

TAXING GHANA'S INFORMAL SECTOR: THE EXPERIENCE OF WOMEN

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This paper, which is based on a study carried out by two of Christian Aid's partners, looks at women working in the informal sector in Ghana and their experience of tax collection. The study found that, overall, the current tax system is not fair and inclusive for these women. They report paying taxes regularly, but say they do not always know why they are paying them, and that they rarely see services provided in exchange for their taxes. This paper analyses the study's findings and makes some practical recommendations – for tax officials, civil society organisations and women in the informal sector – on how the tax system can be made more responsive, accountable and fair, thus strengthening the relationship between citizen and state.

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INTRODUCTION

Taxation is a vital tool for building and sustaining national economies. It is used to bring in necessary revenue and to build a state that is accountable and responsive to its citizens. It is through a fair and inclusive process of collecting taxes from citizens and providing necessary services in return that an effective state-citizen relationship is born. These beliefs are backed by numerous sources within academia, governments and civil society.¹

This occasional paper comes out of a study initiated by Christian Aid and carried out by two partners in Ghana – Ghana Integrity Initiative (GII) and the Ghana Association of Women Entrepreneurs (GAWE) – in late 2010. The study, as part of a wider Tax and Gender project looking at women working in Ghana's informal sector, provides a snapshot of that group's experience of taxation. We examine

the results of the survey, consider subsequent discussions held in focus groups organised by the partners, and make some conclusions and recommendations regarding the collection of tax from women in the informal sector.

The results indicate that, in practice, the tax system – at least for women in the informal sector – is not accountable, responsive or fair, and therefore is not building a strong relationship between the state (or local government) and its vulnerable citizens. The study found that 95 per cent of women surveyed pay taxes, but 57 per cent say they do not feel well informed on why they should pay tax (beyond the legal requirement to pay), and more than 50 per cent say they do not see their tax money going towards service provision or public works projects. Thirty per cent of women report

encountering very harsh attitudes in their interactions with tax collectors, and, anecdotally, the study showed that women do not feel they have a way to make complaints about tax collectors' behaviour or service provision.

1.0 TAX AND THE INFORMAL SECTOR

1.1 Tax

Taxation is a compulsory contribution to state revenue, levied by the government on workers' income and business profits, or added to the cost of some goods, services and transactions.² The theory here – which is only a piece of the bigger picture of tax and state-building – is that taxation is part of a fiscal social contract between the state and its citizens, in which citizens pay taxes to the state in exchange for services, infrastructure and a guarantee of some kind of law and order.

This is the system already seen in many countries. But how do other (often middle- and low-income) countries, which may not have a long history of a productive fiscal social contract, build up this capacity?

It is thought that states relying on revenue from their own citizens will eventually build up their capacity to fulfil this fiscal social contract. To do so, each state must engage with its citizens and make the taxes-for-services exchange clear. The state must rely less on revenue from donors and natural resources, and more on its citizens.

One of the keys to this theory is that a government has different incentives depending on where its revenue comes from: if revenue comes from donors, governments focus on pleasing donors; if it comes from citizens, the authorities will focus on ensuring citizens have their basic needs addressed.³ Tax-paying citizens have the right to demand services and debate tax rates with the government in order to ensure their needs are met. 'Taxation,' as Mick Moore writes, 'becomes a source of healthy conflict between [citizens] and the state.'⁴

Relationships between the state and its citizens have a great deal of influence on tax compliance. The example in the box on the right, looking at attitudes, relationships and behaviours around taxation in Tanzania, demonstrates the importance of a relationship based on trust, but also on being able to demand and debate services.

Citizens' attitudes and relationship with government

In Tanzania, there is evidence that citizens' attitudes and tax-paying behaviours changed significantly after service provision improved and a more cordial method of tax collection was introduced.⁵ A study was carried out first in 2003, then again in 2006, to gauge people's opinions. In 2003, attitudes resembled those seen in our research – many citizens were dissatisfied with services, endured unpleasant interactions with tax collectors, paid tax mostly to avoid disturbances or were simply unaware of their obligation. In 2006, citizens were much more willing to pay taxes and did so because they anticipated adequate service provision rather than wanting to avoid disturbances.

These changes are attributed to better service provision and an improved and more cordial method of tax collection. For some time before, and between, the 2003 and 2006 studies, the local and national governments made significant efforts to increase their tax take and provide better services. To do this they increased the number of local taxes and levies, and in urban areas they broadened the property tax and service levy base.

Efforts to improve services included: after 2003, implementation of Education Development Plans for the different levels of education; and entering into public/private partnerships in order to provide more and better education.

Respondents in most districts were very satisfied with educational improvements. There were more mixed results with health service provision, where some services (such as child and maternal health) registered huge improvements, but the public was less satisfied with other areas (such as the cost and availability of drugs). Citizens also started demanding more transparency from the government regarding revenue collected and services provided.

1.2 Informal sector

The informal sector is a major part of the overall economy in developing countries. It often holds the majority of workers and is characterised around the world by lack of formal registration with local or national authorities, high levels of self-employment, few restrictions to setting up a business, high levels of competition and high levels of overall insecurity.

This sector comprises enterprises that are not legally regulated and protected. But further than this, 'Informality... refers to the conditions of all workers – whether in households, formal or informal enterprises – who are not recognised, recorded, protected or regulated by public authorities.'⁶ Without formal registration, an enterprise also lacks formal regulations in terms of health and safety, job security and salary.

For enterprises, barriers to formalisation – by for example registering a business – include lack of knowledge of the procedure, a procedure that is too costly and bureaucratic, and a business that is too small (for example, one consisting of a single person). Many individuals work in the informal sector because they don't have enough education to join the formal sector, there are no available jobs in the formal sector, or – as is often the case with women – they have care duties in the home and community and the informal sector offers the necessary flexibility.

Though it is difficult to find accurate figures on the informal sector, some statistics show that in Africa, about 78 per cent of non-agricultural employment and 61 per cent of urban employment is in the informal sector, and a massive 93 per cent of new jobs are created in the informal sector.⁷ In Ghana, about 80 per cent of the working-age population is engaged in the informal sector, leaving only 20 per cent or so in formal employment.⁸

Another defining characteristic of the informal sector is its exclusion from the formal tax system.⁹ For a long time, governments were unable or possibly did not even attempt to bring the informal sector into the tax collection net.

Because the informal sector is a fairly important part of the economy, the hope is to collect a significant amount of revenue from the people working in it. JC Leal Ordonez, for example, estimates that successfully (and fairly) taxing Mexico's informal sector would lead to a 17 per cent increase in total economic productivity.¹⁰ However, more often than not, the short-term administrative costs of collecting revenue from the informal sector outweigh the longer-term revenue and productivity benefits.

In practice, the collection of taxes from the informal sector is difficult, as there are few records of accounts, many people earn very little income, and workers are often invisible to the authorities if they work from their homes, work at night, or are part of a long chain of production. Because of factors such as these it is difficult for tax authorities to determine how much tax, if any, should be paid.

In the 1990s, the Ghanaian government attempted to extract revenue from the informal sector using methods other than simply going door to door. Associational taxation, discussed in the box on p6, is the best-known attempt. It had some success, but was also used as a political tool and was widely associated with allegations of corruption.

In our study the idea of informality was guided by two main factors: lack of formal registration and self-employment.

Associational taxation in Ghana¹¹

Associational taxation happens through negotiation between informal sector associations (such as transport unions and women's associations) and the government. It is a more formal method of collecting taxes from the informal sector than going door to door and making an assumption about what is owed, and uses existing structures and networks to do so. Much like formal unions, informal unions and associations are able to negotiate better tax deals for their members, and individuals are more likely to comply when they have the pressure of an association behind them. Additionally, the government saves significant administrative costs by having the association collect the taxes.

In Ghana in the mid-to-late 1980s and 1990s, the Ghana Private Road Transport Union (GPTRU) consulted and negotiated with the Internal Revenue Service (IRS) to make reforms to the 'presumptive' tax system – a system whereby a predetermined lump-sum tax payment is demanded when an income-based figure cannot be determined within the informal sector. Reforms included the creation of the Identifiable Group Taxation (IGT), a form of associational taxation, which used informal sector associations as tax collection agents. These groups – and most successfully the GPTRU – collected tax from their members on a daily or weekly basis in order to reduce the burden on low-income members having to pay large lump sums. The associations were also offered a 2.5 per cent share of the collection.

This system worked well until 2000, when another party came into power and there were tensions between the new government and the unions. There were allegations of the GPTRU collecting taxes from its members but not giving that revenue to the authorities, and the unions acting as 'tax havens' for larger enterprises trying to pay less tax.

Similar efforts to tax the informal sector have taken place in Senegal and Peru, but neither has had the desired effect of raising more revenue and building a productive relationship between the state and its citizens in the informal sector. In Senegal during the 1990s, the politically unaffiliated industrial union UNACOIS negotiated an annually assessed income tax on informal sector workers in exchange for an exemption from an indirect tax on the informal sector. Because these taxes nearly cancelled each other out there was little increase in tax revenue from the informal sector. There is no further information available regarding the outcome of this deal.

In Peru, attempts to increase revenue from the informal sector led to smaller businesses being evicted from street stalls or markets because the local government was more likely to collect significant revenue from larger informal businesses. Because there was little space for negotiation of rates and benefits between government and businesses in the informal sector, it led to animosity between the two sets of actors. The benefits of associational taxation may only exist if there are well-organised informal associations with little corruption, as well as enough pressure to raise revenue.

2.0 TAX AND WOMEN IN GHANA

In Ghana, only about 20 per cent of the workforce is part of the formal sector. With about 80 per cent of women and about 50 per cent of men in the informal sector,¹² women clearly form the greater part. Women are already in a vulnerable situation – they make up the majority of poor and marginalised people, they tend to have less access to education, which often leads to less access to formal employment, and women and girls carry out the majority of unpaid care work in the home and community.

The women participating in the study gave a few examples of why they work in the informal sector. These included difficulties in obtaining credit; lack of negotiation skills; lack of education; few available jobs in the formal sector; many of the informal sector jobs are inherited from their mothers and guardians; they want to work close to home so they can attend to household duties; and they are not encouraged by their parents and husbands to venture into other areas.

The tax system in Ghana is gender neutral; Oduro explains that according to the Ghana Internal Revenue Act 2000 (Act 592), there is no explicit difference in the taxation of men and women. However, due to cultural norms and behaviours, such as those mentioned above in relation to women, there may be implicit bias embedded in tax policies.¹³ How much of, or how harmful, an implicit bias this is will depend on the process of tax collection.

Men may pay more income tax as they hold more paid jobs in the formal sector in Ghana. Because of their roles in the family and the community, lower levels of education and

barriers to working in the formal sector, women dominate the informal sector. We can therefore assume that they will bear more of the tax burden for this sector than men. Our research did not clearly find such an implicit bias, but further research and comparisons to the experience of men may uncover implicit bias in the tax collection system.

Ghana has 10 administrative regions, each of which has several districts.¹⁴ The Ghana Revenue Authority is responsible for collecting taxes at the national level, while each local authority imposes taxes on citizens within its jurisdiction. National tax rates are the same for all citizens across the country (based on their level of income). Local tax rates are determined by the local authority.

In the informal sector, level of income (used to determine tax rate) is rarely demonstrated through records of accounts. In Ghana's informal sector, tax collectors visit individual businesses to make a visual assessment of their income, based on the type of business, location, size of shop and so on. This is a scaled assessment system – a method that leaves quite a bit of room for interpretation. It could mean that a seamstress, in a wooden shack, with 20 customers per week (and therefore a relatively high income), will pay significantly less than another seamstress, in a concrete structure, who has only two customers per week and can barely cover her operating costs.

2.1 SURVEY

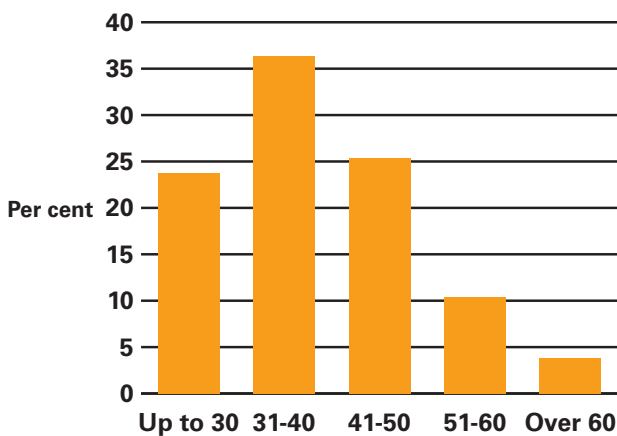
Methodology

Twelve communities in six regions were targeted for the study on the basis of strategic location of markets (people travel from all over the region to sell their goods at certain markets), active membership of GAWE (where there are more GAWE members in a market it will be easier to speak with other – non-member – women in that market) and regional representation (so as to cover as many regions as possible). A total of 1,273 women were captured in the study through one-to-one interviews (during the survey) and focus group discussions afterwards. Tax officials at both the national and district levels were also interviewed and invited to participate in the focus group discussions. The surveys and focus group discussions were carried out in September and October 2010, respectively.

Results

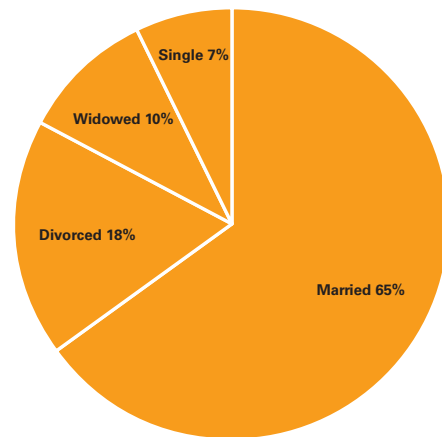
Basic demographics

Figure 1: Age of respondents



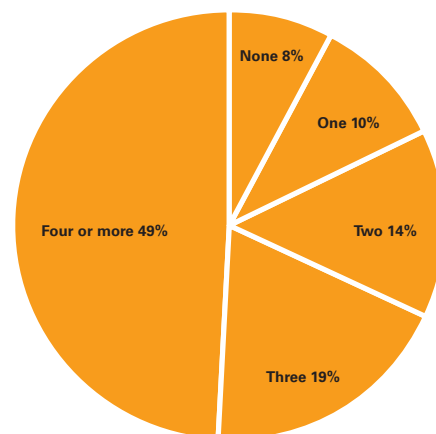
Just over one-third of the women surveyed were aged between 31 and 40 years, one-quarter of them were between 41 and 50, and just under a quarter were less than 30 years old. The remaining 20 per cent were scattered from under 20 to over 50.

Figure 2: Marital status



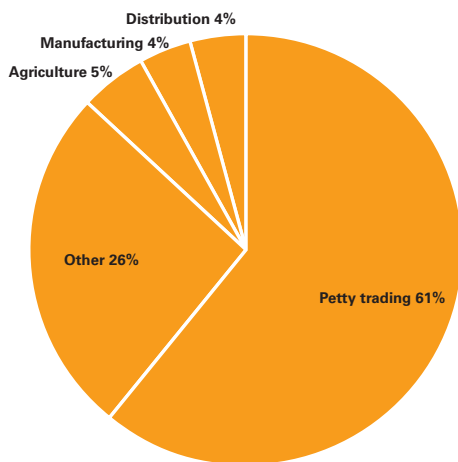
Sixty-five per cent of the women reported being married, while 18 per cent said they were divorced and 10 per cent replied that they were widows.

Figure 3: Number of dependants



The vast majority of women questioned had dependants and nearly half of the respondents reported having four or more dependants in their household.

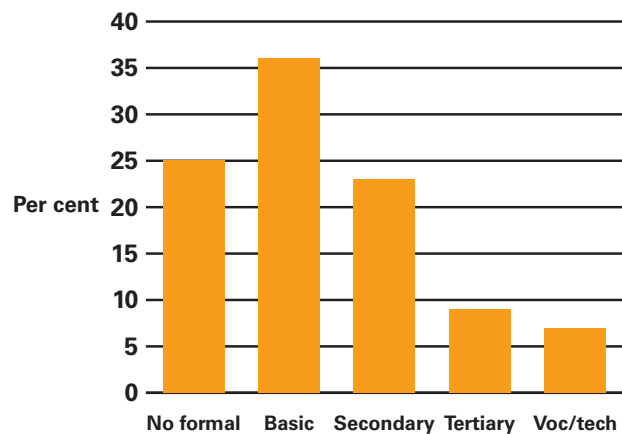
Figure 4: Area of work



The respondents were involved in a variety of business areas, but the main ones are as follows: 61 per cent in buying and selling (petty trading); 26 per cent in 'other' activities such as sewing, hairdressing, pito (beer) brewing; 5 per cent in agriculture; 4 per cent in manufacturing; and 4 per cent in distribution.

As more than 50 per cent of the working population in Ghana is engaged in agricultural activities, this sample is clearly not representative. This is because most of the women surveyed were accessed through GAWE, which tends to work with petty traders, handicraft sellers, dressmakers and women engaged in other entrepreneurial activities.

Figure 5: Level of education



Of the women surveyed, 61 per cent have either basic or no formal education, just under a quarter have secondary, 9 per cent have tertiary, and 7 per cent have a vocational or technical education.

Taxes

Ninety-five per cent of the women surveyed pay taxes of some sort. National taxes in Ghana include personal income tax (PIT) and value-added tax (VAT). Local taxes include basic rate (head tax), income tax, property rate, market toll, hawkers' license, and street/light/water levies. Out of that 95 per cent, half of respondents pay both national and local taxes and levies.¹⁵ Forty per cent of respondents pay only local taxes – which likely means they fall below the national threshold of 1,008 Ghanaian Cedi (GHS), about US\$632, per year¹⁶ – and 10 per cent pay only national taxes.

Knowledge of taxes

More than half (65 per cent) of the women surveyed are aware that they have to pay taxes, but more than half do not feel well informed as to why they pay tax and more than 50 per cent of respondents say they do not 'enjoy' the benefits of paying it.

This topic was raised in focus group discussions – which were composed of some, but not all, of the women who participated in the surveys – where women gave suggestions on how to improve public tax education. Key suggestions include radio programmes in local languages, holding public meetings, meeting with various market groups and women on market days, and education on record keeping. The issue of expectations of national government and local assemblies was also addressed.

The women said benefits they would like to see from paying their taxes (yet half say they currently do not see) include reliable drinking water/utilities, hospitals and schools, roads, good sanitation and the provision of adequate toilets, and clean markets with the necessary infrastructure such as clean toilets and clinics.

In the validation workshop organised by Christian Aid, GII and GAWE, to share the results with relevant stakeholders following the study, tax experts in Ghana said that the taxes paid do go towards the services mentioned above and that the women were just not aware of it. They did admit that demonstrating or advertising the link between taxes paid and services installed could have been done better and that it would be a useful thing to do in the future.

Seventy-three per cent of the women surveyed did not know the fundamental difference between national and local taxes, while 23 per cent correctly answered that 'national taxes go to the government, local taxes go to the District Assemblies'. In the focus group discussions, more women could state the difference between local and national taxes than in the survey, but most were not able to distinguish between the types of taxes they are asked to pay as individuals.

Frequency of tax payments

The most frequent response to how often one pays tax was 'monthly'. Thirty-two per cent pay taxes on a monthly basis, 21 per cent pay on a daily basis, 20 per cent on a quarterly basis, 14 per cent on a yearly basis and 8 per cent on a weekly basis. Five per cent of the women surveyed say they do not pay any tax. The study did not give an indication of which frequency of payment (daily, monthly, and so on) the women preferred.

Amount of tax paid (based on those who reported paying taxes monthly)

Women earning more tend to pay a fairly low percentage of their monthly income in taxes (about 8 per cent). Those who are earning less tend to pay a relatively high percentage of their monthly income in taxes (about 37 per cent).

Of those that said they pay taxes monthly, a few reported how much they paid and how much they earned each month. Of those that responded, women who earn 31-40 GHS (US\$19-25) per month tend to pay 5-10 GHS (US\$3-6) per month, or 16-25 per cent of their monthly earnings. Those earning 41-50 GHS (US\$26-31) per month also tend to pay 5-10 GHS in taxes per month. Those taking in 201-300 GHS (US\$126-188) per month pay 25 GHS (US\$16) and higher (12 per cent and above), and most shockingly, a few women earning 0-20 GHS (US\$0-13) per month reported paying more in taxes than what they actually earned – some paid more than 125 per cent of their monthly earnings. (See Appendix 2). This may have to do with items women sell being taken from them because they don't have the money to pay, or possibly because they must pay the daily market fees regardless of their earnings that day/week/month.

Impact of tax payments

The impact tax payments had on women's businesses and livelihoods was varied. Thirty-seven per cent of women surveyed reported that these had no impact on their livelihoods, while in the focus group discussions, some said it had a positive impact on their livelihoods as their taxes pay for hospitals, schools and so on. Others reported a reduction in profits as a result of paying tax, and some said their ability to provide for their families was negatively impacted by the amount of tax they had to pay.

Collection of taxes

Just under half of the women surveyed report no challenges in interactions with tax collectors. The other roughly 50 per cent of women face challenges, with 30 per cent saying they encounter very harsh attitudes from the tax collectors. Some women have their possessions seized and their shops locked by the authorities if they are unable to pay, and others report

being asked to pay bribes or even carry out favours – either sexual (a handful of women reported this) or payments in kind.

One complaint that women had about timing of tax payments was that sometimes national and local tax collectors would request payments very close to each other and this made it difficult for them to pay both. This was refuted by tax experts, who insisted that tax officials provided tax stamps that allowed for a grace period before the next payment. Though this may be the official way to do it, it is not clear that this practice is carried out evenly or consistently. Additionally, the tax stamps relate to national taxes and it could have been that collectors of other taxes came at inconvenient times.

As mentioned earlier, the methods of determining income and therefore tax paid are in no way as reliable or consistent as using records of accounts. This can lead to confusion and confrontation between tax collectors and women in the informal sector. This is exacerbated by the fact that collectors may not be well informed about the scaled assessment and may not be able to answer questions, leading to further confrontation and animosity.

Record keeping

Seventy-five per cent of the women surveyed say they are never asked to show records of their accounts. Only 40 per cent of those surveyed say they keep any record of their accounts, and the majority of those responses came from women with secondary or higher levels of education. These figures show three important issues: 1) that more education tends to lead to better business management, 2) if tax collectors are not asking to see records, then many women may not even know they should be keeping records, and it also means that more payments than necessary are estimated on the above-mentioned scale, 3) there is more scope for corruption on the part of the collectors as the process is less 'official'. The women suggested they attend workshops on book-keeping in order to remedy this situation. We would also recommend ensuring tax collectors ask to see records, so those who do keep them pay a fair rate.

Case study – Asana Abugre

Asana Abugre lives and works in Tamale in the northern region of Ghana. She runs a business, making and selling batik and tie-dyed textiles, and she also has a restaurant and teaches catering skills to others in the community, all of which she considers to be within the informal sector.

Asana pays her taxes regularly, as she is required to have the appropriate receipts and tax stamps in order to import and export goods for her businesses. She understands the fundamental importance of paying taxes and sees it as being essential to the health of Ghana as a whole – 'if all those doing business... are genuinely paying tax... the government would not be going round borrowing money'. More specifically, she knows that taxes paid should be going to pave roads and build and fund hospitals, schools, police stations and so on.

But many of the women working alongside Asana feel very differently about paying taxes: some believe the tax collectors are corrupt as they drive expensive-looking cars and buy 'nice things' for their girlfriends; others say they have conflicts with collectors over receipts for payments; or items are confiscated and shops are locked up when they ask questions of the collectors. But often they simply do not understand the process and the reasons why they should pay tax.

Bringing together tax officials and women entrepreneurs from the informal sector for GII, GAWE and Christian Aid's Tax and Gender project made a big difference in the attitudes, education and awareness of taxation. Asana has also told many of the women around her about the importance of paying tax. In her words, 'now that the education has come, the awareness has gone up and there is a big change'. She is hopeful that with more education and awareness, tax compliance and therefore tax revenue will increase, which will eventually bring about bigger changes in her local area and in Ghana as a whole.

CONCLUSIONS, RECOMMENDATIONS AND FURTHER RESEARCH

The process of taxation has potential for building a resilient and accountable state, as well as an engaged citizenry. In order to build this state, there should be a non-threatening relationship (or a healthy debate) between those paying and those collecting taxes. At the moment, in many areas that were surveyed in Ghana, that kind of positive relationship does not seem to exist.

Women in Ghana's informal sector do not have enough knowledge of tax to engage actively with the process. This lack of knowledge can be attributed both to a lack of formal education and a lack of civic education. These factors combined with less than cordial interactions with tax collectors and a perception that services are not provided in exchange for paying tax could lead to apathy towards taxation and the government as a whole.

As seen in the focus group discussions, there was a great improvement in engagement with the process once the women understood what their role was and what they could demand of the government. Similarly, in Tanzania, when the effort was made to increase revenue and provide better services, there was a marked positive change in the attitudes of the taxpayers.

There appears to be similar potential in the entire informal sector in Ghana. With concerted efforts to educate the public about tax, a more customer-service-oriented staff, advertised links between taxes paid and services rendered, and greater overall transparency around revenue collected and allocated, there could be a real shift in attitudes toward the entire process.

Recommendations

Government (local or national)

The Ghana Revenue Authority should look into whether or not it can further consolidate (or simplify) some of the taxes and levies that are paid by the informal sector. Being outside of the Pay As You Earn (PAYE) system and without adequate literacy levels to keep records or even be aware of the need to do so, it can be overwhelming for informal workers to keep track of all the various taxes and levies they owe.

Overall, there needs to be greater transparency and accountability. There must be more public communication on how tax was collected and from whom, and on how the money is spent. We therefore recommend carrying out some very visible projects (especially in and around markets) and clearly advertising that the taxes collected contributed to those projects. These measures may help to gain confidence from taxpayers.

Medium term:

1. Carry out some very visible and useful projects that are clearly advertised as being funded by taxes paid.

Longer term:

1. Look into making the taxes and levies paid by the informal sector fairer – either by consolidating or simplifying some of the rules and making the assessment scales clearer and more accessible.

Tax officials

Tax officials (in conjunction with relevant local authorities and civil society organisations) should hold more regular and well-publicised public-awareness workshops and campaigns. The study identified a lack of education as a major reason that women in the informal sector are not willing to pay tax collectors. It showed that women with lower levels of formal education also tend to have lower levels of tax education or civic education. Our research also shows that once they have greater awareness, the women are more willing to comply and engage with the process. Similarly, publicising changes in tax rates and rules is likely to give people the sense that tax officials are working with, rather than against, taxpayers.

Tax collectors often lack the capacity and knowledge to answer questions and provide the required technical support to taxpayers. This comes out of the survey and focal group discussions, when women reported asking questions and not getting answers. In this situation they were often greeted with hostility, which is why we suggest the tax authorities should work to build capacity and knowledge of the tax collectors, as well as provide training and sensitisation on customer-service issues.

As demonstrated in the focus group discussions, communication between tax officials and women in the informal sector has a great impact on both sides in terms of understanding their rights and responsibilities. To continue this, tax officials should hold quarterly or twice-yearly meetings so that stakeholders at all levels (officials, collectors, market vendors and so on) can voice concerns, discuss issues and encourage communication.

The women surveyed also suggested the authorities provide tax collectors with uniforms so they are easily identifiable and there is less suspicion of corruption.

Short term:

1. Hold quarterly or twice-yearly meetings with all relevant stakeholders to discuss and debate issues and concerns.
2. Provide tax collectors with uniforms.

Medium term:

1. Hold regular and well-publicised awareness-raising workshops and campaigns.
2. Publicise changes in tax rates and rules.
3. Authorities should build capacity and knowledge of tax collectors and should train and sensitise them in customer-service issues.

Civil society organisations and women in the informal sector

Civil society organisations should set up systems of disseminating information among women in the informal sector. Not every woman working in the market (for example) will be able to attend information-sharing meetings, so there should be a system in place where the women who do attend will then share the information with another group of women and so on. This will have a multiplier effect by spreading the information among many more women.

Since women in the informal sector often lack the financial knowledge that is useful in maintaining a business and in paying taxes, there should be workshops and courses to train the women in keeping records and other business-critical functions. GAWE is already in the process of setting up training in record keeping, and this could have a

multiplier effect as well. Furthermore, providing resources on developing business plans and how to register business in the formal sector would be another way to build overall capacity of those working in the informal sector.

Medium term:

1. Set up systems for disseminating information among women in the informal sector.
2. Hold workshops and training courses on record keeping and other business-related issues.
3. Provide resources and help in developing business plans and registering in the formal sector.

See Appendix 1 for a more structured list of recommendations.

Issues for further research

It would be very useful to study the experience of men in the informal sector so that we are able to see more clearly in practice whether or not the tax collection process is gender neutral. It would also be important to carry out a randomised testing of those who participated in this first survey, to understand if and how attitudes and experiences have changed in relation to taxes. This could be carried out two to three years from now in order to give relevant stakeholders time to disseminate information, hold meetings of stakeholders and so on.

There is some evidence that awareness and compliance in the Lawra district was higher than in most other districts surveyed. This is due to some concerted awareness-raising campaigns on the part of the local government and tax officials. It would be worth looking into why and how these campaigns took place in order to expand to other districts.

Another idea similar to Identifiable Group Taxation (associational taxation) is grouping people in similar areas of work together to form loose collectives. This could mean, for example, putting all the seamstresses in one particular area of a market (as has been done in Agboboloshie Market). This makes it easier for tax collectors to collect revenue and it also has potential to increase income and bargaining power through the collective.

APPENDICES

Appendix 1 – Tables of issues, actions, targets/actors responsible

Issues	Action	Target
1. Types of taxes	1.1 Sensitisation and education	District tax authorities Community radio/media
	1.2 Peer-to-peer education	District assemblies
	1.3 Community outreach	NCCE, information service, IRS, VAT, GAWE
2. Tax incentives	2.1 Information sharing and sensitisation	District assemblies District tax officials
	2.2 Education and awareness creation	Ministry of Information
3. Channels of complaints	3.1 Creation of front desk for complaints	District tax officials IRS
	3.2 Toll free lines for complaints	
	3.3 Customer relations training for tax officials	

Table 1: General awareness and understanding of tax laws

Issues	Action	Target
1. Business management	1.1 Restructuring of businesses	GAWE
	1.2 Development of business plans	Individual organisations and members
	1.3 Tax filing and business insurance	
	1.4 Training in customer service and branding	
2. Record keeping	2.1 Keep simple income and expenditure records	Individuals GAWE
	2.2 Take stock of raw materials and products	
	2.3 File records and receipts	
	2.4 Keep records of price changes	
	2.5 Training on record keeping	
3. Registration of businesses	3.1 Knowledge and awareness of guidelines for registration and documentation	Registrar General GAWE District assemblies

Table 2: Capacity building

Issues	Action	Target
1. Accountability of taxes and revenues collected and usage	1.1 Publication of receipts and expenditures of taxes	Communities
	1.2 Awareness creation among people on the need to pay taxes	Tax officials (local and national)
2. Consolidation of taxes	2.1 Support GRA to consolidate taxes	GRA, tax officials, GAWE
3. Identification of tax officials	3.1 Officials should be provided with ID cards	GRA
4. Negotiation and discussion of fee fixing	4.1 Open forum discussion of fee fixing	Tax officials
5. Assessment of businesses for taxes	5.1 Clear guidelines for assessing businesses	IRS, GAWE

Table 3: Tax administration and tax authorities

Appendix 2: Monthly earnings versus taxes paid

Cross tabulation of earnings against taxes paid

Earnings per month	Tax paid per month						Total
	0-100 GHS	1.10-2.00 GHS	2.10-5.00 GHS	5.10-10.00 GHS	10.00-25.00 GHS	25 GHS and above	
0-20 GHS per month	4	3	4	4	2	2	19
21-30 GHS per month	0	1	2	1	0	0	4
31-40 GHS per month	0	0	0	2	0	0	2
41-50 GHS per month	0	2	3	4	2	2	13
51-100 GHS per month	0	0	0	1	2	2	5
101-200 GHS per month	0	1	1	2	1	1	6
201-300 GHS per month	0	1	0	0	0	2	3
300 GHS and above per month	0	0	1	1	5	8	15
Won't tell	0	0	0	0	1	0	1
Total	4	8	11	15	13	17	68

ENDNOTES

1 For example, D Brautigam, OH Fjeldstad and M Moore, *Taxation and State Building in Developing Countries: Capacity and Consent*, Cambridge University Press, UK, 2008; A Cobham, *The Tax Consensus has Failed! Recommendations to Policy Makers and Donors, Researchers and Civil Society*, Oxford Council on Good Governance Economy Recommendation No 8, January 2007; Tax Justice Network; Christian Aid; Department for International Development (UK government); Institute of Development Studies, to name a few.

2 Oxford Dictionaries, accessed 7 November 2011:
<http://oxforddictionaries.com/definition/tax>

3 D Brautigam, *Introduction*, in Brautigam et al, 2008. See note 1.

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5 OH Fjeldstad, Lucas Katera and Erasto Ngalewa, *Maybe We Should Pay Tax After All? Citizens' Changing Views on Taxation in Tanzania*, Special paper 09.29, Dar Es Salaam, REPOA, 2009.

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7 MA Chen, *Women and Informality: A Global Picture, the Global Movement*, SAIS Review vol 21 (1), Winter-Spring 2001, pp71-82.

8 Abena Oduro, *Gender and Taxation: the Case of Ghana, 2009*.

9 A Joshi and J Ayee, *Associational Taxation: a Pathway into the Informal Sector?*, Chapter 8 in Brautigam et al, 2008. See note 1.

10 JC Leal Ordonez, *Informal Sector, Productivity and Tax Collection, Chapter in PhD Dissertation*, October 2010, laef.ucsb.edu/pages/conferences/gad10/papers/leal.pdf

11 See note 9.

12 See note 8.

13 Implicit and explicit bias in taxation was first discussed in J Stotsky, 'How Tax Systems Treat Men and Women Differently,' *Finance & Development*, March 1997, pp30-33.

14 Makola and Agboboloshe (Greater Accra Region), Takoradi and Tarkwa (Western Region), Bolgatanga and Bongo (Upper East Region), Sunyani and Techiman (Brong Afoho Region), Wa and Lawra (Upper West Region), and Tamale and Yendi (Northern Region).

15 Many of the local taxes are called levies and are in effect levies as their collection goes towards revenue, just as regular local taxes. In this briefing, levies and taxes are used interchangeably.

16 IRS Ghana 2010, irs.gov.gh



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