,000 and 15 per cent for SSP 5,001 and above. At the time this article was written, one US dollar equaled approximately three SSP.

Business profit tax rates are set at 10 per cent for small businesses and 15 per cent for medium-sized businesses. Expenses are generally deductible provided that they are wholly and exclusively incurred for the purpose of the business. Expenses on capital assets can be recovered via depreciation deductions. The depreciation schedule is refreshingly simple, with only three categories: buildings and other structures (10 years), vehicles, office equipment and computers (three years); and all other property (four years). Expenses on intellectual property are deductible over the useful life of the property.
Business losses can be carried forward up to five years and are available as a deduction against any income. There is no separate capital gains tax: instead capital gains are treated as business incomes and capital losses as business losses.

For enforcement, the Act relies heavily on withholding and advance payment of taxes. There is an import duty, styled as an advance payment of tax, on all goods brought into South Sudan of 2 per cent on all processed foods, 4 per cent on other goods and 6 per cent on all vehicles. The importer can credit this tax against its personal income tax or business profits tax liability. However, if the amount of import tax exceeds the importer's income tax liability or the importer otherwise is not subject to tax, the "advance payment" is treated as a non-refundable, "final" payment of tax. Withholding tax at a rate of 10 per cent is applied to employment wages, payment of dividends, payment of interest and royalties. Payments subject to this withholding tax are exempt from the personal income tax and the business profits tax. The tax withheld on dividends and interest is a final tax and cannot be refunded or credited against other taxes.

The Act also allows a credit for foreign taxes imposed on foreign source income, provided that the foreign country gives reciprocal relief for South Sudan taxpayers. Thus, a South Sudan resident who makes a profit from outside South Sudan and pays a tax on that profit, will be allowed a tax credit if a tax treaty applies or the other country provides a similar foreign tax credit. Very helpfully, the Act specifically provides for a system of written rulings for taxpayers in respect of transactions. These rulings can apparently apply prospectively or retrospectively. Unusually, if the taxpayer has made full and true disclosure of the transaction, the ruling is binding on both the Directorate of Taxation and the taxpayer. This is not typical of a ruling system, and introduces risks in applying for a ruling. If a taxpayer is adversely affected by a ruling, the taxpayer can request reconsideration by the Appeals Board.

In conclusion, from a tax point of view, South Sudan should be an attractive jurisdiction for inward investment. In addition to the confusion caused by the intricate 'legacy system', which is also regressive, the following are six tax challenges identified in a forthcoming review of South Sudan's tax system that are potentially under-examined, or viewed through a strictly economic lens, in current discussions on taxation: oil, aid, an underdeveloped economy,
numerous exemptions, establishing a professional cadre of tax administrators and reducing threats to their physical security, and multiple border taxes\textsuperscript{25}.

Oil

South Sudan’s present budget is approximately 98% dependent on oil revenue. Estimates on reserves vary between reserves lasting another 10, 15, or even 50 years. Now that the country is independent and receives a much larger proportion of oil revenues, its budget is expected to increase in the coming year. Although the extent of which remains unknown, there’s a bounty of other untapped mineral wealth likely lurking beneath the soil. It’s a strong possibility that the ‘resource curse’, in which natural resources provide perverse incentives for ruling elites to neglect the needs of their citizenry for personal gain, looms on the horizon\textsuperscript{26}.

Aid

Despite the stumbling global economy, international donors have committed $719 billion USD in aid to South Sudan for 2011. Most of this is dedicated to addressing social, humanitarian and infrastructure needs. Although debates in academic and policy circles as to the precise correlates and causation persist there is compelling evidence that both abundant aid and natural resource wealth decrease incentives for elites in post-conflict countries to tax their citizenry.

The Economy

At present, the government is the largest single employer with an estimated 300,000-400,000 individuals on the payroll. The second biggest vocation is cattle herding. Exact statistics are difficult to verify, but the majority of the country’s 8-14 million citizens are subsistence farmers. Of the small and medium businesses in Juba – where commerce is relatively high – most are owned by citizens of nearby Uganda, Kenya, Ethiopia and Eritrea. Given these figures, what, or whom, is there to tax in the first place? And how should one levy tax without harming developing industries?
Exemptions

Approximately 100,544,691 SSP or $37,565,038 USD was recently lost as a result of tax exemptions in Central Equatoria alone. Although politically sensitive, it's likely that many of these exemptions are economically unjustifiable. There are unverified reports that elected officials have been using the funds to sponsor the construction, and purchase, of personal homes and vehicles. It is also unclear whether construction companies are paying taxes when implementing lucrative infrastructure projects. Fortunately, President Kiir recently announced five accountability and transparency measures, which include a requirement that all public officials publish their income and assets.

Map of Central Equatoria State in south Sudan showing tax collection

Source: Mugerwa G.W. 2009. Taxation and Development in South Sudan

Tax Administrator Training and Physical Security

Some tax collectors report having been threatened, beaten, or even arrested after attempting to collect taxes from business owners – particularly if they were high-level fighters during the civil war. Traders from Kenya and Uganda can be equally dangerous, as they are sometimes armed to ward off bandits. Due to common interruptions in education during the civil war, many tax collectors and inspectors are uneducated to carry out their jobs effectively. A candid
Interview revealed that some tax collectors have trouble calculating basic percentages and may stick to a 10% levy on the goods and services they assess despite laws that say otherwise. Both are significant concerns that threaten the legitimacy and effectiveness of the burgeoning cadre of tax administrators. This is important when considering that, in addition to police and military officials, the tax-man (or woman) might be the first contact citizens have with the state. Upcoming tax structural reforms – most notably the prospective formation of a South Sudan Revenue Authority, similar to those in Uganda and Kenya – will likely tackle some training challenges. Moreover, the education of some tax administrators has been underway in Uganda.

Multiple Border Taxes

This concerns the high number of tax collection tables at border crossing points. Interviews reveal up to 11 different tables, manned by the staff of separate government agencies – including the police, SPLA, and customs – each levying their own tax at the Nimule border checkpoint, the main entry point from Uganda. Recent efforts have sought to crack down on the high number of tables. Nevertheless, members of the business community report being overtaxed. Justification for the duplication of tax collection efforts is likely attributable to the relative ease with which it is possible to collect border taxes, and the confusion over precise legislative status. There is, perhaps justifiably, a degree of mistrust and misunderstanding between tax officials and the public at large.

Towards State-Building-Oriented Tax Reforms in South Sudan

The potential solutions to these tax challenges are, of course, neither simple nor necessarily tried-and-tested. There’s also some evidence of an emergent national discussion on taxation. The most obvious of which is the inception of the Fiscal Intergovernmental Task Force, which explicitly seeks to reduce the government’s dependency on oil revenues. Another area for hope is through varying attempts in fiscally decentralized states to shift away from dependence on central government transfers by raising their own revenue. Northern Bahr el Ghazal, for example, has independently introduced several tax awareness adverts linking taxation to public service delivery. A potential method of tackling the ‘resource curse’ is to increase budgetary transparency through a combination of measures to enhance fiscal obedience. This includes the
adoption of a stabilization fund and an Extractive Industries Transparency Initiative (EITI) to increase oil revenue transparency. Building on the idea of a stabilization fund is that of cash transfers to individual citizens from oil wealth. According to the most vocal of proposals applicable to other oil rich countries, eligible citizens or households could be identified through biometric identification. Taxes on a percentage of the amount disbursed could subsequently be levied on recipients as a way of introducing the idea and importance of taxation into the population at large. Although biometric identification raises substantial security and privacy concerns, and it is not clear how and why elites would risk losing their grip on natural resource rents by adopting such a scheme, the approach holds some promise. More locally, participatory budgeting initiatives serve as 'bottom-up' ways to assist citizens in becoming more engaged with the democratic process while also monitoring public spending on essential public services. Moreover, evidence from other post-conflict countries shows that fiscal transparency across ethnically divided states can lead to peace-building gains. Examples include initiatives such as Participatory Expenditure Tracking Surveys (PETS) for the health and education sectors along with 'Right to Information Campaigns', both of which have yet to be introduced, as well as increasing the number of Constituency Development Funds.

Another eligible post-conflict tax reform includes a focus on urban, rather than rural, taxation. Evidence from other countries reveals that land taxation is frequently neglected for fear of sparking local conflict. However, there are some indications that a measure of debate over land tax might lead to healthy disruptions in entrenched interest groups. It might also be one of the few areas where progressive taxation can be introduced. From a practical standpoint, maps tend to be more readily available, and less contested, in urban areas. Although many small and medium businesses might be owned by citizens of neighboring countries, another proposal is to shift away from presumptive taxation and 'formalize' this typically hard-to-tax sector through streamlined accounting and tax incentives to shift away from presumptive taxation. The point
of both reforms isn't to necessarily raise enormous amounts of revenue — it is instead to increase the proportion of the citizenry engaging with the state over public decision-making.

Taming the negative externalities of aid by taxing it is likely to be the most controversial proposal (primarily among South Sudan’s booming expatriate community). There are fears that tax exemptions on aid and the services agencies use sends a negative message that national and international staff working for aid agencies — which are frequently coveted jobs in post-conflict countries — are somehow above the law. Discussions around the taxation of aid have previously taken place in East Timor and Afghanistan. However, they were rejected in both countries on the premise that the UN Convention on Privileges and Immunities accords the UN and international aid agencies with diplomatic exemptions.

These are just a few preliminary findings from a primarily external study of taxation and state-building in South Sudan. The real discussion and research undoubtedly needs to take place within the country — and not just among members of government-sponsored task forces and tax administrators in decentralized states. The first and most vital step forward is to begin provoking discussions around who and what to tax among the majority of South Sudan’s citizenry. Unfortunately, however, the window for reform might be fast closing as South Sudan becomes increasingly preoccupied with quarrels with the northern Republic of Sudan over oil-sharing, debt-sharing, currency, and border disputes. All the while, the risk of internal conflict simmers. Although these concerns are of course critical, there is still no excuse for neglecting the potentially critical governance gains to be earned through effective taxation in combination with revenue transparency and participatory budgeting.

2.1.2. The Legal framework

The Comprehensive Peace Agreement (CPA) signed in January 2005 provides a framework for creating a decentralized system of government in Sudan. Details for the implementation of that framework are spelled out more comprehensively in a series of documents created subsequent to the signing of the CPA. Recent relevant documents for local own-source revenues include the Transitional Constitution and the Local Government Act passed by the Assembly of the Government of South Sudan in 2009, which is still in effect today as a result of Article 200 in the Transitional Constitution, which went into effect July 9, 2011. This provision summarizes key elements of those documents as they pertain to the mobilization of own-source revenues by state and local governments in the Republic of South Sudan.
2.1.2.1 Transitional Constitution of the Republic of South Sudan

The Preamble to the Transitional Constitution (TC) says that the people of South Sudan are committed “to establishing a decentralized democratic multi-party system of governance in which power shall be peacefully transferred.” Article 36(1) of the Transitional Constitution provides that all levels of government, “shall be guided by the principles of decentralization and devolution of power to the people through the appropriate levels of government where they can best manage and direct their affairs.” Article 48 of the Transitional Constitution further elaborates the principles that will guide the devolution and exercise of powers by each level of government including the commitment of the national government to “respect the powers devolved to the states and local governments. To implement this decentralized democratic system of governance; Article 50 of the constitution makes provision for three tiers of government: The Government of South Sudan (GOSS) which shall exercise authority in respect of the people and states in South Sudan; The state level of government, which shall exercise authority within a state, and render public services through the level closest to the people; and the Local government level within the state, which shall be the closest level to the people. Article 166 (1) of the Transitional Constitution says that states “shall enact laws for the establishment of a system of local government” in their state. This provision is carried over from the Interim Constitution of Southern Sudan (ICSS) as of January 2005 to July 8, 2011. The ICSS clearly intends that the organization and functioning of local governments within each state shall be conducted in accordance with the relevant state constitution and the law, indicating that local governments are essentially creatures of each state and operate under the unique law of that state, although they have common grounding in the ICSS and the Catha Transitional Constitution adds two new articles relating to the creation and operation of local governments. Specifically, Article 166 (2) says that “for the purposes of the initial establishment of a local government system, and in order to set common standards and criteria for the organization of local governments, the National Government shall enact necessary legislation.” Article 166 (3) provides that the President will create a Local Government Board under his or her office to review the local government system and make necessary recommendations and policy guidelines. It seems that under the TC states has less latitude in creating a system of local government in their state than under the ICSS and it seems under the TC the national system of local government is influenced by the national government through the Office of the President. In terms of local revenues, the Transitional Constitution provides that “Local governments shall have powers to levy, charge, collect and appropriate fees and
taxes in accordance with the law.” (Article 166 (7)) Presumably that means the Local Government Act which spells out explicitly what revenue sources are available to counties for mobilizing own source revenues. In addition, Article 166 (8) says that “The National Government may pay grants-in-aid to states in support of their budgetary deficits and that of local government councils.” Taken together with Section 169 (8), which says “Revenue sharing shall reflect a commitment to devolution of powers and decentralization of decision-making. These provisions suggest the need for unrestricted equalizing grants from the Central government to the states. This general approach to providing grants to local governments complies with Article 49 (1) (a) which says “the linkage between the National Government and the local government shall be through the government of the relevant state;”

According to Article 179 of the Transitional Constitution, states in the Republic of South Sudan may legislate for raising revenue or collecting taxes from the following sources:

State land and property tax and royalties; Service charges for state services; Licenses issued by the state; State personal income tax; levies on tourism; At least two percent of net oil and other mineral revenue for each producing state; State government projects; Stamp duties; Agricultural production taxes; Grants-in-aid and foreign aid; Excise duties; Other state taxes, which are not within the exclusive jurisdiction of the National or South-Sudan governments; Loans and borrowing in accordance with Article 184 (2) and (3) of this Constitution; and any other tax as may be determined by law.

This is essentially identical to the explicit list of revenue sources available to states in the Interim Constitution of South Sudan, but with a couple of minor, but significant, edits. For example, in an effort to clarify roles and responsibilities, states have access to revenue from licenses, but in the Transitional Constitution the words “issued by the state” have been added. Similarly, the Transitional Constitution says states can generate revenues from state projects, but it deletes the words “and national parks” which had been included in the ICSS. Finally, the TC deletes one complete revenue item listed in the ICSS. Specifically, under the ICSS states were allowed to generate revenues from “border trade charges or levies in accordance with National legislation.” That provision is deleted from the TC, which raises questions about the Constitutionality of the surcharge and development tax collected in Eastern Equatorial State, which raised over 70 percent of the states own-source revenues in 2010. Local governments in the Republic of South Sudan have a constitutional foundation in both the Transitional Constitution and in each state constitution. Unfortunately, these constitutions are silent on the exact roles and responsibilities that will be assigned to local governments, including
Specifically what revenue sources will be assigned to local government? 27

2.1.2.2 Local Government Act

The second major piece of legislation describing the system for raising local own-source revenues 28 which passed the Assembly in May 2009 and was signed into law by the President. This legislation is still operational under the TC as a result of Article 200. Section 6 of the Local Government Act says that local government is the third level of government in South Sudan which consists of a number of autonomous local government Councils. The establishment of Local Government Councils (LGCs) shall be based on the principles of decentralization and democratic local governance that demands the devolution of authority and power to the level of government closest to the people 29. This adds to the generalized intentions of the law and the constitution by delineating the Objectives of local government in the Republic of South Sudan. Among those objectives is the requirement to promote self-reliance amongst the people through **mobilization of local resources** to ensure the provision of services to communities in a sustainable manner. Further it 30 indicates that one principle that shall guide the devolution of authority to local governments in the Republic of South Sudan is the development of the political will in South Sudan for the assignment of local sources of revenue by law to local government authorities. [Section 15(2) (d)] The legislation provides greater specificity when it enumerates sources of own-revenues for local councils in **Section 110 of the LGA**. Specifically, the LGA says that local government councils can generate revenues through the imposition of levies on local taxes and local rates and through raising funds from community contributions, grants, loans and earnings from local businesses. Local tax sources are explicitly enumerated to include Local Taxes, Council property tax, Social service (head) tax, Council land tax, Animal tax, Gibana tax (county level exercise taxes), County sales tax, Capital gains tax, Ushur tax

While this section provides clear authority to include any of these local taxes in the revenue plans of any county, it appears that these revenue sources are only available to counties since there is no explicit reference to other levels of local government such as the payam or boma. The Act concludes that local government councils have access to any other taxes authorized by

---

27 Local Government Act of 2009
28 Local Government Act (LGA) of 2009
29 [Section 6 (b)] Section 12
30 [Section 12 (6)] Section 15 of the LGA Act
law, regulations, etc. Finally, while gibana is generally an important revenue source for local councils, it appears that gibana is not consistent with Section 187 (2) of the Transitional Constitution which requires that "There shall be no levies, taxes or fees or any other charges on interstate trade and commerce." One might expect future adjustments to this list of revenue sources as it is brought into compliance with the requirements of the TC.

2.1.2.3 Local Non-Tax Revenues

In addition to local taxes, the Act also specifies non-tax sources of revenues for local government councils, which are permitted by law. Those sources explicitly enumerated in the law include

User fees, License fees, Administrative fines, Royalties, Permits, Customary court fees and fines, Contract fees, Auction fees, any other fees and charges authorized by law.

Finally, Appendix IV of the Local Government Act enumerates almost five dozen functions assigned to local governments in South Sudan. The list includes a number of traditional local activities such as providing fire and police protection, pre-school and primary education as well as providing water and sanitation, sewerage and drainage and refuses collection services. A number of these services are candidates for generating local government revenues through a variety of local government rates as stipulated in the Act. For example, traders in the market in Torit pay 5 ssp per week for the County to pick up and remove trash while some households pay a fee for fire protection so the fire department will come if there is a fire.

2.1.3 Definition and concept of tax regime

Tax regime is defined as the study or determination of tax on a person or business subject to the tax laws of different countries or the international aspects of an individual country's tax laws. Governments usually limit the scope of their income taxation in some manner territorially or provide for offsets to taxation relating to extraterritorial income. The manner of limitation generally takes the form of a territorial, residency, or exclusionary system. Some governments have attempted to mitigate the differing limitations of each of these three broad systems by enacting a hybrid system with characteristics of two or more. In order to simplify administration or for other agendas, some governments have imposed "deemed" income regimes. These regimes tax some class of taxpayers according to tax system applicable to other taxpayers but based on a deemed level of income, as if earned by the taxpayer. Disputes can arise regarding what levy is proper. Procedures for dispute resolution vary widely and enforcement issues are far more complicated in the international arena. The ultimate dispute
resolution for a taxpayer is to leave the jurisdiction, taking all property that could be seized. For
governments, the ultimate resolution may be confiscation of property incarceration or
dissolution of the entity.

2.2 The characteristics of a good tax regime

A good tax system should meet five basic conditions; these tenets were developed by Adam
Smith and include; fairness, adequacy, simplicity, transparency and administrative ease.

Fairness, or equity, means that everybody should pay a fair share of taxes. There are two
important concepts of equity: horizontal equity and vertical equity. Horizontal equity means
that taxpayers in similar financial condition should pay similar amounts in taxes. Vertical
equity is just as important, however. Vertical equity means that taxpayers who are better off
should pay at least the same proportion of income in taxes as those who are less well off.
Vertical equity involves classifying taxes as regressive, proportional, or progressive.

*Regressive tax:* A tax is regressive if those with low incomes pay a larger share of income in
taxes than those with higher incomes. Almost any tax on necessities is regressive because lower
income people must spend a larger share of their income on these necessities and thus in taxes.
Oklahoma’s sales tax is one example; lower-income residents pay a much larger share of their
incomes for groceries and other necessities than higher income ones, so the sales tax takes
more of their income.

*Proportional tax:* A tax is proportional if all taxpayers pay the same share of income in taxes.
No taxes are truly proportional. Property taxes often come closest since there is a close
relationship between a household’s income and the value of the property in which they live.
Corporate income taxes often approach proportional because one rate applies to most corporate
income.

*Progressive tax:* A progressive tax requires higher-income individuals to pay a higher share of
their income in taxes. The philosophy behind progressive taxes is that higher income people
can afford and should be expected to provide a bigger share of public services than those who
are less able to pay. The federal income tax is the best example of a progressive tax; the
Internal Revenue Service reports that the top one percent of taxpayers by income paid 40 percent of the taxes in 2005.

While no system of taxes is perfect, it is important to seek horizontal equity because taxpayers must believe they are treated equally. It is just as important to seek vertical equity so government does not become a burden to low-income residents. *Adequacy* means that taxes must provide enough revenue to meet the basic needs of society. A tax system meets the test of adequacy if it provides enough revenue to meet the demand for public services, if revenue growth each year is enough to fund the growth in cost of services, and if there is enough economic activity of the type being taxed so rates can be kept relatively low.

*Transparency* means that taxpayers and leaders can easily find information about the tax system and how tax money is used. With a transparent tax system, we know who is being taxed, how much they are paying, and what is being done with the money. We also can find out who (in broad terms) pays the tax and who benefits from tax exemptions, deductions, and credits.

*Administrative ease* means that the tax system is not too complicated or costly for either taxpayers or tax collectors. Rules are well known and fairly simple, forms are not too complicated, it is easy to comply voluntarily, the state can tell if taxes are paid on time and correctly, and the state can conduct audits in a fair and efficient manner. The cost of collecting a tax should be very small in relation to the amount collected.

### 2.3 The Tax Regime factors

Research work asserts that, the cause of poor compliance is the opportunities available for evasion. Accordingly, gives another influencing relationship that the tax payer's willingness and ability to pay the tax depends on the perceived benefits of the tax paid. However, a research analysis found out that tax collection was low despite the fact, that the rates were reduced. He found out that this was mainly because of the wide spread of activities in the underground economy which brings back the issue of inefficiency of the tax administrators to identify the potential tax payers and the taxable income. Makanga (2004) further broke

---

31. Eraid (1990)
32. Teera (1994)
corporate tax administration into various components and these include; identification and registration of the taxpayers, assessment, and sensitization, collection of taxes, monitoring and review of corporate tax systems. Tax regime cost is likely to be higher and less effective, in ethically-neutral economies than ethically-sensitive economies like the Islamic economic system, since compliance is exogenously enforced in the former and endogenously embraced in the latter. This suggests that the role of religious teachings and ethics is important to elicit voluntary compliance and generating substantial revenue from tax.

2.4 The Method of Tax collection

2.4.1 Tax deducted at source

Tax deduction at source simply means deduction of income tax from the income, at the time when the income accrues or arises. There are some incomes stipulated by the Act, where the payer of such incomes is required to deduct tax and pay only the balance to the receiver. After deducting tax at source, the payer will be responsible to deposit the same with the Central Government within the stipulated time.

Tax which is deducted at source will be deemed to be the income tax paid by the receiver for the income received. Tax Deducted at the Source is currently applicable to incomes such as salary, interest on securities, interest on bank deposits, rent, winnings from lotteries and race horses, commissions, etc.

2.4.2 Duty exemptions: Agricultural imports – tools, equipment, machinery and tractors, pharmaceutical, animal feeds, seeds – for boosting food and cash crops productions shall be exempt from any duties and taxes for a period that shall be determined by law.

2.4.3 Tax incentives: These include capital allowances ranging from 20% to 100%, deductible annual allowances ranging from 20% to 40%; and other depreciation allowances ranging from 8% to 20%.
2.4.4 Special incentives: Special incentives may be granted by the Board of Directors of the South Sudan Investment Authority to investments in strategic or transformational sectors. These special incentives are only available on special applications by investments in areas designated as strategic or transformational.
CHAPTER THREE

METHODOLOGY

3.0 Introduction
This chapter will describe the research design, study population, sample and sampling designs, sources of data collection, tools of data collection, data processing and analysis, limitation that will be faced during study.

3.1 Research design and strategy
A descriptive and explanatory research designs will be used. Descriptive research design will be used because the variable requires answering “what” and its ability to describe results from questionnaires and interviews. Cross-sectional will be used to cover all potential respondents and explanatory used because of its ability to explain the cause of the problem and the linkage between the variables.

3.2 Research population
The researcher population for this study involved the tax payers, the Ministry officials, the administrators in taxation and stakeholders. The total population for this study will be 131 and will be from different research areas in South Sudan.

3.3 Sampling procedures and strategy
Due to large size of the population, the researcher will use both random and purposive sampling techniques. Probabilistic random sampling ensured that all members of the population can be selected, list of members will be obtained and every same “n” will be selected until the researcher got the required number. While purposive or bias selection will use those members who were thought of much relevant to the research for instance corporate heads of finance, MFEP public relations officer and head customer care.
3.4 Sample size

The study will use a total of 190 respondents of which a sample of 131 respondents constituted the study. 84% being management officials, 20% other classified respondents as per the following table indications.

Table 1: Showing the sample size

<table>
<thead>
<tr>
<th>Category of respondents</th>
<th>Number of respondents</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Management officials</td>
<td>33</td>
<td>25.1</td>
</tr>
<tr>
<td>Managing director</td>
<td>78</td>
<td>59.5</td>
</tr>
<tr>
<td>Others</td>
<td>20</td>
<td>15.2</td>
</tr>
<tr>
<td>Totals</td>
<td>131</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Primary source

From table 1 above, it can be established that there is a direct proportion between the respondents and the study consideration.

3.5 Data sources

This includes both primary and secondary data.

3.5.1 Primary Data Sources

This will be obtained from the staff and management of Ministry of Finance and Economic Planning using both the self administered questionnaires and interviews.

3.5.2 Secondary Data Sources

This will be obtained from the annual reports of Ministry of Finance and Economic Planning newsletters, various journals, internet and written literature in various text books.

3.6 Data collection tools and instruments

Various data collection instruments were will use to obtain data from the field and these were;
3.6.1 Questionnaires
These were the main instruments that were used, which included both open and closed-ended questionnaires. This enabled respondents to participate and gave adequate data to make meaningful findings and recommendations of the study.

3.6.2 Interviews
Face to face interviews will be employed for clarity and necessary assistance will be given to some respondents in instances where they needed clarification on certain issues in the questionnaires that seem to disturb them.

3.6.3 Observation
Seeing how clients were handled and to as well observe the body language of respondents, observing reports, during the face to face interviews will be possible through observation.

3.7 Data processing
After collecting data from the field, it will be edited and coded for further analysis and presentation.

3.7.1 Editing
This will be done for purpose of consistency, reliability and accuracy of information. Questionnaires from the field were scrutinized to cross check for the errors, inconsistencies and incompleteness in the questionnaires.

3.7.2 Coding
Edited responses were coded in numerical terms and were later entered into the computer system for easy analysis and interpretation.

3.8 Data Analysis
Data will be analyzed using tables with frequencies and percentages that enabled the researcher in summarizing data from which measures of significant relationship between the two variables.
were obtained. SPSS will be used to determine the significance of the relationship using Pearson correlation to analyze the data and make a conclusion.
CHAPTER FOUR
DATA ANALYSIS, INTERPRETATION AND PRESENTATION

4.1 Introduction
This chapter deals with the profile of the study area encompassing issues of physical characteristics, population characteristics and also demographic features. As well as analysis and interpretation of the data collected. The study will establish the relationship between the taxation laws in South Sudan and the respective taxation methods used.

4.1.1 Findings Analysis
The government of South Sudan and the tax bodies are expected to provide public services, but it is common to find that the own-source revenue-raising powers of the latter are not sufficient to meet the costs of providing the services they have been assigned. The resulting gap can be filled by vertical equality i.e. transferring resources from the central government or by increasing revenue-raising powers of the government. But increasing local own-source revenues is, more often than not, quite challenging. For example, allowing the revenue authority to have substantial revenue raising powers reduces central control over the total size of the public sector and raises concerns about macroeconomic stabilization. In addition, appropriate local revenue bases are commonly weak or too administratively complex for revenue’s collector’s approach to handle. Given these realities, transfer mechanisms are often the most suitable way to achieve vertical equality. Horizontal equality is also important because there are generally wide differences in the ability of South Sudan operational framework to mobilize resources independently. If only local government own-source revenues were available to finance assigned local services, there would be substantial inter-jurisdictional differences in the quantity and quality of public
services based largely on differences in resource endowments. Intergovernmental transfers can be a powerful mechanism to help equalize these differences in its fiscal capacity.

A third rationale for transfers is that some seemingly local government services generate inter-jurisdictional spillovers, which are benefits (or costs) that extend beyond the borders of the locality. For example, health services provided in one jurisdiction may improve the overall health situation in neighboring communities. The tax operational framework for South Sudan may be unwilling to provide an efficient level of certain services if they believe that people who reside outside of the locality will enjoy many of the resulting benefits.

4.2 General Characteristics
This section contains the general characteristics of the respondent group in terms of basic characteristics such as age group, gender and level of education. These were all presented using the frequency distributions.

4.2.1 Designation
The results in the table below indicate the designation of the taxpayers who participated in the study.

Designation of the taxpayers

<table>
<thead>
<tr>
<th>Designation of the taxpayers</th>
<th>Frequency</th>
<th>Valid Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valid</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accountant</td>
<td>33</td>
<td>25.2</td>
</tr>
<tr>
<td>Managing Director/General</td>
<td>68</td>
<td>51.9</td>
</tr>
<tr>
<td>Technical Staff</td>
<td>20</td>
<td>15.3</td>
</tr>
<tr>
<td>Auditor</td>
<td>4</td>
<td>3.1</td>
</tr>
<tr>
<td>Others</td>
<td>6</td>
<td>4.6</td>
</tr>
<tr>
<td>Total</td>
<td>131</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Source: Primary Data
Table 1 above indicates that most taxpayers were in the position of Managing Director/General (52%) and only 3% were in the position of Auditor. Accountants, Technical Staff and those in other categories, comprised 25%, 15% and 5% respectively of the sample.

4.2.2 Age Group among the Tax Payers
This was intended to help the researcher evaluate respondents' level of maturity and taxpayer's awareness in particular as one of the contemporary issues in economic development process.

Results indicate the distribution for one's category by age group.

Table 2: Age Group among the Tax Payers

<table>
<thead>
<tr>
<th>Age Group</th>
<th>Frequency</th>
<th>Percentages</th>
</tr>
</thead>
<tbody>
<tr>
<td>25 - 30 yrs</td>
<td>52</td>
<td>39.7</td>
</tr>
<tr>
<td>31 - 35 yrs</td>
<td>31</td>
<td>23.7</td>
</tr>
<tr>
<td>Valid 36 - 40 yrs</td>
<td>21</td>
<td>16.0</td>
</tr>
<tr>
<td>Above 40 yrs</td>
<td>27</td>
<td>20.6</td>
</tr>
<tr>
<td>Total</td>
<td>131</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Source: Primary Data

Results indicated that most persons were in the 25 - 30 year age group taking 40%, with a small proportion in the 36 - 40 year age bracket comprising 16%. Respondents in the 31 - 35 and above 40 year age brackets constituted 24% and 21% respectively.

The results in the above table show that most respondents were male (58%) taxpayers against (44%) of the female participants.

This distribution may have a cultural connotation which traditionally has been limiting women in Africa from entrepreneurship adventures. Whereas it appears on the ground that there are
many females in day to day running of common businesses in South Sudan, fewer are actual proprietors especially in formal businesses as majority are employees. For this study, the researcher was largely interested in proprietors whose businesses are registered for corporation tax because they were deemed to be decision-makers with final say on tax matters in their business entities.

4.2.4 Level of Education among the Tax Payers

The table below shows the level of education of the respondents.

Table 3: Level of Education among the Tax Payers

<table>
<thead>
<tr>
<th>Level of Education</th>
<th>Frequency</th>
<th>Percentages</th>
</tr>
</thead>
<tbody>
<tr>
<td>Degree</td>
<td>27</td>
<td>20.6</td>
</tr>
<tr>
<td>Diploma</td>
<td>40</td>
<td>30.5</td>
</tr>
<tr>
<td>Valid Certificate</td>
<td>41</td>
<td>31.3</td>
</tr>
<tr>
<td>Post Graduate</td>
<td>23</td>
<td>17.6</td>
</tr>
<tr>
<td>Total</td>
<td>131</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Source: Primary Data

Respondents with diplomas had the highest percentage (31%). It should be noted that postgraduate were the least participants (18%). Other participants were certificate holders (31%) and Degree holders (21%).

33
4.2.4 Main Activity among the Tax Payers

The results in the table below show the activities of the taxpayers who participated in the study.

Table 4: Main Activity engaged in by Taxpayers

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percentages</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manufacturing</td>
<td>6</td>
<td>4.6</td>
</tr>
<tr>
<td>Trading</td>
<td>71</td>
<td>54.2</td>
</tr>
<tr>
<td>Valid Service</td>
<td>50</td>
<td>38.2</td>
</tr>
<tr>
<td>Others</td>
<td>4</td>
<td>3.1</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>131</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Source: Primary Data

Most taxpayers were mainly in trading (54%) and others took (3%). Service and manufacturing comprised 38% and 5% respectively.

4.2.5 Designation Staff Characteristics

Results in the table below indicate the nature of the staff members who participated in the study.
Table 5: Designation Staff Characteristics

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percentages</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commissioner</td>
<td>1</td>
<td>2.0</td>
</tr>
<tr>
<td>Assistant Commissioner</td>
<td>2</td>
<td>4.0</td>
</tr>
<tr>
<td>Valid Supervisor</td>
<td>10</td>
<td>20.0</td>
</tr>
<tr>
<td>Officer</td>
<td>37</td>
<td>74.0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>50</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>

*Source: Primary Data*

Most staff from SSRA participating in the study was Officers (74%). This was followed by Supervisors (20%), Assistant Commissioner (4%) and the Commissioners (2%)

4.2.6 Age Group and Respondent Category Distribution

Age Group

Results indicate the distribution for one’s category by Age group

Table 6: Age Group and Respondent Category Distribution

<table>
<thead>
<tr>
<th>Age Group</th>
<th>Frequency</th>
<th>Percentages</th>
</tr>
</thead>
<tbody>
<tr>
<td>25 - 30 yrs</td>
<td>13</td>
<td>26.0</td>
</tr>
<tr>
<td>31 - 35 yrs</td>
<td>15</td>
<td>30.0</td>
</tr>
<tr>
<td>Valid 36-40 yrs</td>
<td>9</td>
<td>18.0</td>
</tr>
<tr>
<td>Above 40 yrs</td>
<td>13</td>
<td>26.0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>50</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>

*Source: Primary Data*

The respondents in the above table were all adults, and their ages were 30% between 31-35 years (30%), between 25 - 30 years were 26%, between 36 - 40 years were 18% while those of
40 years and above accounted for 26%.

Gender

The table below shows the gender of participants of the study

Table 7: Gender

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percentages</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>26</td>
<td>52.0</td>
</tr>
<tr>
<td>Valid Female</td>
<td>24</td>
<td>48.0</td>
</tr>
<tr>
<td>Total</td>
<td>50</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Source: Primary Data

The results in the above table shows that most respondents were male (52%) from SSRA staff and (55.7%) taxpayers giving an overall percentage (54.7%) against (45.3%) of the female participants.

The results in the above table shows that most respondents were male (52%) from SSRA staff and (56%) taxpayers giving an overall percentage (54.7%) against (45.3%) of the female participants.

4.2.7 Level of Education

The table below shows the level of education of the respondents

Table 8: Level of Education

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percentages</th>
</tr>
</thead>
<tbody>
<tr>
<td>Degree</td>
<td>16</td>
<td>32.0</td>
</tr>
<tr>
<td>Qualification</td>
<td>Count</td>
<td>Percentage</td>
</tr>
<tr>
<td>-------------------</td>
<td>-------</td>
<td>------------</td>
</tr>
<tr>
<td>Diploma</td>
<td>21</td>
<td>42.0</td>
</tr>
<tr>
<td>Certificate</td>
<td>1</td>
<td>2.0</td>
</tr>
<tr>
<td>Valid</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Post Graduate</td>
<td>10</td>
<td>20.0</td>
</tr>
<tr>
<td>Others</td>
<td>2</td>
<td>4.0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>50</td>
<td>100.0</td>
</tr>
</tbody>
</table>

**Source: Primary Data**

The study gathered information about educational qualifications of SSRA officers with an interest to gauge their skills enrichment and professional competence.

Respondents with diplomas had the highest percentage (29%). It should be noted that postgraduate were the least participants (6%). Other participants were certificate holders (28%), Degree holders (24%) and category of others (14%) respectively. Generally taxpayers participated at 72% and SSRA staff (28%)

### 4.3 The Legal framework

Factor analysis results were used to examine the legal framework in South Sudan. Because this technique is appropriate for extracting the various key components of a specific variable, the researcher used it as an appropriate technique necessary for establishing the legal framework.

This component was observed to explain 23.216% of the legal framework. Key issues under this component include registering any tax payer who is identified (0.722) and conducting annual surveys to identify potential tax payers (0.847). Other issues that are worth considering on this component are: examination of a firm’s financial statements and accounting records to be used as a basis for identification (0.741). In addition, the identification methods should be as effective as possible when registering all potential tax payers (0.684). In doing this, SSRA
personnel should put into consideration the, the needed revenue targets (0.663).
This explains 18.783% as a component of incorporated legal framework in South Sudan.
Important issues include knowledge on corporation rate (0.676), Knowledge should be given
on Government policy about corporation tax (0.636), the impact of corporation tax collected
(0.731); taxpayers should be informed on how corporation tax is computed (0.665). SSRA has
to educate the taxpayer s about the dangers of not paying corporation tax (0.721). This
therefore provided an important operational factor which is universally based on enhancing
operations within the changing taxation environment.

4.4 Legislations on tax Law in South Sudan
This is core as far as corporation level is concerned. Another main key tool which is Agency
Notice should be explained to the taxpayers that it originates from income tax law (0.723).
Taxpayers need also to know that if other tools fail auctioneers will be used as a collection
method (0.530). It should also be noted that SSRA rank eligible taxpayers basing on the
incomes (0.712). Another important aspect in assessment is to ensure that all taxpayers are
assessed annually (0.655). The results for Revenue Collection Performance were as indicated
in the table below. The question was designed such that 1 represents I strongly disagree, 2 - I
disagree, 3 - I agree and 4 - I strongly agree. Statements that are either close to 1 or 2 reflect
Disagreement while those that are close to 3 or 4 show Agreement.

Table 9: Revenue Collection Methods Factor Analysis Results

<table>
<thead>
<tr>
<th>N</th>
<th>Min</th>
<th>Max</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reviews of the rates/charges of corporation tax is frequently</td>
<td>50</td>
<td>1.00</td>
<td>4.00</td>
<td>1.91</td>
</tr>
</tbody>
</table>
carried out

<table>
<thead>
<tr>
<th>Corporation tax collection in terms of volume has increased tremendously</th>
<th>50</th>
<th>2.00</th>
<th>4.00</th>
<th>2.90</th>
<th>.42</th>
</tr>
</thead>
<tbody>
<tr>
<td>The general contribution of corporation tax administration has been going up.</td>
<td>50</td>
<td>2.00</td>
<td>4.00</td>
<td>2.81</td>
<td>.45</td>
</tr>
<tr>
<td>There is optimum administration of Corporation Tax</td>
<td>50</td>
<td>2.00</td>
<td>3.00</td>
<td>2.57</td>
<td>.50</td>
</tr>
</tbody>
</table>

Results in the table above show that the Reviews of the rates/charges of corporation tax are not frequently carried out (Mean = 1.91). In addition, Corporation tax collection in terms of volume has increased tremendously though not to satisfactory levels (Mean = 2.90). Other unsatisfactory issues to do with revenue performance included; the trend for the general contribution of corporation tax administration (Mean = 2.81) and the administration of Corporation Tax (Mean = 2.57).

4.5 Correlation Analysis
The results in the table below indicate the Pearson (r) correlation coefficients for the variables and these were taxation laws and Revenue Performance. A positive relationship between any two variables indicates that an increment in one variable brings about an increment in the other. On the other hand, if an increment in one variable causes a decrease in the other variable, then there is a negative relationship between the two variables.
Table 10: Relationships between the variables

<table>
<thead>
<tr>
<th></th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tax Payer Identification-1</td>
<td>1.000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Assessment-2</td>
<td>0.350*</td>
<td>1.000</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Collection Procedures-3</td>
<td>0.252</td>
<td>0.390**</td>
<td>1.000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sensitisation-4</td>
<td>0.251</td>
<td>0.234</td>
<td>0.230</td>
<td>1.000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tax Administration-5</td>
<td>0.743**</td>
<td>0.733**</td>
<td>0.671**</td>
<td>0.561**</td>
<td>1.000</td>
<td></td>
</tr>
<tr>
<td>Revenue Collection Peformance-6</td>
<td>0.415**</td>
<td>0.431**</td>
<td>0.493**</td>
<td>0.559**</td>
<td>0.675**</td>
<td>1.000</td>
</tr>
</tbody>
</table>

* Correlation is significant at the 0.05 level (2-tailed).
** Correlation is significant at the 0.01 level (2-tailed).

4.6 Relationship between taxation laws and tax collection methods

Results indicated a positive relationship between taxation laws and the tax collection methods (r = 0.675**, p < 0.01). If tax issues are well managed by the revenue authority, it will bring about an improvement in the Revenue Performance of the institution in terms of reduced tax administration costs. Taxpayer Identification was as well positively related to revenue collection method (r = 0.415**, p < 0.01). If tax payers are well identified and accurately assessed for taxes, the SSRA will realize an improvement in the Revenue Collection methods.

Pearson results showed a positive relationship between Assessment and Corporation Revenue Performance (r = 0.431**, p < 0.01), if assessments are handled very well it will positively improve corporation Revenue collection performance in South Sudan.

Collection Procedures were observed as another key important factor, if handled properly
South Sudan will realize improved Corporation Tax Revenue Collection Performance \((r=0.493^{**}, p<.01)\).

Furthermore, Sensitization was observed as to have a strong positive relationship with revenue collection methods. If taxpayers are sensitized they will find it easy to pay corporation tax and this will improve corporation tax revenue collection performance in South Sudan \((r=0.559^{**}, p<.01)\).
CHAPTER FIVE
DISCUSSION CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction
This chapter discusses the findings in chapter four in relation to the research objectives of the study and review of the related literature. It is sub divided into four sections. The first section presents discussion of the frequency tables; the second section discusses the relationship between Perceived (Collection procedures, Tax identification, Assessment) and the legal framework in the country. The third section presents the Discussion, Conclusions and Recommendations. An area for further study is also suggested.

5.2 Discussion

5.2.1 The level of Taxation laws in South Sudan.
The results in the previous chapter indicated that most essential elements of the taxation laws include Taxpayer factors which have been established, Sensitizations, Collection Procedure and Tax Assessment. On the two most important components which are Tax payer Identification and Sensitization, the results indicated that it is very important for the tax body to conduct annual surveys to identify taxpayers and to make sure that tax payers can perceive a positive impact on service delivery as a result of the corporation tax. The results indicated with the existing taxation laws and tax assessment to be beneficial to both the taxpayer and the tax body, it is paramount to always use receipts as an appropriate tax collection method and to make sure that tax assessors are effective in registering and assessing all potential tax payers. They should have the right qualifications and experience in tax related transactions. Considering the research done\textsuperscript{33}, it can be said that if the Tax Authority manages the identified tax Administration strategies well, it will hinder a situation where employees of various levels connive with tax payers so as to gain from what would be revenue for the institution. Enforcing

\textsuperscript{33}Christensen, 2005
these strategies of tax administration will help curb ethical or undesired activities in managing taxes such as undervaluing, under assessments, receiving bribes from tax payers and failure to register the potential tax payers\textsuperscript{34}.

5.3 **The legal Framework in South Sudan.**
Results indicated that for the legal framework to be well managed to desirable levels there should be strategies for improving tax collection in terms of volume and specific inclusions as approached relevantly in establishing an absolute taxation framework. There should as well be measures to improve on the contribution of taxation laws and consider an optimum administration of Taxation laws. Tax identification is the most poorly managed aspect among taxation laws stations. Taxation laws registration in South Sudan is a mandatory obligation for every company that hits annual turnover of $50 million thresholds. It is this list of registered taxpayers that constitutes national corporation register which South Sudan Revenue Authority keeps monitoring and updated through adding new taxpayers and deleting de-registered taxpayers. There is still bloated taxation laws register arising from difficulty of de-registering inactive taxpayers. This is partly responsible for the poor performance of the stations' compliance and filing ratios are still lower than expected. This implies that a reasonable proportion of traders especially in South Sudan qualify for taxation laws registration but are not yet on register.

In view of other works of Smith\textsuperscript{35}, he postulates that like all taxes, taxation laws are subject to evasion. For example, traders may fail to register for the tax; they may under-report sales or; where different goods are subject to tax at different rates, they may reduce their tax payments by exaggerating expenses into allowable to lower tax to be paid. There are other problems with implementing taxation laws in developing countries, especially those with a large informal

\textsuperscript{34}Baker, 2005

\textsuperscript{35}Smith, 2000
sector or “black economy”. Taxation laws are essentially important when defining the critical position of taxation in South Sudan. It cannot cover informal activities such as small-scale farming and household enterprises, small vendors and petty traders or service providers. In a perverse way, taxation laws can impede development by encouraging such activities to stay informal, rather than enter the formal sector where there is more value addition. The researcher therefore intended to get clear understanding of factors that are responsible for high incidences of non registration especially in towns of South Sudan.

This is consistent with further works which argued that tax identification is critical for the culture of tax collection. Those with stake in the organization must have all relevant and material information regarding its identified tax payers in order to make collection easier. Lastly, tax identification is the condition of complete openness, is one of the sustaining elements of collection procedures and thus is key to the establishment of collection procedures environment.

5.4 Relationship between taxation laws and taxation methods in South Sudan.

A positive relationship was noted between taxation laws and taxation methods in South Sudan. Taxation laws were a significant predictor of revenue collection methods in South Sudan. These results imply that the better managed the taxation laws, the better the revenue performance.

South Sudan has definitely made improvements in tax policy over the years, but it still lacks sufficient management capacity. This has been attributed to numerous barriers to efficient taxation laws. The success of the taxation laws in large taxpayer office cannot be taken for granted; it requires good design and implementation. In many developing countries like South Sudan, taxation laws suffers from being incomplete in one aspect or another, leading to less revenue being collected. Minister of Finance has on several occasions waived tax arrears on

---

36Ghosh (2006)
37Mentzer (1999)
recommendation from central government to South Sudan as a means to make a fresh beginning. However, the extent to which this method has contributed to boosting compliance is still questionable. While tax laws impose obligations on taxpayers to contribute to government revenues, the actual amount of revenues flowing into the hands of any government depends on the effectiveness of its revenue administration. Thus to improve revenue performance, Jit B.S. Gill (2003) cited in Kayaga, (2007) states that South Sudan has to depend highly on improving taxation laws. This is because good tax policy depends on effective taxation laws to raise the revenue.

There are a number of initiatives South Sudan has put in place but at the same time, there are a number of internal weaknesses which have not enabled the revenue authority to realize fruitful conclusion of the initiatives. There are staffing gaps.

The challenge of inadequate audit staff and utilization are still hampering the effectiveness of the Audit function. Katusiime, (2007), observes no strict enforcement of penalties and at times penalties assessed are not collected. Taxation laws system in South Sudan is perforated with a number of weaknesses which require attention. Improvement in taxation laws system will largely depend on competent staff, administrative units, and a strong Audit function.

Collection procedures showed a positive correlation with perceived tax identification and assessment which implies that if collection procedures is strengthened then corporation collections are likely to be boosted. According to Frost, (2000) there is a strong relationship between tax collection procedures and performance. This is because collection procedures improve performance – the goal of collection procedures is to improve performance, not to place blame and deliver punishment.

The research established that innovative ways of increasing citizen influence, improving the perceived revenue performance agencies and ensuring greater collection procedures can be

---

38 Bird, 2003  
identified, at the national but more commonly at the local level.
This is in line with other contemporary research which found out that improved collection procedures calls for monitoring the performance of those responsible for perceived revenue performance;

5.5 Conclusions
Taxation laws are a positively related to the revenue collection methods. As such the tax body should ensure that all the aspects related to the taxation laws are not neglected as they positively influence performance40.

The results in the previous chapters indicated that tax identification is a major component of the Taxation laws variable. Tax identification was a leading element when it comes to the success of the taxation laws.

Sensitization for taxpayers and prospective taxpayers is as much an urgent call and a necessary task in taxation laws, we believe, as it is equally urgent and necessary on the part of Governments that levy a variety of taxes as a major source of revenue. It is imperative that the sensitization of taxpayers is factored in the objective of the organization.

A key component that should not be overlooked in the taxation methods is the collection Procedure. South Sudan revenue authority should ensure that taxpayers know all collection procedures and penalties involved. This calls for taxpayers to know that collection procedures originate from domestic laws.

Assessment is another aspect of taxation laws which is the process of ascertaining / estimating a tax liability and should be done by assessors who are usually the technical people in the tax body. Without such measures, there would be no prospect of enhancing the contribution of corporate to the total budget revenue.

Tax payer identification is one of the most important aspects of taxation laws. This is because,

---

40 O’connell (2002)
as more taxpayers are located and registered, the taxpayers that would otherwise evade are reduced and this will increase revenue collection. Therefore emphasis should be on identifying new taxation laws and this will broaden tax base.

A positive relationship was noted between taxation laws and taxation methods in South Sudan. Taxation laws were a significant predictor of revenue collection methods. These results imply that the better managed the taxation laws, the better the revenue performance.

5.6 Study Recommendations

The tax body needs persons that are well trained and experienced in the field of taxation laws. Officials appointed to these persons should be appointed to these positions on merit not through some unprofessional criteria.

The registration programs should be developed to bring the high number of qualified but non registered taxation laws payers into the tax net. Increasing taxation laws registration threshold should be considered in order to have a manageable taxpayer register.

In view of SSRA respondents, policy proposals for reviewing the schedules that specify exemptions in the taxation laws legislation should be passed with more caution so as to limit proliferation of tax benefits and loopholes that drastically reduce tax collection and minimize taxation laws productivity.

Sensitization programs should be intensified to increase staff awareness and taxpayer appreciation of existing automation projects.

As most of the small taxpayer respondents were found to be Information Technology (IT) illiterate, they suggested that SSRA should introduce e-tax gradually and if need be, run both manual processes and the automated processes concurrently in order not to drive them out of their small businesses.

Increasing taxation laws registration threshold should be considered in order to have a manageable taxpayer register. Emphasis of taxation laws should be shifted to tax payer audits.
so that a reasonable proportion of registered tax payers to be audited annually to support the self assessment system.

5.7 Areas for further future Research

Due to time and resource constraints, the researcher was incapable of using a bigger sample population to perhaps the whole of the South Sudan. The study sample of 60 respondents thus fell short of appropriate regional representation. In future, a more comprehensive study would be more appropriate to study corporation revenue performance in South Sudan or any other taxes in a wider context since the same people pay other taxes.

In relation to this particular study, further inquiry would be conducted in utilization of tax revenue and how perception that the taxpayers did not benefit from their tax revenue was the true factor in influencing their attitude to taxes.

The third area of possible further research is that the study found more than 90% of businesses in South Sudan collapsing before celebrating their 10th anniversary of consecutive operations. In view of the respondents, the rampant business mortality in South Sudan is partly attributed to heavy tax burden which disables entrepreneurs from breaking-even. The scenario is an economic challenge that calls for further future research which can tangibly equip investors and entrepreneurs (including entire business community) on best business practices that can sustain longer life span of businesses.
REFERENCES


Golola M.L, (2001), Decentralization. Local Bureaucracies and services delivery in South Sudan, the inter-university council for East Africa, Kampala South Sudan.


Kagar SSRA (2000); Determinants of Corporate Tax Revenue in South Sudan, MA in Economics Policy Management.


Makanga (2004); Graduate Taxation laws and Tax payer compliance; a case of Kampala City Council.

Mugerwa G.W. (2009, April); Taxation and Development in South Sudan, a paper presented at the International Conference Center Kampala.


Tanzi V (1995)."The impact of Macroeconomics Policies on the level of taxation in Developing Countries" IMF staff press.

Teera 1994 “An economic evaluation of the effects of recent tax reforms in South Sudan”


APPENDICES

APPENDIX A

QUESTIONNAIRE FOR THE STAFF AND LEGAL OFFICERS OF MINISTRY OF FINANCE AND ECONOMIC PLANNING

Dear Respondent,

I do humbly request for your assistance by sparing off part of your valuable time to answer the questions in this questionnaire.

Your individual response will be among a variety of other responses that will help me in the study on TAXES AND REVENUE COLLECTION.

The information provided will be treated with utmost confidentiality and entirely for academics purposes.

SECTION A: General Information about Respondents

Kindly tick the appropriate alternative or fill in accordingly because the responses will be rated on the scale.

1. Gender
   a) Male
   b) Female

2. Level of education
   a) Degree(s)
   b) Diploma
   c) Certificate

Other (specify)..............................................................................................................
3. For how long have you been an employee in this organization?
   a) 0 - 3 years  □ □
   b) 3-5 years  □ □
   c) 5-8 years  □ □
   d) over 8 years  □ □

Section B: Taxation laws

Kindly tick the appropriate alternative or fill in accordingly because the responses will be rated on the scale.

4. The tax payer’s identification is conducted well
   a) Strongly agree  □ □
   b) Agree  □ □
   c) Not sure  □ □
   d) Strongly disagree  □ □

5. Tax payer’s registration exercise is done well.
   a) Strongly agree  □ □
   b) Agree  □ □
   c) Not sure  □ □
   d) Disagree  □ □
   e) Strongly disagree  □ □

6. The assessment of tax payer is done well and accurate.
   a) Strongly agree  □ □
   b) Agree  □ □
   c) Not sure  □ □
   d) Disagree  □ □
   e) Strongly disagree  □ □

7. The assessment of tax payers is timely.
   a) Strongly agree  □ □
   b) Agree  □ □
   c) Not sure  □ □
8. MFEP carries out sensitization of tax payers.
   a) Strongly agree
   b) Agree
   c) Not sure
   d) Disagree
   e) strongly disagree

9. MFEP always sensitizes the tax payers
   a) Strongly agree
   b) Agree
   c) Not sure
   d) Disagree
   e) strongly disagree

10. The efforts designed to collect taxes in an optimal manner are good.
    a) Strongly agree
    b) Agree
    c) Not sure
    d) Disagree
    e) strongly disagree

11. Do tax payers get the opportunity to give a comment or advice on the way tax is assessed, collected by the tax authority?
    a) Yes
    b) No

12. If yes, how often does it happen?
    a) Strongly agree
    b) Agree
    c) Not sure
    d) Disagree
    e) strongly disagree

**Tax monitoring and review**

13. MFEP’s overall tax policy administration is effective and lenient
    a) Strongly agree
    b) Agree
    c) Not sure
    d) Disagree
    e) strongly disagree
**SECTION C: Tax payers compliance**

Kindly tick the appropriate alternative or fill in accordingly because the responses will be rated on the scale. Where SA=Strongly Agree, A=Agree, N=Neutral, D=Disagree, SD=Strongly Disagree as shown below.

14. The methods and procedures preserved by MFEP in the whole process of Taxation laws motivate tax payers too.

<table>
<thead>
<tr>
<th>Options</th>
<th>Strongly Agree</th>
<th>Agree</th>
<th>Neutral</th>
<th>Disagree</th>
<th>Strongly Disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Timely reporting of tax information</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. voluntarily assess themselves</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Disclose all incomes earned for tax purpose</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. Pay actual tax assessed</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. Pay tax in time</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
15. Tax collections have been improving for the last three years.

a) Strongly agree  

b) Agree  
c) Not sure  
d) Disagree  
e) strongly disagree

SECTION D: Relationship between Taxation laws and Tax payer’s Compliance

Kindly tick the appropriate alternative or fill in accordingly because the responses will be rated on the scale.

16. The assessment system by MFEP determines the total taxes collected.

a) Strongly agree  

b) Agree  
c) Not sure  
d) Disagree  
e) strongly disagree

17. The tax collection methods and procedures have a direct influence on tax payer’s compliance.

a) Strongly agree  

b) Agree  
c) Not sure  
d) Disagree  
e) strongly disagree

18. The effectiveness of monitoring tax payers affects the revenue collected by MFEP.

a) Strongly agree  

b) Agree  
c) Not sure  
d) Disagree  
e) strongly disagree

19. Massive sensitization of tax payers increases the tax collected by MFEP.

a) Strongly agree  

b) Agree  
c) Not sure  
d) Disagree  
e) strongly disagree
20. The identification and registration of tax payers, influences how much revenue is collected.

a) Strongly agree  [ ]  b) Agree  [ ]  c) Not sure  [ ]

d) Disagree  [ ]  e) strongly disagree  [ ]

21. What would you wish to be improved upon or changed in the administration of taxes?

.................................................................................................................................
.................................................................................................................................
.................................................................................................................................
.................................................................................................................................
.................................................................................................................................
.................................................................................................................................

22. Kindly give any other comment(s) you may have regarding the overall process of taxation laws

.................................................................................................................................
.................................................................................................................................
.................................................................................................................................

THANK YOU SO MUCH.
# APPENDIX B

## BUDGET PROPOSED

<table>
<thead>
<tr>
<th>Activity/Item</th>
<th>Quantity</th>
<th>Duration (Days)</th>
<th>Amount (UGX)</th>
<th>Total Amount (UGX)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stationary</td>
<td></td>
<td></td>
<td>20,000</td>
<td>20,000</td>
</tr>
<tr>
<td>Transport</td>
<td></td>
<td>10</td>
<td>15,000</td>
<td>15,000</td>
</tr>
<tr>
<td>Printing costs</td>
<td>60 pages x 4 copies</td>
<td>500</td>
<td>120,000</td>
<td></td>
</tr>
<tr>
<td>Binding</td>
<td>4 copies</td>
<td></td>
<td>4,000</td>
<td>16,000</td>
</tr>
<tr>
<td>Scanning</td>
<td>2 pages</td>
<td></td>
<td>1000</td>
<td>2,000</td>
</tr>
<tr>
<td>Lunch</td>
<td></td>
<td>10</td>
<td>7,000</td>
<td>70,000</td>
</tr>
<tr>
<td>Phone Calls</td>
<td></td>
<td>10</td>
<td>2000</td>
<td>20,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td><strong>263,000</strong></td>
<td></td>
</tr>
</tbody>
</table>
## APPENDIX C

### THE TIME FRAME OF THE STUDY

<table>
<thead>
<tr>
<th>Activity</th>
<th>Time</th>
<th>in</th>
<th>months</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proposal writing</td>
<td>1</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>Data collection</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Data analysis</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Submission</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

59