



Webinar

TAXING INFORMAL SECTORS. COMPLICATED QUESTIONS AND SIMPLIFIED REGIMES.

30 SEPTEMBER 2026 | 15h00-16h15 (CEST)

Part of the ATI-ICTD *Tax and informality* series



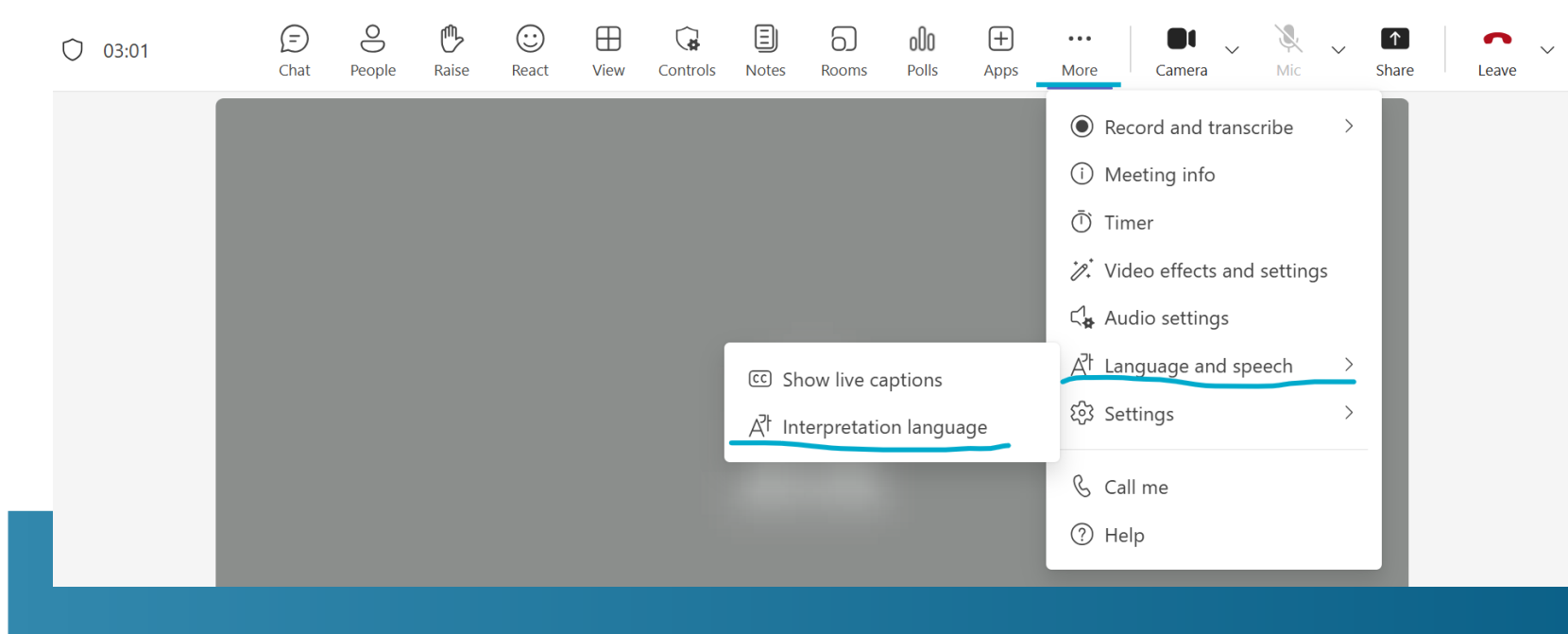
Interpretation (EN↔FR↔ES)



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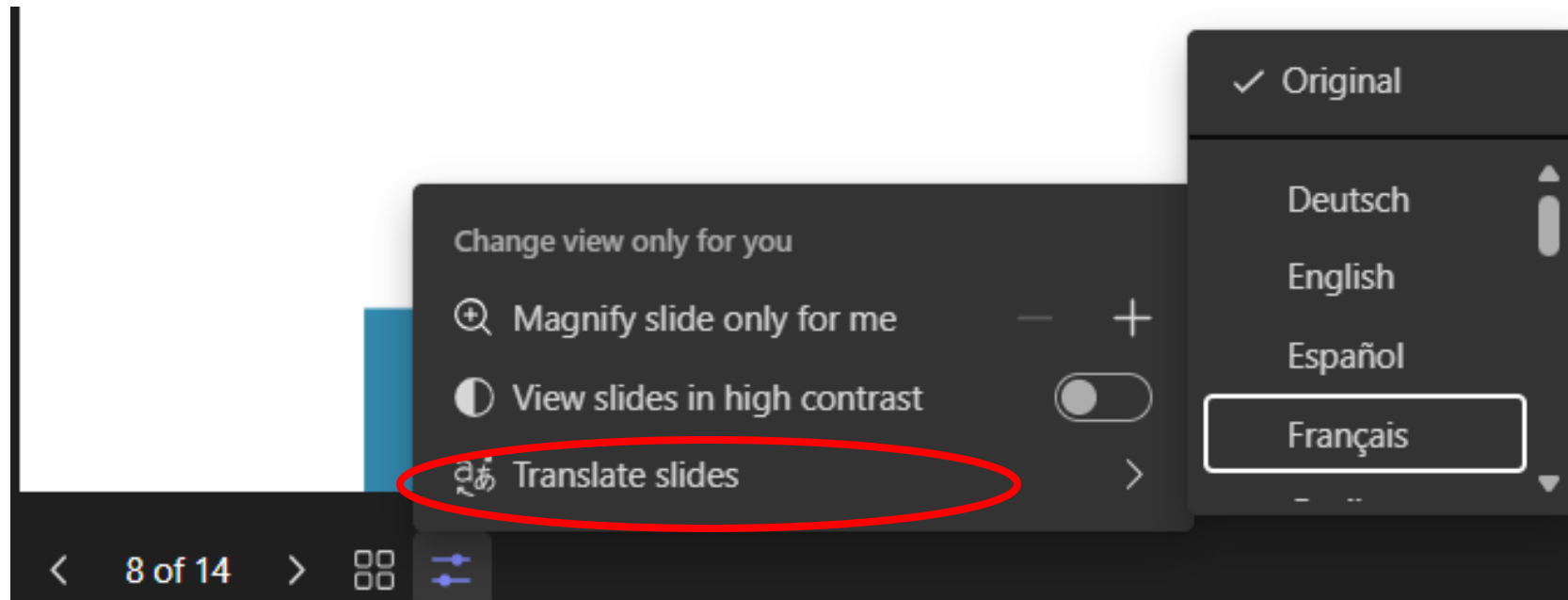


Slide Translation (EN↔FR↔ES)

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Before we start...



Some housekeeping rules:

- Please keep your microphone muted.
- We encourage you to participate! Please use the chat to share questions or comments throughout the session. There will also be an opportunity to ask questions directly during the Q&A.
- The session will be recorded.

Agenda



Time	Item	Speakers
15:00 – 15:10	Welcome and introduction	Eugénie Ribault , Expertise France, Moderator
15:10 – 15:20	<i>Rethinking the taxation of informal sectors: What have we learned?</i>	Vanessa van den Boogaard , Senior Research Fellow, ICTD
15:20 – 15:30	<i>Informal Sector Taxation: A Civil Society Perspective</i>	Mike Rogan , Research Associate with WIEGO & Associate Professor in Economics at Rhodes University, South Africa
15:30 – 15:40	<i>Reforming Informal Sector taxation in the Gambia.</i>	Alhagie Jallow , Director of Revenue and Tax Policy, Ministry of Finance, The Gambia
15:40 – 16:10	Moderated panel discussion and Q&A with participants	All
16:10 – 16:15	Closing remarks and next steps	Henrique Alencar , Oxfam and ATI Consultative Group 1 Co-Coordinator

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Rethinking the taxation of informal sectors: *What have we learned?*

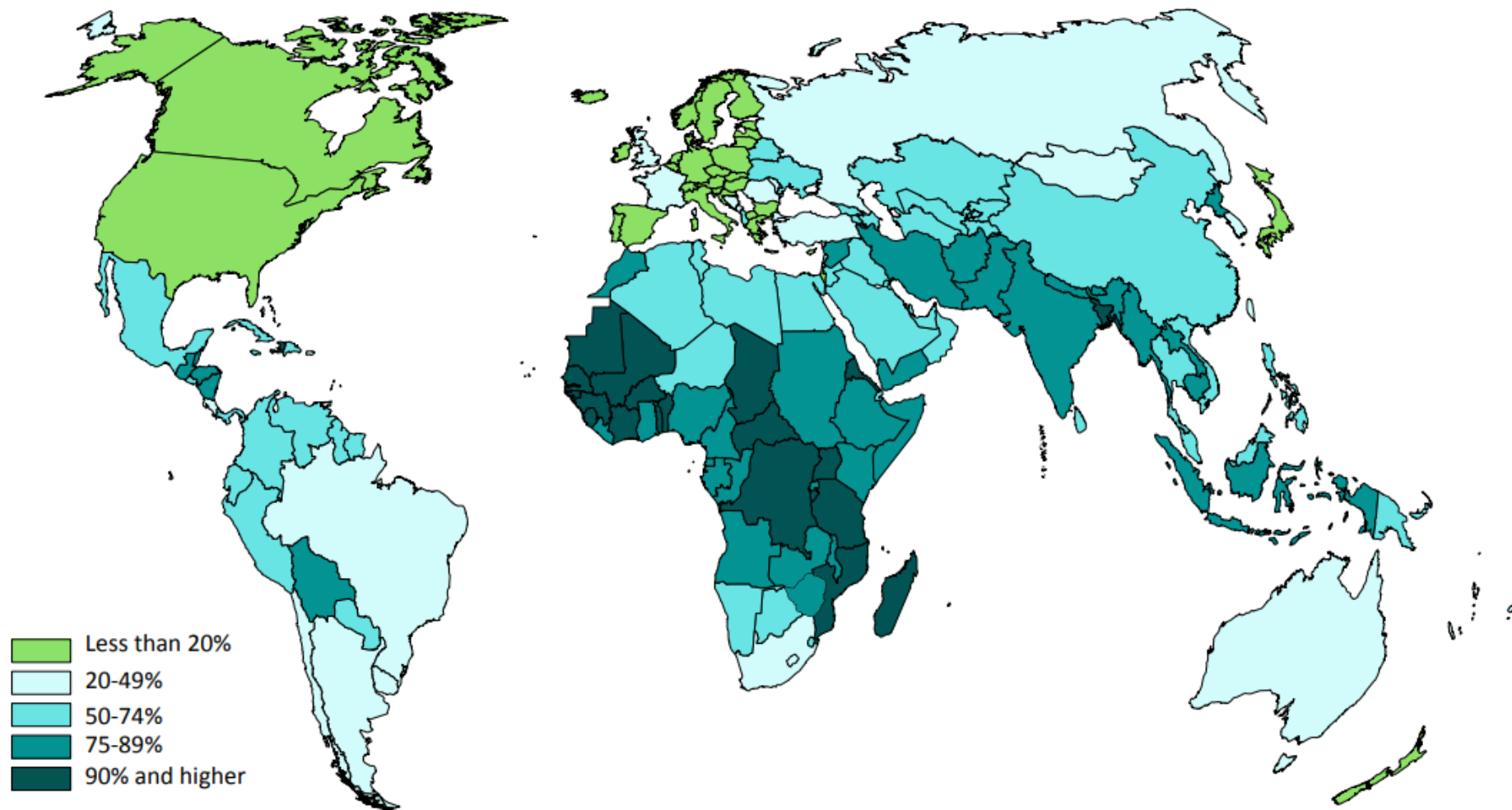
Dr Vanessa van den Boogaard
International Centre for Tax and Development

OUR BASE

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development
studies

The logo for the Institute of Development Studies, featuring a stylized white 'O' made of two horizontal bars to the left of the text "institute of development studies" in a white, sans-serif font.

The promise of taxing informal sectors



Percentage of informal employment in total employment (ILO, 2019)

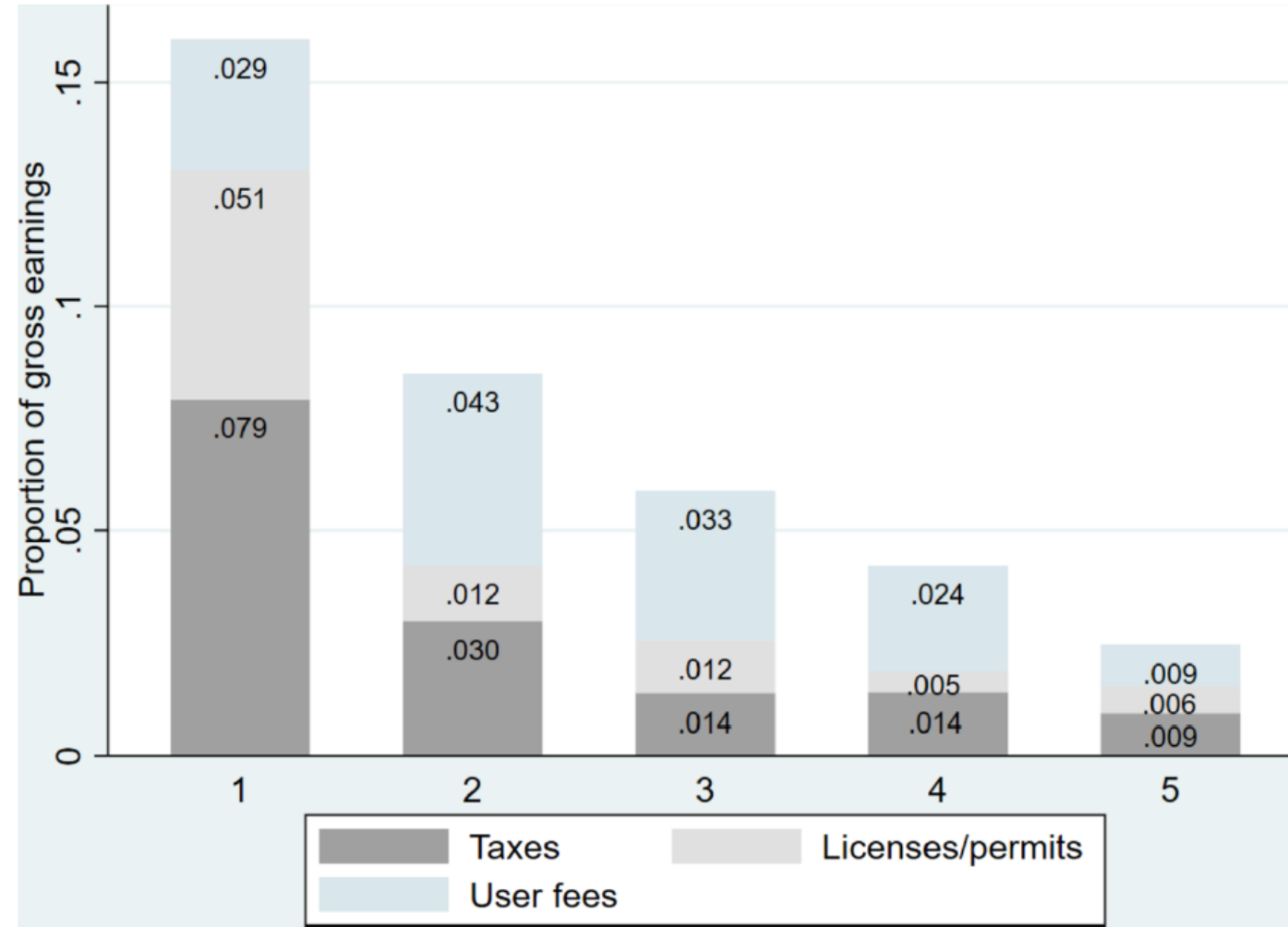


What do we know?

*Common approaches are inequitable
and inefficient*

Common approaches to taxing informal sectors are inequitable

- Informal operators are not “untaxed”:
 - Multiple, overlapping layers of payments
- Tax burdens are highly regressive

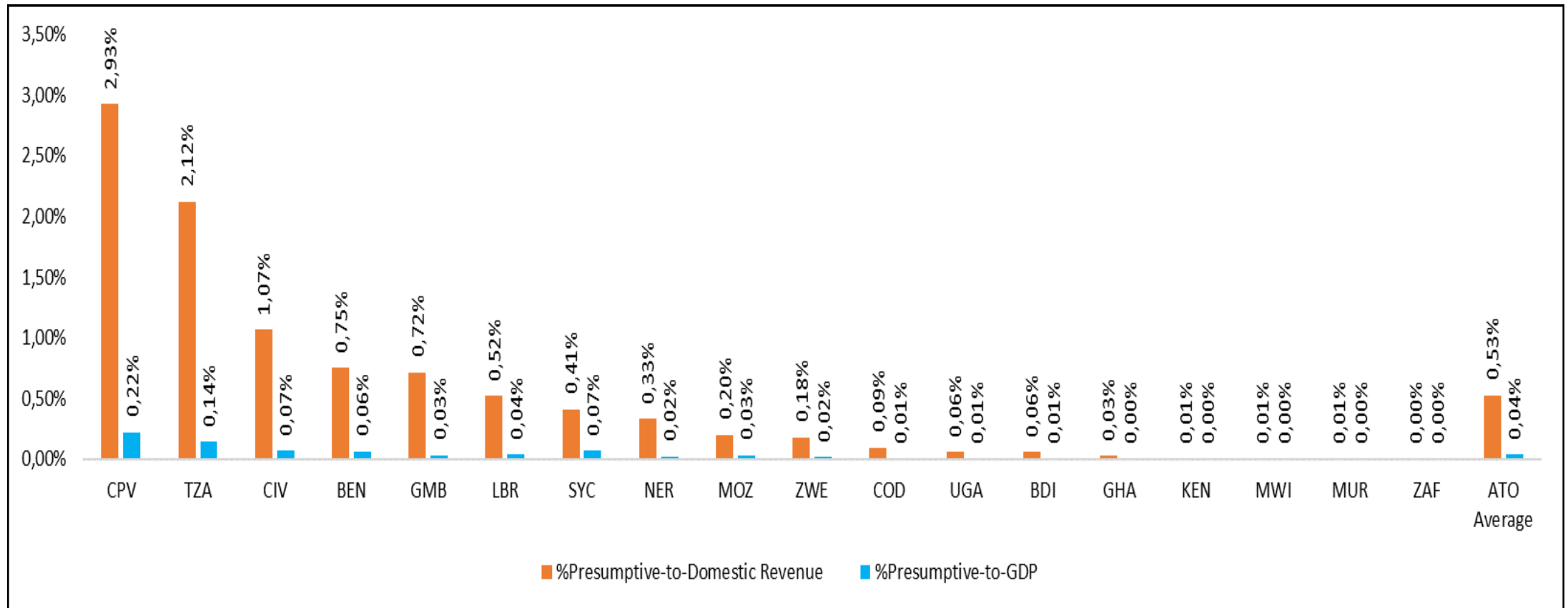


Tax payments as a proportion of earnings among Accra's informal sector (Anyidoho et al. 2025)

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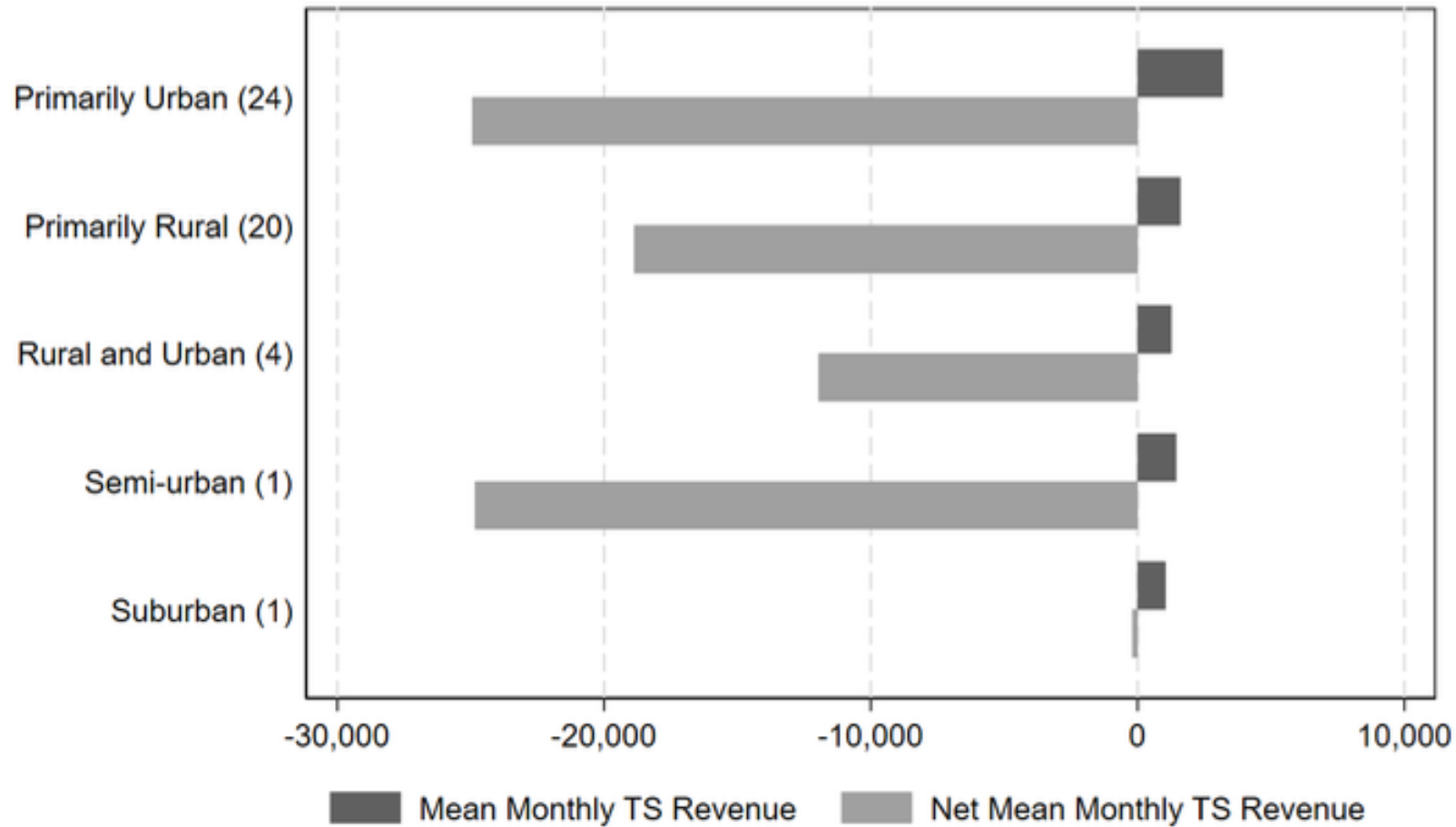


Large informal sectors ≠ large untapped tax bases



Presumptive tax revenues as percentage of domestic revenue and GDP (ATAF)

Common approaches to taxing informal sectors are inefficient



Net revenues from Ghana's Tax Stamp (TS), after factoring in collection costs (Gallien and Kombat, 2025)



What is needed instead?

*Protecting low incomes, targeting,
and rethinking objectives*

The bare minimum: Protecting low-income earners

- The bare minimum = *minimum thresholds*
 - 60% of simplified tax regimes in Africa have no minimum threshold (Hoy et al. 2024)
 - Where they exist, often not regularly updated or simply ignored in practice
- Set meaningful thresholds — and actually enforce them

Policy Brief

Number 15 • February 2025

Simplified Taxation in Africa: What We Know – and Need to Know

Max Gallien, Christopher Hoy, Hitomi Komatsu, Ceren Ozer, Michael Rogan, and Vanessa van den Boogaard

Most economic operators in Africa are small and informal firms that fall under the purview of presumptive or simplified tax regimes (STRs). These taxes are expected to fulfil a range of functions, from raising revenue to facilitating formalisation and improving revenue authorities' data, and yet their effectiveness and impact are surprisingly under-researched. Meanwhile, emerging evidence suggests that STRs often raise little revenue, disproportionately impact low-income earners, and are inconsistently applied. This policy brief summarises what we know about simplified taxes in Africa, who pays them, and why they matter, while highlighting gaps in existing knowledge. It makes the argument that there is a need for a new policy conversation on simplified taxation, and one that is data-driven and evidence-based.

Introduction

The vast majority of economic operators in Africa are small and micro enterprises (SMEs). Over 90 per cent of them are informal, and often operate with limited bookkeeping.¹ Simplified tax regimes (STRs) – a term often used interchangeably with presumptive tax regimes – are designed to facilitate tax compliance for these types of firms.² Today, most countries in Africa have introduced these types of tax regimes.³

STRs exist to fulfil a range of goals. Principally, they are designed to raise revenue. But with many SMEs operating in the informal sector – meaning that they are not legally registered to operate as a business⁴ – policymakers often also have expectations

¹ ILO (2023) *Women and Men in the Informal Economy: A Statistical Update*, Geneva, Switzerland: International Labour Office: 84 (accessed 30 January 2025).

² In some countries, STRs are referred to as synthetic, modified or unified tax regimes, typically because they replace other taxes such as VAT or CIT.

³ Hoy, C. et al. (2024) *Trade-Offs in the Design of Simplified Tax Regimes: Evidence from Sub-Saharan Africa*, Policy Research Working Paper 10909, Washington, DC: World Bank (accessed 30 January 2025).

⁴ This definition of informality is in line with the ILO definition adopted by the 15th International Conference of Labour Statisticians (ICLS), referring to non-household private economic units producing goods or services for sale or barter and not registered with the relevant national institutions. ILO (2018) *Women and Men in the Informal Economy: A Statistical Picture*, Third Edition, ILO (accessed 3 February 2025).

Strengthening targeting of registration and taxation

- From mass registration to targeting and *risk-based registration*
- Stop measuring success by how many taxpayers are registered
 - Focus on quality of data/ outcomes of registration

Policy Brief

Number 2 • July 2023

Why mass tax registration campaigns do not work

by Max Gallien, Giulia Mascagni, Mick Moore, Giovanni Occhiali, Wilson Prichard, Fabrizio Santoro, Celeste Scarpini, and Vanessa van den Boogaard

In recent years, policymakers and donors have become increasingly interested in the use of mass registration campaigns as a tool to expand the tax nets of lower-income countries. While registering taxpayers is common – and indeed necessary – practice for revenue authorities,¹ these mass campaigns seek to accelerate the process. They typically work through broad-based door-to-door drives or by leveraging third-party data, such as those from national identification authorities or utility providers.² Although the use of third-party data is essential to good tax administration, we argue that using them for the purpose of mass tax registration often leads to disappointment both in terms of revenue generation and taxpayer relations.

Revenue administrations have been optimistic about the potential impacts of mass tax registration campaigns, with enthusiasm rooted in at least three common narratives:

- First, it is often believed that there is substantial revenue potential in registering new taxpayers, which has been a particularly important motivation in the context of recent public debt and fiscal crises following the Covid-19 pandemic.
- Second, it is often argued that expanding registration decreases informality and unfair competition between informal and formal firms. It is believed that building a broad-based culture of tax compliance may increase overall perceptions of the fairness of the tax system and tax morale and could thus contribute to virtuous cycles related to taxation and accountability.
- Third, it is often suggested that registration may lead to benefits for firms, including higher productivity and access to credit.

However, recent research has revealed serious shortcomings in all these narratives. In practice, the revenue outcomes of many mass tax registration exercises have been disappointing at best. The evidence for positive effects on competition, tax morale,

¹ While taxpayer registration is not required for all types of tax collection, it is increasingly common and essential for the three most important (and growing) taxes in Africa: corporate income tax, personal income tax, and value added tax.
² Tax registration can take place along a continuum from (a) routine and incremental to (b) campaign and mass. There are a wide variety of other channels through which firms get added to tax registers and engage with revenue authorities, though we focus on mass registration campaigns as a particular administrative strategy. We also recognize that firms that are not currently registered with national revenue authorities may already be registered with other state institutions, such as local governments.



Rethinking strategic directions and objectives

Deprioritising the taxation of informal sectors

- Scarce administrative capacity better spent elsewhere: inefficient tax incentives, property, wealth

Paying more attention to non-revenue goals

- Building trust with taxpayers through services-first approaches and links to social protection





Need of research, evidence, and dialogue

- Context-specific impact evaluations of:
 - Targeting strategies
 - Use of technology and data
 - Linking to social protection
- Data and dialogue
 - ICTD Informality and Tax Community of Practice



Thank you!

Vanessa van den Boogaard

v.vandenboogaard@utoronto.ca

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Informal Sector Taxation: A Civil Society Perspective



WIEGO's experience:

- Works with membership-based organisations of informal workers and global networks of affiliated organisations
- Taxation was a priority issue for the network and links with debates on formalisation
- Main activities:
 - Research on tax payments and services
 - Worker education
 - Engaging with revenue authorities and local governments

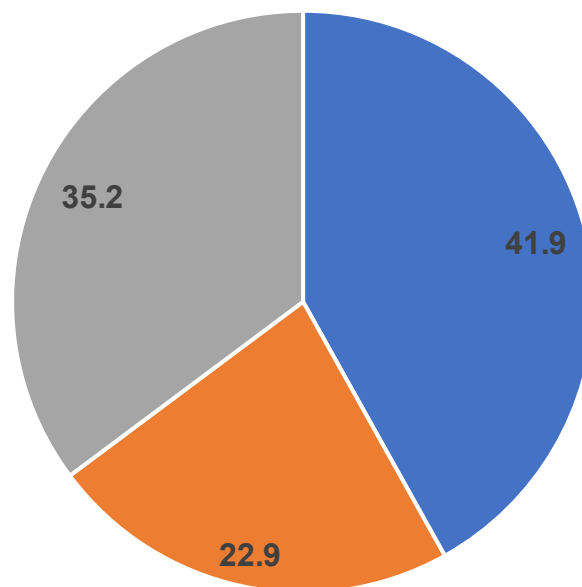
What are the issues from a taxpayer perspective?:

- Simplified taxes are not simple to understand
- Perceptions of unfairness
- Confusion around sub-national vs. national taxes
- Calls for transparency around payments and how tax revenues are used
- 'Tax Justice'
- YET- informal workers consistently express support for paying taxes

What do we know?



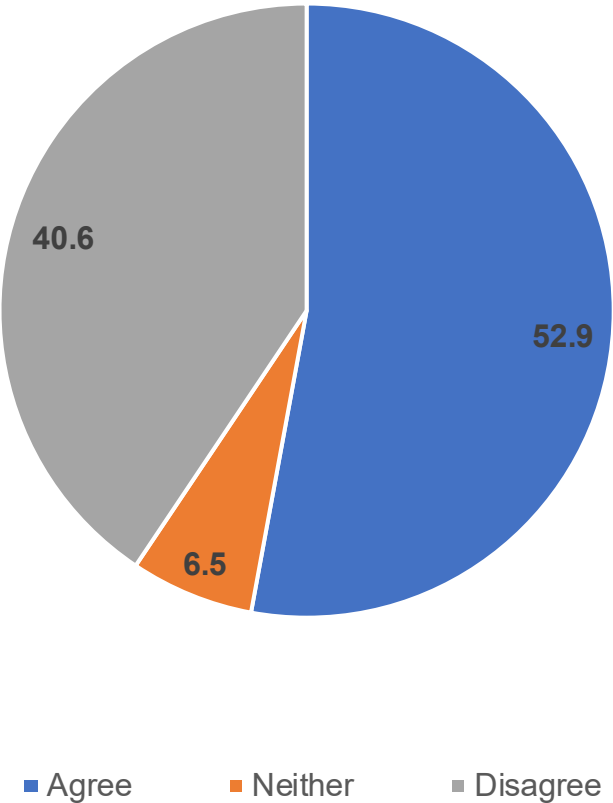
Higher taxes are better if services are provided



■ Agree ■ Neither ■ Disagree

Source: WIEGO-ICTD-ISSER Tax Survey (2022)

Small traders and other people working in the informal sector should pay taxes



Source: WIEGO-ICTD-ISSER Tax Survey (2022)



What do workers (in markets) say about taxes?



Tax payments

- There should be **fair taxation** (pay according to what you earn)
 - There should be specific **taxes for specific trades or goods** (fixed and flat price).
 - **Transparency** in the amount of taxes collected and what the taxes are used for.
 - "We want to pay **taxes according to earnings**".
 - "Government should **reduce our taxes** because we don't earn much".
 - **Taxes should be tied to market development**, such as road construction, transportation, sanitation, and street lighting.



Key Take-aways:

- Informal workers are not opposed to taxation *per se*
- Informal workers are potential partners in tax policy design
- Key requests are:
 - Transparency in taxation
 - Transparency in tax spending
 - Coordination and transparency between national and sub-national authorities
 - Greater fairness in tax liabilities



ABOUT WIEGO

Women in Informal Employment: Globalizing and Organizing (WIEGO) is a global network focused on empowering the working poor, especially women, in the informal economy to secure their livelihoods. We believe all workers should have equal economic opportunities, rights, protection and voice. WIEGO promotes change by improving statistics and expanding knowledge on the informal economy, building networks and capacity among informal worker organizations and, jointly with the networks and organizations, influencing local, national and international policies.

Visit www.wiego.org

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Reforming Informal Sector Taxation in The Gambia: Policy Direction, Reform Agenda.

Presented by:

Alhagie Jallow, Director, Revenue & Tax
Policy Directorate, MOFEA

Why do we need a strategic framework for the Informal Sector?

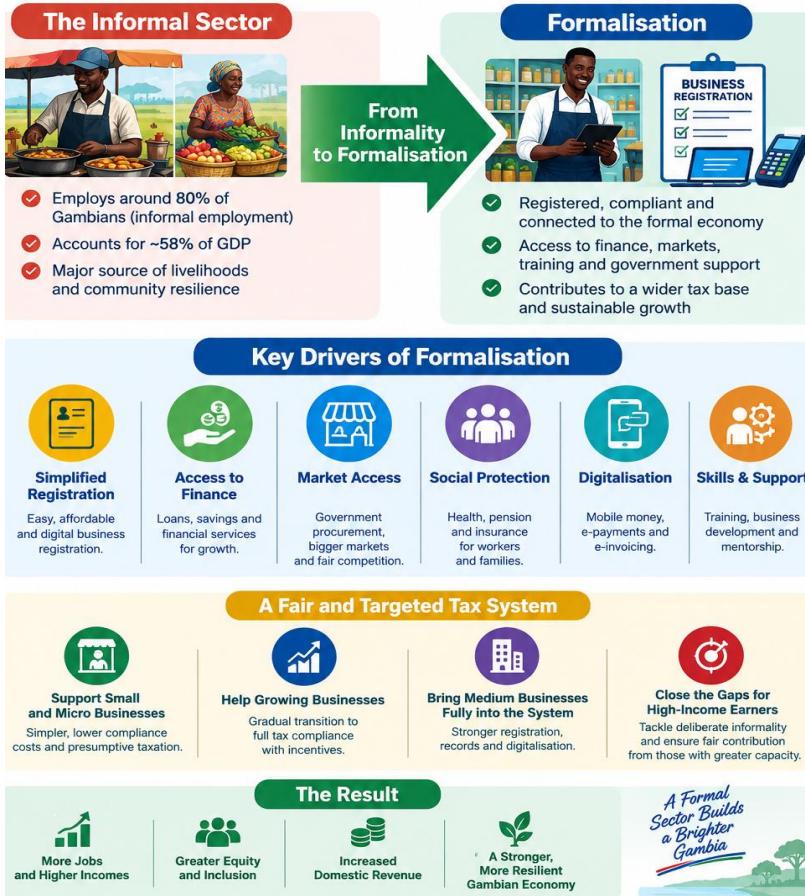
- ❑ The informal sector accounts for approximately 79.5% of enterprises in The Gambia and supports a significant share of employment and livelihoods.
- ❑ Yet its contribution to domestic tax revenue remains marginal.
- ❑ The informal economy is not homogeneous: it includes genuine micro and small businesses, but also higher-value businesses, professionals, and other taxable economic activity.
- ❑ The current system faces structural constraints: weak record-keeping, business mobility, weak taxpayer registration, and fragmented institutional arrangements.

The policy challenge is therefore not simply to “**tax more**”, but to build a fairer, simpler, and more evidence-based system.

The Future of The Gambia's Informal Sector

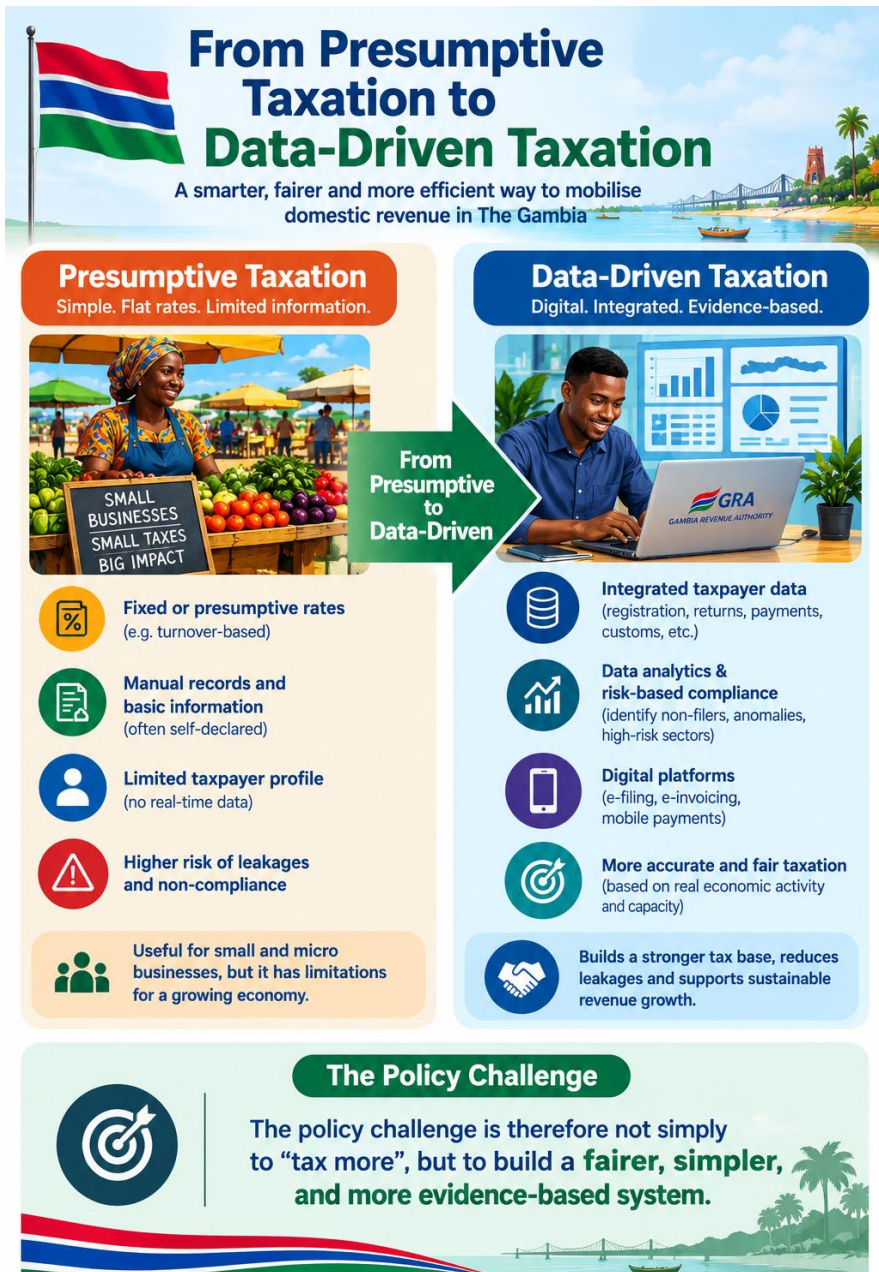
From Informality to Inclusive Formalisation and Domestic Revenue Mobilisation

More opportunities for businesses. More jobs for Gambians.
A stronger, fairer and more prosperous economy.



Emerging Policy Direction

- Move from a broad, largely presumptive model toward a targeted, data-driven, and risk-based system.
- Protect subsistence-level and very small businesses through minimum income/turnover thresholds.
- Target higher-value businesses, particularly the self-employed professionals with greater compliance and revenue potential hidden within informality.
- Simplify the taxpayer journey through harmonised registration, payment and enforcement processes.
- Use incentives to make formalisation economically meaningful, including access to government programmes, financing opportunities and social protection schemes.
- Build a system that is periodically reviewed and updated (e.g., every five years), so it remains responsive to economic and technological change

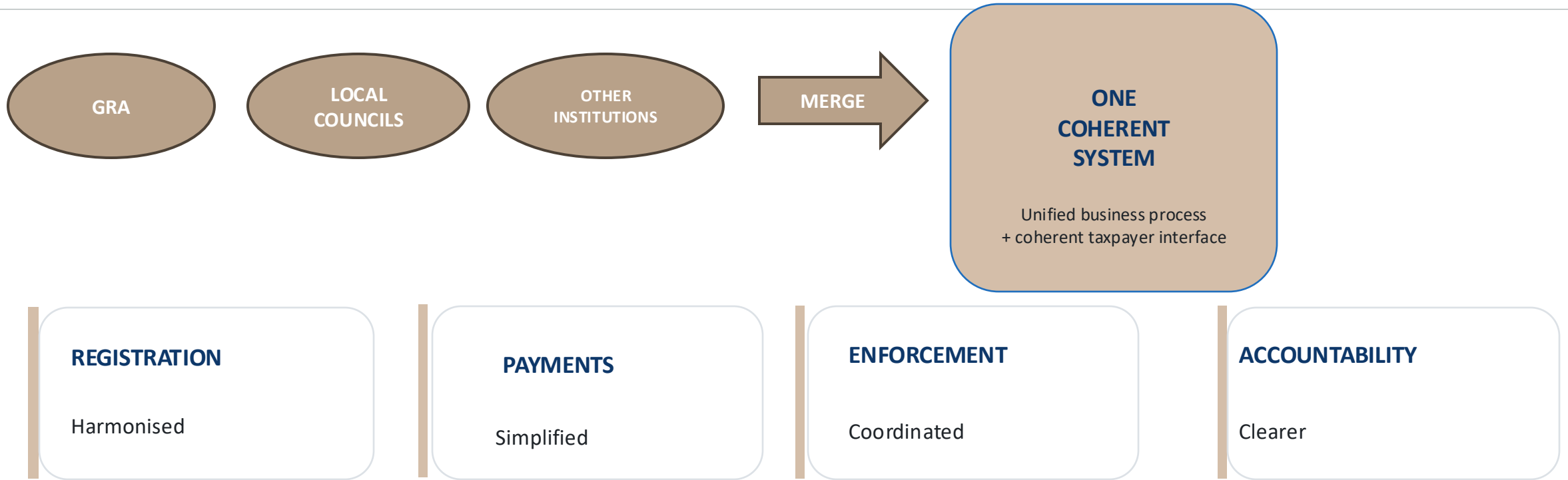


From Presumptive Taxation to Evidence-Based Taxation

1. Identify: strengthen the taxpayer register and conduct nationwide business mapping.
2. Classify: link TINs to sectors and relevant indicators of economic activity.
3. Measure: use actual data or reliable proxy indicators where appropriate.
4. Segment: apply risk-based approaches rather than treating all informal businesses alike.
5. Assess and collect: simplify obligations and use digital channels where feasible.
6. Review: monitor outcomes and adjust thresholds, rules, and processes.

Institutional reform: one system, not multiple collectors

Reduce duplication and friction by creating a coherent taxpayer journey across institutions



Objective: lower compliance costs • fewer points of friction • stronger accountability

Data and Digitalisation are Central to the Reform

- ☐ Explore partnerships with fintech operators such as WAVE to use transaction-level data as a proxy for business activity, subject to legal and governance safeguards.
- ☐ Link TINs with mobile money accounts to improve identification and traceability.
- ☐ Associate TINs with business sectors to enable targeted compliance strategies.
- ☐ Improve data visibility across GRA, CBG, MoFEA and other relevant institutions.
- ☐ Build a centralised, credible and regularly updated taxpayer database.

Digitalisation should support simpler compliance, not simply stronger enforcement

Compliance strategy: enforcement + incentives + trust

Enforcement alone will not bring the informal sector into the tax system

- ❑ Make formalisation valuable through government support, finance, social security/pension schemes, and greater business credibility.
- ❑ Use simplified, localised communication through market associations, trade groups, and community leaders.
- ❑ Improve transparency and accountability in revenue collection and use.
- ❑ Provide accessible dispute-resolution mechanisms and strengthen confidence in fairness and due process.

The objective is a relationship in which compliance is easier, enforcement is credible, and taxpayers trust the system.

Collaboration with ICTD

Better Evidence. Stronger Solutions.

Working with the International Centre for Tax and Development (ICTD) helps The Gambia design and implement effective, evidence-based revenue mobilisation reforms.



What this partnership brings



Technical expertise and global experience



Policy research and practical solutions



Support for capacity building and institutional strengthening



Facilitation of multi-stakeholder dialogue and knowledge exchange



Together, we can build a more efficient, transparent and inclusive tax system for The Gambia.

- ❑ MOFEA and ICTD convened the informal sector taxation workshop to deepen understanding of the sector and generate empirical evidence and policy insights.
- ❑ The collaboration provides a platform for evidence-based reform rather than relying only on assumptions about the informal economy.
- ❑ Potential areas of collaboration emerging from the workshop include: business mapping and diagnostics; analysis of current presumptive taxation; design and testing of data-driven approaches; sector-specific pilots; and monitoring/evaluation of reforms.
- ❑ ICTD can support the reform process through research, technical analysis, comparative evidence, and policy design, while Government leads policy decisions, institutional coordination, and implementation.

Proposed reform roadmap

Action	Responsible Institution	Timeline
Establish Technical Working Group (TWG)	MoFEA / GRA	Immediate
Develop TOR and Work Plan	TWG	Short-term
Conduct national business mapping study	MoFEA / GRA / Partners	Stor-Term
Engage WAVE for data-sharing discussions	GRA	Immediate
Collect and harmonize institutional business processes	All stakeholders	Short-term
Review informal sector regulations	MoFEA	End of April
Develop concept note for reform program	MoFEA	Short-term

The message to take forward

- ❑ Gambia is not proposing simply to increase the number of informal operators paying tax, but to
- ❑ Redesign the system so taxation better reflects economic capacity and actual economic activity.
- ❑ The reform should be data-driven, targeted, simple, coordinated and incentive-based.
- ❑ The immediate priority is to build the evidence and administrative infrastructure needed for better policy.
- ❑ The ICTD is an important technical and research partner to develop an evidence-based strategic framework for differentiating, measuring and appropriately taxing economic activity within the informal economy.
- ❑ Success means supporting the development of a coherent and effective policy framework that can broaden the tax base while remaining administratively feasible and equitable.

Taxing informal sectors: Complicated questions and simplified regimes

The first webinar of the series on Tax and Informality by ICTD and ATI

30 September 2026 ◀ 15:00–16:15 CEST ◀ Online on MS Teams

Interpretation from English to French and Spanish will be available



**Eugénie
Ribault**

Expertise France,
Moderator



**Vanessa van
den Boogaard**

International Centre
for Tax & Development



Mike Rogan
WIEGO



Alhagie Jallow
Ministry of Finance,
The Gambia



Henrique Alencar
Oxfam and ATI
Consultative Group 1
Co-Coordinator

Thank you for your participation!

More information about the second webinar in the series will be shared with registered participants soon.

We look forward to seeing you at the next session!