



Tax disobedience in Côte d'Ivoire

What role do poverty, national identity,
and access to tax information play?



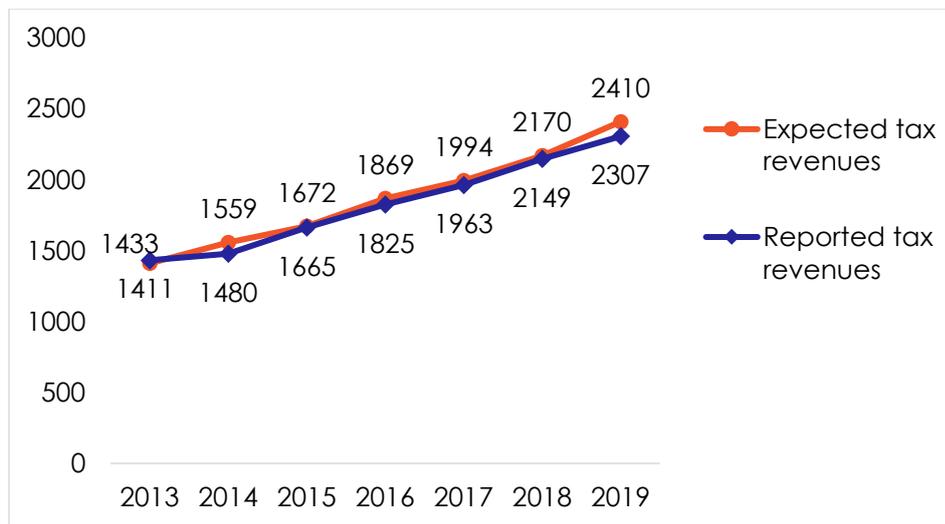
By Joseph Koné

Afrobarometer Policy Paper No. 73 | June 2021

Introduction

Since the end of its civil war in 2011 and the installation of President Alassane Dramane Ouattara, Côte d'Ivoire has seen one of the highest rates of economic growth in Africa, sometimes referred to as a new "Ivoirian miracle" (Dionne & Bamba, 2017). As the economy has grown and the state has rebuilt capacity, tax revenues have increased steadily, growing by 61% between 2013 and 2019 (Figure 1).

Figure 1: Expected vs. reported tax revenues (billions of FCFA) | Côte d'Ivoire
| 2013-2019



Direction Générale des Impôts (2019)

In many African states, import and export taxes make up the core of tax regimes, supplemented by indirect taxes such as sales and excise taxes (D'Arcy, 2011). In the case of Côte d'Ivoire, the government relies heavily on taxes on the export of cocoa and other agricultural products, in addition to taxes on industrial and commercial profits, income, telecommunications, petroleum products, imports, as well as a value-added tax (Ministère du Budget et du Portefeuille de l'Etat, 2020).

Even in states with high levels of coercive capacity, citizens' willingness to pay taxes is a significant determinant of revenues collected. This willingness becomes even more important in contexts of relatively low state capacity, such as has existed in post-conflict Côte d'Ivoire.

In fact, a substantial – and growing – proportion of Ivoirians question the state's right to collect taxes, a fact that could present a significant challenge to the government's ability to collect revenues in order to rebuild essential state services and avoid excessive debt.

This paper focuses on a particular form of tax non-compliance: tax disobedience, or individuals' refusal to pay taxes and fees as a form of protest. Specifically, it examines several individual-level factors that might be associated with tax disobedience, including lack of a cash income, assessments of public services and elected representatives, accessibility of information, and effective connections with the Ivoirian nation.

Our analyses of data from the Afrobarometer Round 7 survey (2017) suggest that some of the conventional wisdom on tax compliance is not supported in the case of tax disobedience in Côte d'Ivoire. While we find, as expected, that individuals who think state performance is improving in delivering key services are less likely to express a willingness to engage in tax disobedience, we find no such link with lived poverty; poorer Ivoirians are no more or less likely than their wealthier counterparts to endorse tax disobedience. Surprisingly, assessments of elected representatives and of corruption in the tax system are not significantly associated with tax disobedience, either.

Perceived access to government information and identification with the Ivoirian nation do show associations with tax disobedience, but these links run counter to our expectations: Citizens who think they could access information held by public bodies are significantly more likely to say they engaged or would engage in tax disobedience, as are people who identify more closely with the nation than with their ethnic group.

These analyses suggest the need for more research on a crucial question facing African states: Who pays taxes, and who doesn't?

Afrobarometer survey

Afrobarometer is a pan-African, nonpartisan survey research network that provides reliable data on African experiences and evaluations of democracy, governance, and quality of life. Seven rounds of surveys were completed in up to 38 countries between 1999 and 2018. Round 8 surveys are currently being completed. Afrobarometer conducts face-to-face interviews in the language of the respondent's choice.

This policy paper draws mainly on data collected Afrobarometer's national partner in Côte d'Ivoire, the Centre de Recherche et de Formation sur le Développement Intégré (CREFDI), in survey rounds 5 (2013), 6 (2014), and 7 (2017). In each survey, a nationally representative sample of 1,200 adult citizens yields country-level results with a margin of error of +/-3 percentage points at a 95% confidence level.

Key findings

- In 2019, Ivoirians were 1.5 times as likely to question the right of tax authorities to collect taxes as they were six years earlier.
- Those who perceive basic public services to be improving are significantly less likely to express a willingness to engage in tax disobedience.
- Surprisingly, Ivoirians who have a stronger sense of national identity are more likely to say they engaged or would engage in tax disobedience. But across 34 African countries, this association runs in the opposite – negative – direction.
- In Côte d'Ivoire as well as across the continent, perceived access to information is positively associated with tax disobedience.
- The frequency of going without a cash income is not significantly associated with tax disobedience in Côte d'Ivoire but is positively and significantly associated with tax disobedience in the 34-country sample.

Attitudes toward tax compliance

According to recent Afrobarometer data, most Africans endorse the state's right to collect taxes. Across 34 African countries surveyed in 2016/2018, almost three-fourths (73%) of respondents "agreed" or "strongly agreed" that the authorities always have the right to make people pay taxes. Agreement ranged up to about nine out of 10 citizens in Sierra Leone (90%), the Gambia (88%), and Liberia (88%). Malawi was the only country where a majority disagreed (58%), though more than one-third of citizens shared this view in Benin, Togo, and Guinea (38% in each) (Figure 2).

In Côte d'Ivoire, a quarter (26%) of citizens opposed the government's right to collect taxes in 2017, and by 2019, that share had risen to 35% (Figure 3). Compared to 2013 (23%), Ivoirians were 1.5 times as likely to question tax authorities' legitimacy in 2019 as they were six years prior.

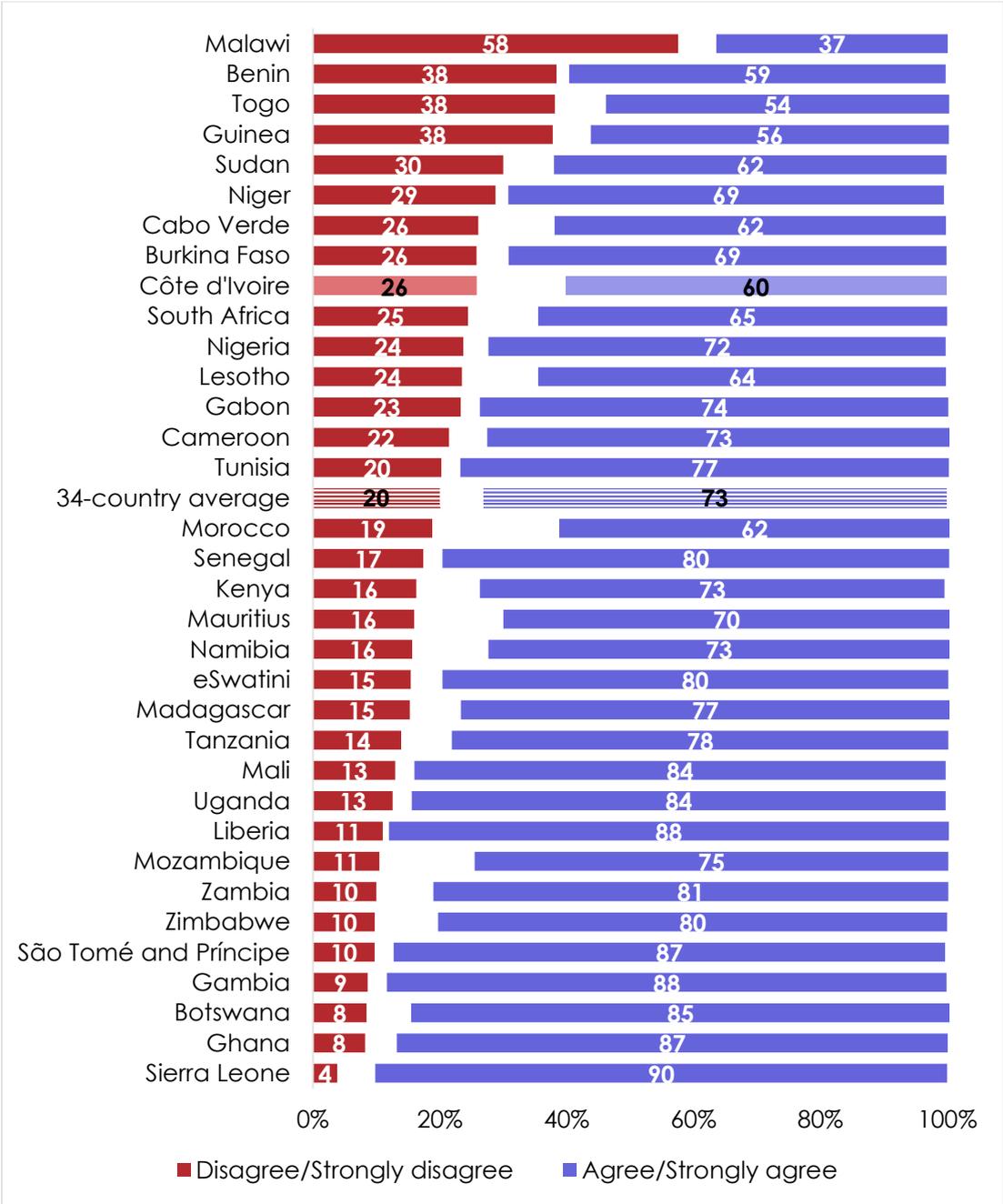
Moreover, a substantial number of Africans evince a hypothetical willingness to avoid paying taxes. On average across 34 countries, more than one out of four citizens (27%) said either that they had in fact refused to pay taxes as a protest during the previous year (7%) or that they would do so if they had the chance (20%) (Figure 4).

Stated willingness to engage in tax disobedience varied significantly from country to country, with the highest rates in Liberia (53%), South Africa (47%), Nigeria (43%), Mozambique (35%), and Lesotho (35%).

Côte d'Ivoire was among the countries where citizens were least willing to engage in tax disobedience, after a sharp drop compared to 2013 (Figure 5), but still, almost one in five citizens said they had done so in the previous year (3%) or would do so if they had the chance (15%).

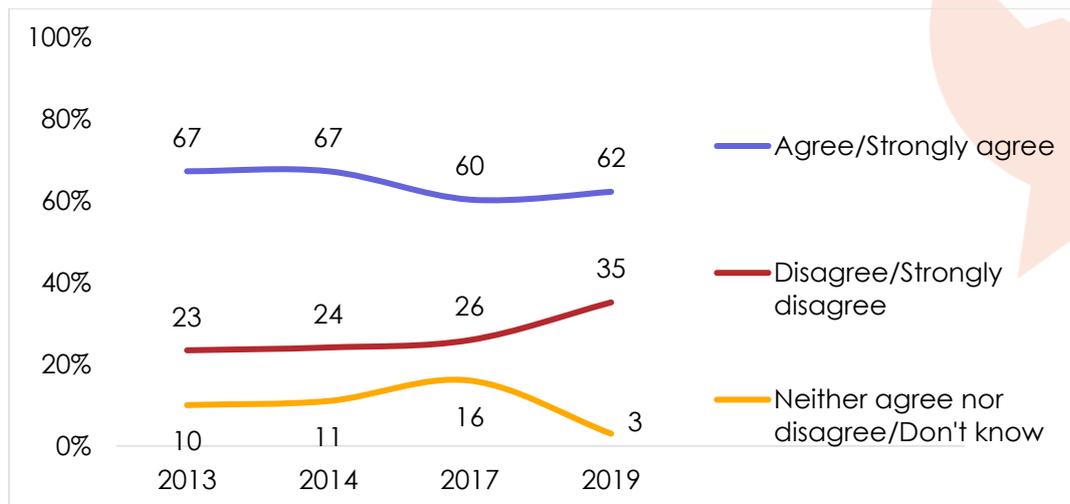
Ivoirians who work in the public sector and citizens above age 35 were less likely to say they would engage in tax disobedience, while there were no significant differences on the basis of urban/rural residence, education, or gender (Figure 6).

Figure 2: Legitimacy of taxation (%) | 34 countries | 2016/2018



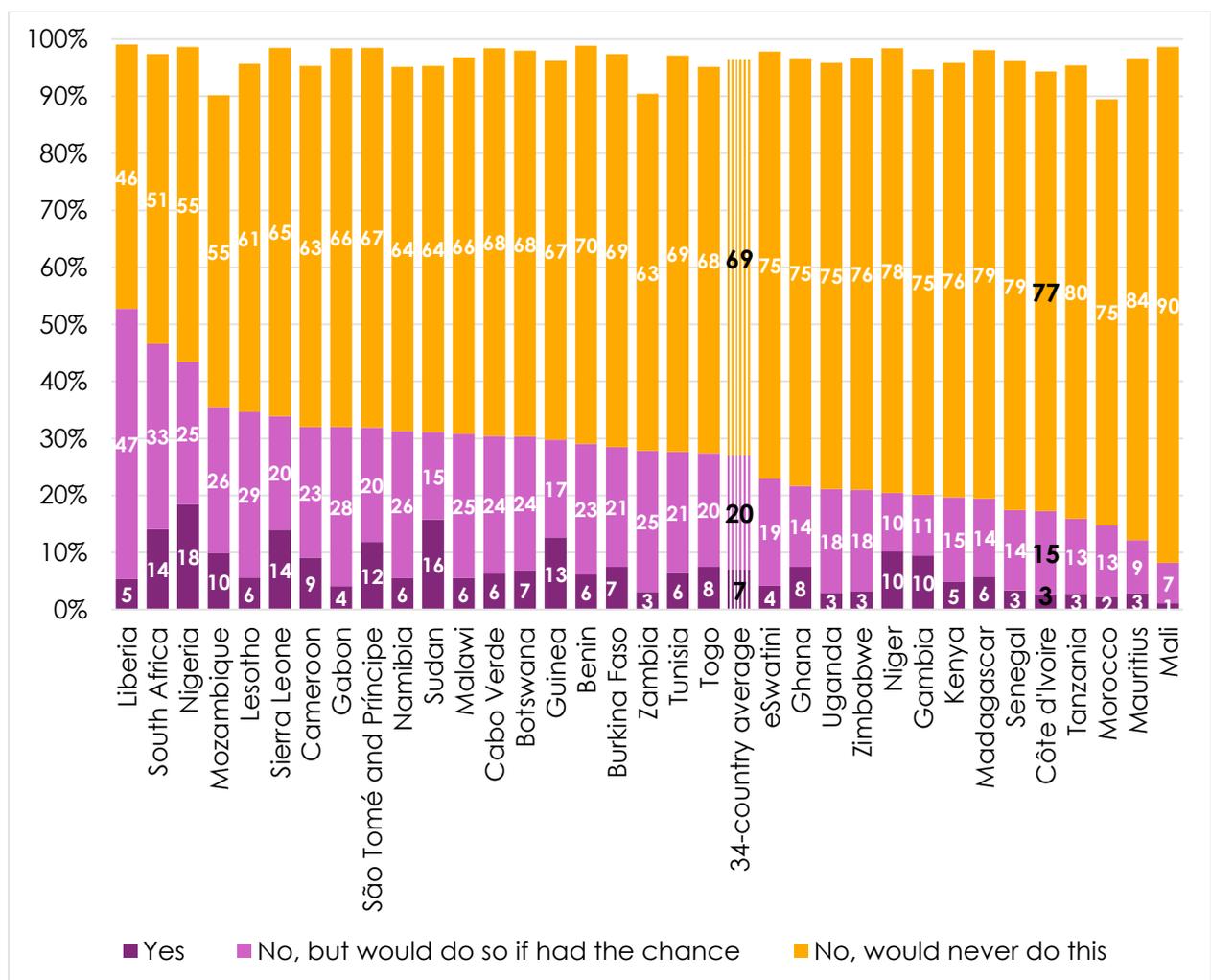
Respondents were asked: For each of the following statements, please tell me whether you disagree or agree: The tax authorities always have the right to make people pay taxes?

Figure 3: Legitimacy of taxation (%) | Côte d'Ivoire | 2013-2019



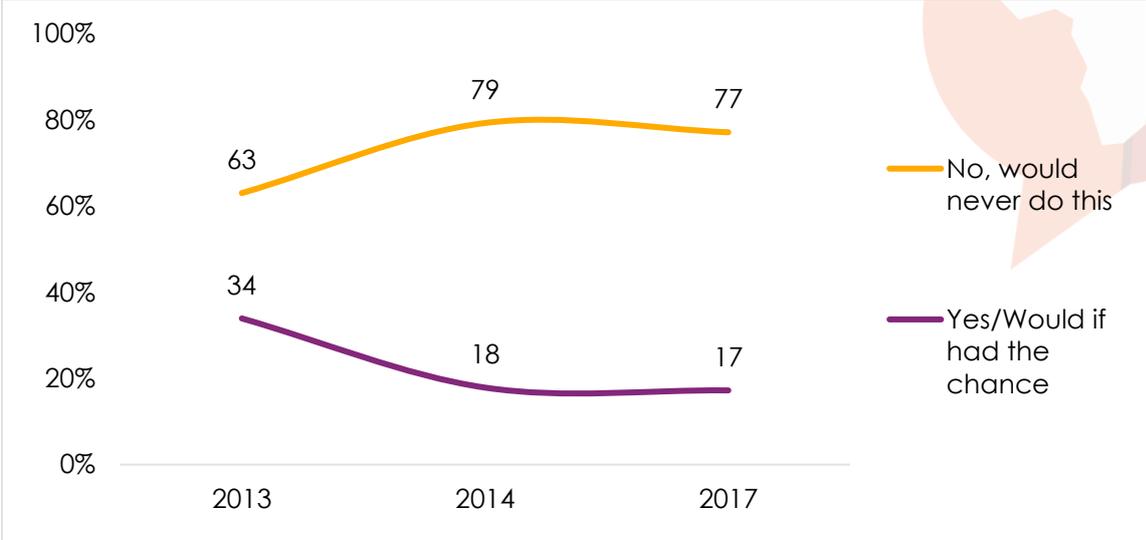
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Figure 4: Tax disobedience (%) | 34 countries | 2016/2018



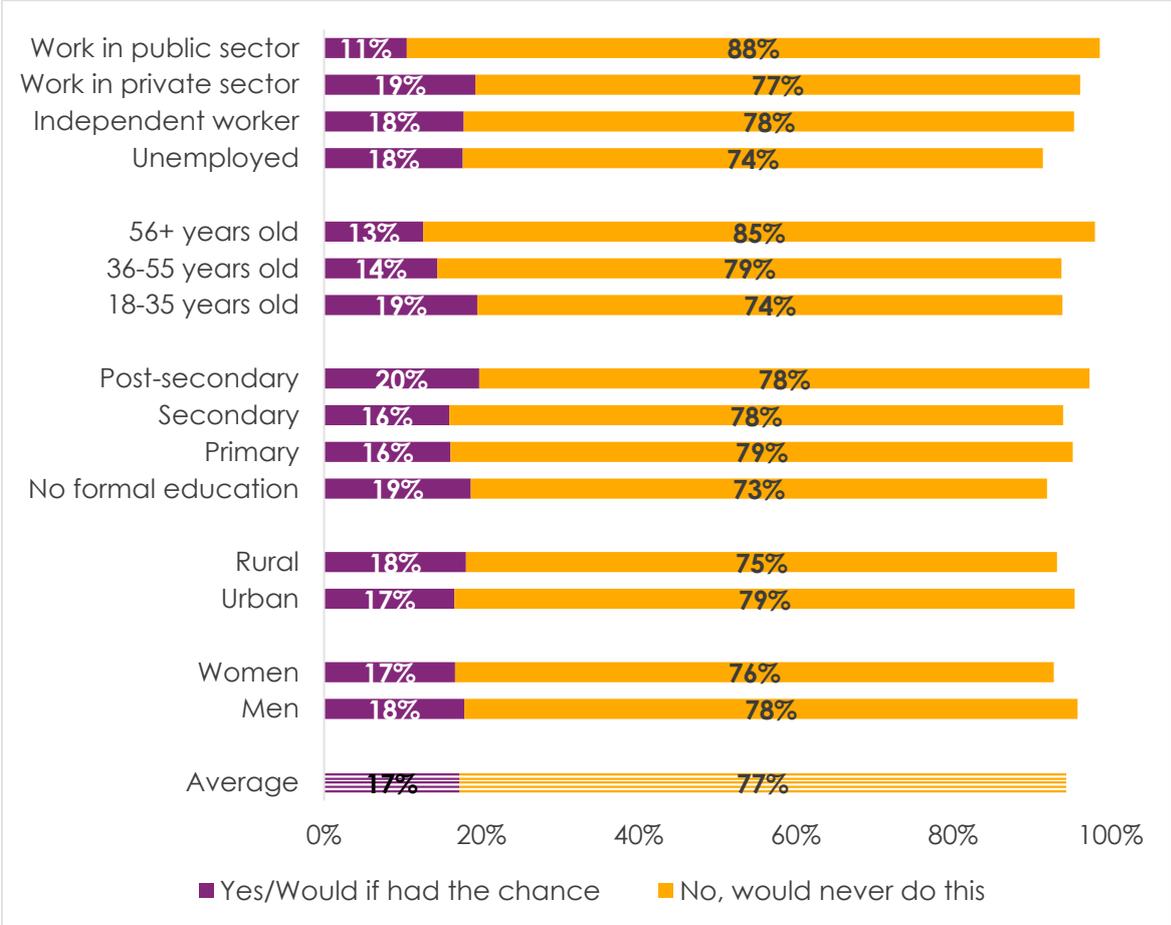
Respondents were asked: Here is a list of actions that people sometimes take as citizens when they are dissatisfied with government performance. For each of these, please tell me whether you, personally, have done any of these things during the past year. If not, would you do this if you had the chance: Refused to pay a tax or fee to government?

Figure 5: Tax disobedience (%) | Côte d'Ivoire | 2013-2017



Respondents were asked: Here is a list of actions that people sometimes take as citizens when they are dissatisfied with government performance. For each of these, please tell me whether you, personally, have done any of these things during the past year. If not, would you do this if you had the chance: Refused to pay a tax or fee to government?

Figure 6: Tax disobedience (%) | by socio-demographic group | Côte d'Ivoire | 2017



Respondents were asked: Here is a list of actions that people sometimes take as citizens when they are dissatisfied with government performance. For each of these, please tell me whether you, personally, have done any of these things during the past year. If not, would you do this if you had the chance: Refused to pay a tax or fee to government?

What factors explain attitudes toward tax compliance?



Tax non-compliance is a serious challenge for states. Citizens' non-compliance can take various forms, including tax disobedience, tax objection (refusing to pay shares of personal income taxes that correspond to national spending priorities to which they object, such as the military), tax strikes (work stoppages by professionals in the tax-collection field), and tax evasion (individuals' attempts to avoid paying all or part of their tax burden) (Schmitt 2016; Weber, Fooker, & Herrmann, 2014).

Our initial assumption might be that individuals' levels of non-compliance are determined to a significant degree by some type of cost-benefit calculation about the extent to which they could benefit from non-payment balanced against the likelihood and severity of punishment. In other words, people will comply when they think the risk and costs of punishment for non-compliance exceed the benefits they would gain from non-payment (Allingham & Sandmo, 1972).

However, people might have other, non-pecuniary reasons to comply with taxes. Luttmer and Singhal (2014) introduce the concept of tax morale, which suggests that individuals might be motivated to comply because they think it's the right thing to do. They might feel guilt associated with evasion or feel a sense of civic duty to comply (i.e. intrinsic motivation) or conclude that it is wrong to use state-provided services without paying a share (i.e. reciprocity).

Tax morale may be affected by a variety of factors. Some of these are individual-level factors. People from different demographic groups might hold different attitudes regarding reciprocity, for example about whether rules should inherently be followed. Individuals with fewer resources may have lower tax burdens, but they might also be motivated to evade taxes to retain the assets they do have (Moumni, 2012).

Contextual factors also likely affect tax morale. If citizens believe that they are receiving expected services and other resources from the state, their tax morale will be higher (Feld & Frey, 2002; Khan, 2004; Hashimzade, Myles, & Tran-Nam, 2012; Kirchler, Hoelzl, & Wahl, 2008). In contrast, individuals might have lower tax morale if they see the state as not legitimate. Willingness to pay taxes will also likely be affected by citizens' perceptions of whether others will pay (Chaudhuri, 2011; Frey & Torgler, 2007), which might be impacted by assessments of state capacity and legitimacy (Hashimzade et al., 2012).

Since taxation involves the redistribution of resources, a shared sense of community is important in building tax morale (D'Arcy, 2011). If individuals do not feel affective bonds with a wide range of fellow citizens – i.e. if a sense of national identity is weak – they may be less willing to make payments, since redistribution will benefit people with whom they do not

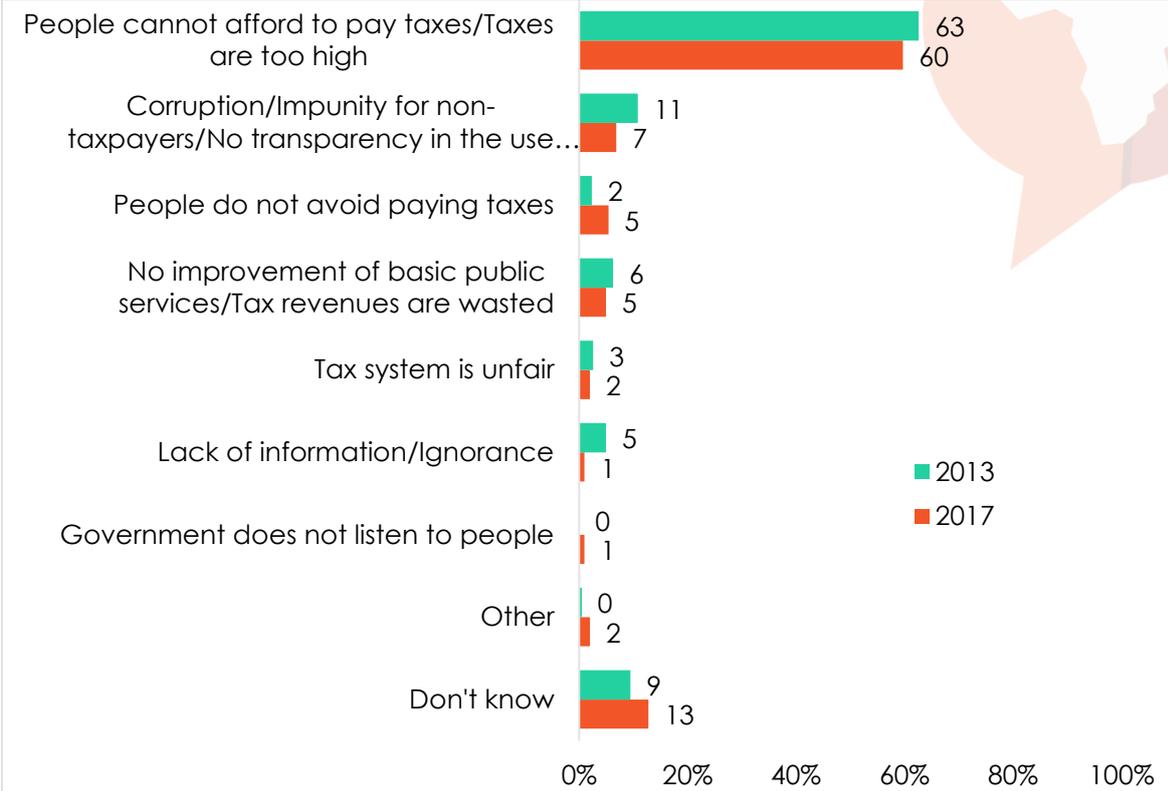
identify or interact. On the other hand, a stronger national identity and other shared norms are likely to enhance tax morale (Chambas, 2005; Herrmann, Thöni, & Gächter, 2008; Wenzel, 2004).

When Afrobarometer asked Ivoirians why they think people avoid paying their taxes, the most common responses focused on poverty: In 2017, 60% of respondents said

that taxes are too high or that people cannot afford to pay them. Other responses were far less common: 7% pointed to corruption, impunity for non-payers, and a lack of transparency in the use of tax revenues, and smaller numbers cited poor provision of public services (5%) and a lack of fairness in the tax regime (2%) (Figure 7).

Do your own analysis of Afrobarometer data – on any question, for any country and survey round. It's easy and free at www.afrobarometer.org/online-data-analysis.

Figure 7: Reasons why people avoid paying taxes (%) | Côte d'Ivoire | 2013-2017



Respondents were asked: What do you think might be the reason why some people avoid paying taxes and fees to the government?

Factors contributing to tax disobedience

Looking specifically at tax disobedience in Côte d'Ivoire, we consider how various factors discussed above might be related to Ivoirians' stated willingness to refuse to pay taxes as an expression of dissatisfaction with the government. We expect that:

- People experiencing higher levels of lived poverty are more likely to engage in tax disobedience as a form of protest. We measure lived poverty based on responses to the question, "Over the past year, how often, if ever, have you or anyone in your family gone without a cash income?" (see Mattes, 2020).
- Individuals will be less likely to engage in tax disobedience if they are generally satisfied with the state's provision of services. Here we draw on six questions measuring the extent to which respondents think government performance has improved with regard to access to medical care, personal safety, education, police assistance, resolution of problems, and provision of equal rights for women. We create a single index (Cronbach's alpha=.84) and expect that tax disobedience will go down as assessments improve. We then construct a mean from across scores to create a single measure of "improvement of basic service delivery by government" ranging from 1 to 5, with higher values indicating higher levels of improvement.
- Citizens will be less likely to engage in tax disobedience if they trust their members of Parliament (MPs) and local government councillors and think that these elected representatives listen to what constituents say. Again we create indices (Cronbach's alpha=.79 for trust and .89 for listening), which range from 0 to 3, with higher values indicating higher levels of trust and perceived willingness to listen.
- Individuals will be more likely to engage in tax disobedience if they rate the legitimacy of the tax regime as low, i.e. if they "disagree" or "strongly disagree" with the proposition that "tax authorities always have the right to make people pay taxes."

- Willingness to engage in tax disobedience will be greater if people believe that others frequently pay bribes to evade taxes. In 2017, nearly half (46%) of Ivoirians thought it was “very” or “somewhat” likely that ordinary people can pay bribes to avoid taxes, while almost three-fourths (73%) thought the same about the rich.
- Individuals whose ties to the Ivoirian nation are weak will be more willing to engage in tax disobedience. We measure ties to the nation through a question about the extent to which respondents feel Ivoirian vs. part of their ethnic group: Those who say they feel “only” or “more” ethnic than Ivoirian are considered to have relatively weak ties to the nation.
- Finally, individuals will be more willing to engage in tax disobedience if they lack adequate information about or understanding of their country’s tax regime. Since Afrobarometer lacks direct measures of knowledge about taxes, we create a proxy drawing on two questions about citizens’ perceptions of their ability to access information held by public bodies. In 2017, 60% of respondents said they would be “not very likely” or “not at all likely” to be able to access information about local government development plans and budgets, and 53% said the same about finding out who owns a piece of land in the community. We combine the two variables to create a single measure of information access (Cronbach’s $\alpha=.74$) ranging from 0 to 3, with higher values indicating higher levels of information access.

Our analyses also include several individual-level controls: respondent age, education, gender, urban/rural residence, and employment in the formal sector.

Results

We run two models. Model 1 only includes Ivoirian respondents, while Model 2 includes all Afrobarometer respondents from Round 7. Given the dichotomous nature of the dependent variable (willingness vs. unwillingness to engage in tax disobedience), we use a logistic regression analysis and report odds ratios in Table 1. Values above 1 suggest that the factor is positively associated with willingness to engage in tax disobedience, while values below 1 suggest that the two are negatively associated.

In Model 1, we see that Ivoirians who perceive basic services to be improving are significantly less likely to say they engaged or would engage in tax disobedience. Somewhat surprisingly, those who have a stronger sense of national identity are *more* likely to express a willingness to engage in tax disobedience, while access to information is also positively associated with tax disobedience.

None of the other factors we examine – including perceptions of elected representatives, of corruption, and of the legitimacy of the tax regime – is significantly associated with tax disobedience. Importantly, we also see that the frequency of going without a cash income is not significantly associated with tax disobedience.

Of the control variables, only age and education are significantly associated with tax disobedience, with older and better-educated individuals less likely, all else equal, to say they would refuse to pay taxes as a form of protest.

Looking at all 34 countries included in Round 7, we see that access to information is again positively associated with tax disobedience, but the effect is quite small. While national identity was positively associated with tax disobedience in Côte d’Ivoire, it is negatively associated – in line with our original expectation – across Africa generally. Perceptions of service-delivery improvements are negatively associated with tax disobedience in the all-country model, as we expected.

In addition, we see that several factors that were not statistically significant in Model 1 are significant in the all-country model. As we expected, individuals who see the tax regime as legitimate are less likely to say they would engage in disobedience. Trust in representatives is also negatively associated with tax disobedience. Against expectations, those who think the rich can frequently pay bribes to avoid taxes are actually *less* likely to say they engaged or

would engage in disobedience, although those who say ordinary people can evade taxes through bribery are, as expected, more likely to embrace disobedience.

Contrary to our expectations, people who believe that their representatives listen to them are more likely to say they would engage in disobedience. And finally, as expected, lack of a cash income is positively and significantly associated with tax disobedience in the all-country sample. As was the case in the Ivorian sample, older respondents are less likely to say they would engage in tax disobedience, while other controls are not significant.

Table 1: Factors associated with willingness to engage in tax disobedience
| Côte d'Ivoire and 34 countries | 2016/2018

	Odds ratio (OR)	
	Model 1 Côte d'Ivoire	Model 2 34 countries
Frequency of going without a cash income	1.007	1.047**
Improved delivery of basic government services	0.639*	0.932*
MPs and local government councillors listen	1.101	1.073**
Trust Parliament and local government councillor	0.930	0.900**
Legitimacy of taxation	1.134	0.917**
Rich persons pay bribe to avoid taxes	1.080	0.941**
Ordinary persons pay bribe to avoid taxes	1.075	1.094**
Prioritize ethnic or national identity	1.815**	0.961*
Perceived access to information	1.472*	1.042*
Age	0.980*	0.994**
Education level	0.767*	1.019
Gender (<i>men</i>)	0.974	1.024
Urban/rural residency (<i>urban</i>)	1.076	1.016
Formal vs. informal employment	1.049	1.028

Reference category: "No, would never refuse to pay a tax or fee to government"

** P-value < 0.01

* P-value < 0.05

Conclusion

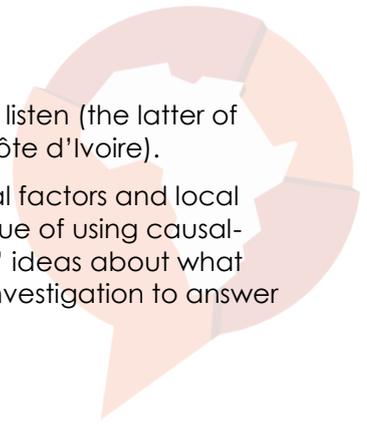
Our analysis shows that some of the conventional wisdom on tax compliance is not supported in the case of tax disobedience in Côte d'Ivoire.

As we expected, education level, age, and perceived improvements in basic service delivery by the government are negatively correlated with tax disobedience. But while 60% of Ivorians said that taxes are too high or that people cannot afford to pay them, we find that the frequency of going without a cash income does not seem to be a motivation for tax disobedience in Côte d'Ivoire, even though it is an associated factor across our 34-country model.

Equally counter-intuitive are the findings that a willingness to engage in tax disobedience is positively associated with perceived access to information, the feeling of belonging to a

national community, and the perception that elected representatives listen (the latter of which is statistically significant across the 34 countries, though not in Côte d'Ivoire).

These findings highlight the importance of examining a variety of social factors and local contexts when trying to understand tax compliance, as well as the value of using causal-inference techniques rather than simply relying on survey respondents' ideas about what might motivate non-compliance. Finally, they encourage additional investigation to answer the question, Who pays taxes and who doesn't?



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Let the people have a say

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Afrobarometer, a nonprofit corporation with headquarters in Ghana, is a pan-African, non-partisan research network. Regional coordination of national partners in about 35 countries is provided by the Ghana Center for Democratic Development (CDD-Ghana), the Institute for Justice and Reconciliation (IJR) in South Africa, and the Institute for Development Studies (IDS) at the University of Nairobi in Kenya. Michigan State University (MSU) and the University of Cape Town (UCT) provide technical support to the network.

Financial support for Afrobarometer Round 8 has been provided by Sweden via the Swedish International Development Cooperation Agency, the Mo Ibrahim Foundation, the Open Society Foundations, the William and Flora Hewlett Foundation, the U.S. Agency for International Development (USAID) via the U.S. Institute of Peace, the European Union, the National Endowment for Democracy, Freedom House, the Embassy of the Kingdom of the Netherlands in Uganda, GIZ, and Humanity United.

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