Lunch with the DM

'Not all is lost for the tax systems in Africa'

Mary Baine, the executive secretary of the African Tax Administration Forum, tells **Trevor Luutalo** that too many complex taxes are affecting revenue collection across the continent.

At the lakeside terraces of Speke Resort Munyonyo, the afternoon sun settles gently over Lake Victoria. At Nyanja Restaurant, conversations flow easily among delegates attending different conferences.

Across the table sits Mary Baine, a woman whose work rarely makes headlines but quietly shapes how African governments collect the revenue that finances roads, schools and hospitals.

Soft-spoken but assured, Baine carries herself with the calm confidence of someone who has spent decades navigating the technical and political complexities of taxation. Her neatly styled hair frames a face that lights up easily during conversation, yet her remarks repeatedly return to the weight of the task before her.

For the past six months, she has served as executive secretary of the African Tax Administration Forum (ATAF), a continental body that helps African countries strengthen their tax systems and assert their voice in global tax negotiations. Her relationship with the organisation, however, predates the top office. For nearly a decade, Baine served in various roles within ATAF, including deputy executive secretary, helping shape many of the programmes she now oversees. Before joining the continental body, she rose through the ranks of the Rwanda Revenue Authority, eventually becoming commissioner general, a position that placed her at the centre of Rwanda's sweeping tax reforms.

"I have been in office for six months now," she says as waiters quietly move between tables. "But this is my ninth year at ATAF. My goal is to build tax systems that effectively collect revenue so countries can fund development and address social needs."

Africa's fiscal moment

Baine took office at a time when many African governments were under growing fiscal pressure. Public debt levels have risen, international development assistance is becoming less predictable, and governments increasingly recognise that sustainable development must rely more on domestic revenue.

"The context today is global fiscal stress," she explains. "Debt levels are rising across the continent and donor fatigue is real."

Tax collection across Africa remains relatively low compared to other regions. The continent's tax-to-GDP ratio averages about 16 percent. For Baine, that figure highlights both the challenge and the opportunity.

"I hope to raise that ratio to about 20 percent," she says. "But that requires better laws, stronger policies and more the organisation has trained more than 17,000 tax officials and helped countries recover about $2.8 billion in previously uncollected taxes. Yet she believes the bigger task is preparing tax administrations for rapidly evolving economies.

"Businesses are digitising faster than tax administrations," she says. "We must bridge that gap, because what you can hide physically, you cannot hide electronically."

The structural challenge

One of the biggest obstacles to effective revenue collection in Africa, Baine argues, is the complexity of many tax systems. Across the continent, tax regimes often consist of numerous national and local taxes that overlap or conflict with one another. The result is confusion for businesses and inefficiency for governments.

"In Africa, we have too many different taxes at different levels," she says. "We need to simplify the structure."

She points to northern European countries where tax systems have been streamlined into a small number of major taxes.

"In some Nordic countries they have narrowed the structure to about five main taxes," she explains. "Simplicity improves compliance and efficiency."

But the structural challenges facing African tax systems extend beyond domestic policy. Global rules governing how multinational corporations are taxed were largely designed nearly a century ago, long before digital services, cross-border e-commerce and globalised supply chains.

These rules often favour countries where multinational companies are headquartered rather than where their economic activity occurs.

"In the global tax system we talk about 'residence' countries and 'source' countries," Baine explains. "Many African countries are source countries where economic activity actually takes place."

Yet profits can be shifted to jurisdictions where companies are officially registered.

"A multinational operating in Uganda may end up paying tax in the Netherlands because that is where the company is based," she says.

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Founded in 2009, ATAF now works with 44 African tax administrations, providing technical support, training and policy guidance.

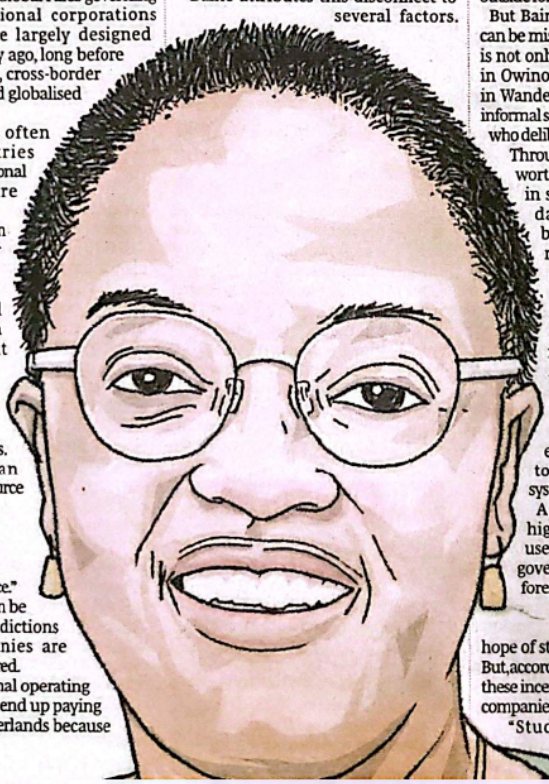
Through ATAF, African governments are increasingly pushing to reform those rules in global negotiations. The continent has supported efforts at the United Nations to develop a more inclusive global tax framework, partly in response to frustrations with negotiations dominated by wealthier economies within the Organisation for Economic Co-operation and Development.

"At the UN every country has a voice," Baine says. "We aim to ensure Africa speaks with one position and has the expertise to defend it."

The paradox of growth

A persistent puzzle across the continent is the gap between economic growth and tax revenue. Many African economies have expanded steadily over the past two decades, yet government revenues have not always kept pace.

Baine attributes this disconnect to several factors.



First, the capacity of tax administrations varies widely. While some countries operate advanced digital systems capable of tracking transactions in real time, others still rely heavily on manual processes.

Second, governments often grant generous tax incentives to attract investment which can significantly reduce revenue.

"Sometimes the sectors that are growing fastest are the ones receiving tax holidays," she says.

There are also challenges in sectors such as telecommunications, financial services and extractives, where transactions are complex and highly digitised.

"If the tax administration is still using legacy systems, they may not capture even a quarter of those transactions," she explains.

In extractive industries, the challenge is compounded by global supply chains. Minerals mined in African countries are frequently shipped abroad for refining and processing, where much of the value and taxable profit is ultimately recorded.

"We only tax what we can see," Baine says. "And right now we are not seeing enough."

Rethinking the informal sector

Tax debates in Africa often focus on the informal economy, millions of small traders and microenterprises operating outside formal tax systems.

But Baine believes this perspective can be misleading. "The informal sector is not only the woman selling clothes in Owino market or the shop owner in Wandegeya. There is also a hidden informal sector made up of professionals who deliberately stay under the radar."

Through ATAF's work on high-net-worth individuals, tax authorities in several countries have used data from land registries, banking systems and utility records to identify wealthy individuals who were not registered taxpayers.

"In one city alone we discovered more than 6,000 new taxpayers," Baine says, adding, "The solution is not to harass small traders. It is to use data and a whole-of-government approach to ensure those with the capacity to pay are brought into the system."

Another issue Baine highlights is the widespread use of tax incentives by African governments seeking to attract foreign investment. Tax holidays and exemptions are often offered to investors in the hope of stimulating economic growth. But, according to Baine, research suggests these incentives rarely determine where companies invest.

"Studies show tax incentives rank about ninth when investors choose a location," she says.

Infrastructure, market size, political stability and access to skilled labour typically matter more. Yet many countries continue competing by offering increasingly generous incentives.

"The problem is that these incentives are rarely monitored," she explains.

Some investors establish operations during the tax holiday period and relocate once it expires.

"They take a 10-year tax holiday and in the 11th year they move to another country offering a new incentive," Baine says. "It becomes a race to the bottom."

Ultimately, Baine believes tax compliance depends not only on law and enforcement but also on trust between citizens and the state. "It comes back to the social contract. If citizens see their taxes funding public goods, quality schools, hospitals and roads, compliance will increase."

She points to countries such as Finland, where high taxes are broadly accepted because governments deliver extensive public services. For many African countries, strengthening the relationship between taxation and service delivery remains a long-term challenge.

Woman in male domain

Baine's career has unfolded in a field long dominated by men. Tax administration, often associated with technical analysis and numbers, has traditionally attracted few women. But she believes that perception is changing.

"Tax is not just mathematics," she says. "It is about policy, leadership and governance."

Today, the number of female heads of tax authorities across Africa remains relatively small, perhaps eight or nine, but Baine sees steady progress.

Research, she notes, often shows women in tax administration demonstrating strong levels of integrity and accountability.

At ATAF she has helped establish the Women in Tax Network, a programme designed to mentor young professionals and support female leadership in tax administration.

Still, she occasionally encountered scepticism early in her career.

"There have been moments when some male counterparts wondered why a woman was in that space," she recalls with a smile. "But over time, people recognise competence."

As afternoon sessions begin calling delegates back to conference halls, Baine reflects on what she hopes to achieve during her tenure at ATAF.

Her ambitions are both technical and institutional. She wants the organisation to expand its membership from the current 44 countries to all 54 African states by the end of the decade.

She also hopes African tax administrations will develop stronger internal expertise to manage increasingly complex financial systems.

Above all, she wants the continent to participate in global tax negotiations from a position of greater confidence.

"I would like to leave behind a stronger ATAF," she says, one capable of helping African governments mobilise the revenue needed to finance development.

But her long-term vision extends beyond institutional reform. Baine hopes Africa will eventually build a critical

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