International Journal of Advanced Research and Review

www.ijarr.in

ENHANCING REVENUE MOBILIZATION DURING PANDEMICS THROUGH DIGITALIZATION OF TAX IN KENYA

Mwengei B. K. Ombaba[1], Kevin Kahindi[1]

[1]Lecturer, Department of Business Management, University of Eldoret. Kenya. Email: mombaba@uoeld.ac.ke

ABSTRACT

Revenue generation is at the heart of state administration. Governments depend on taxes, rates, fines, and other financial obligations to raise revenue. However, Kenya is reporting a reduction in tax revenues, especially from the non-digitalized sectors more especially during the Covid-19 pandemic. The paper sought to find out how revenue mobilization can be enhanced during the pandemics. The paper utilized secondary materials. The paper concluded that for a country to enhance revenue mobilization there is need to digitalize its system to effectively collect tax even during lockdowns and during paandemics. The policy makers need to enhance tax policies and tax administration measures, to shore up revenue that will foster economic development and bridge the gap that will arise due to pandemics. There is great scope in using digital technologies to enhance tax revenue collection. This scope can be widened by using digital technologies to improve tax compliance and taxpayer services. The proper application of technology also could reduce tax administration costs by lodging and processing customs documents and integrating personal bank accounts with the Kenya Revenue Authority.

Keywords: Revenue Mobilization, Digitalization, Pandemics

1.0 INTRODUCTION

Due to the COVID-19 pandemic there is a rapid shift to a digitalized economy across the world. This was necessitated by the measures various governments put to curb the spread the disease. To curb the effect of covid-19 pandemic governments' implemented exceptional lockdowns as a result global economic activity plunged leading to a worldwide recession, reduced tax revenues and increased unemployment. Kenya was not left behind albeit that the COVID-19 pandemic hit the country much compared to other countries in the world. The Kenyan economy suffered just like any other country in the world. Covid -19 pandemic caused international and intra-African trade to reduce drastically as a result of lockdowns, movement restrictions and closure of borders and airports.

Despite of the pandemic we saw some digital sector thriving actually it in this crisis that we saw Zoom and other conferencing applications come in hand. During the coronavirus crisis, digital payments have been keeping economies running and helping people reduce contact with virus.Online payments are even helping to put stimulus funds into consumers' hands more rapidly. For example, local governments in China have distributed vouchers through WeChat Pay to encourage immediate spending (World Economic Forum, 2020).

A number of individuals and companies wentonline to conduct their business during the lock downs. However, the digital sector boomed when other sectors of the economy collapsed. This has huge implications forbusiness models going forward, and makes it even more urgent that solutions befound for the taxation of the digital economy that is equitable for source and market jurisdictions.

Revenue generation is at the heart of state administration. The modern state is mandated to raise revenue to facilitate the developmental agenda and to provide public services for its citizens (Adu et al., 2019). Governments depend on taxes, rates, fines, and other financial obligations to raise revenue. Kenya just like any other African country reported a reduction in tax revenue. The decline in the prices and demand for commodities and the impact of the pandemic of the travel and tourism sectors, which are mainly depended on for tax revenues, have led to significant loss of revenue losses.

According to (World Economic Forum, 2020) Social distancing rules from the current pandemic could be with the world for years. People without access to digital payments not only miss out on a tool to ensure quarantine measures during outbreaks but also the benefits of financial inclusion and ever more digitized global trade beyond COVID-19. China's path to enabling digital payments should provide some lessons to other countries eager to follow suit.

In the light of this crisis, it is imperative that Kenyan policymakers respond with heightened urgency to the issues raised by the impact of the COVID-19 pandemic on Kenyan economy and take a closer look at the ways in which revenue can be mobilized digitally.

1.1.1 Global Perspectives of Digital Revenue Mobilization

In Finland, individual taxpayers do not need to fill out a tax declaration. The tax administration receives most of the information needed directly from third parties such as employers, banks and Insurance companies. Based on the information received, the tax administration prepares a pre-filled tax return for everyone. Furthermore, from 2019 onwards it is possible for the tax administration, to send out the pre-completed tax return electronically instead of paper mail. This has enhanced the tax collected (IOTA, 2017).

In Russia Online cash registers was started in 2014 with a small pilot in 4 regions. By July 2017 it became mandatory for all retailers except small businesses to install online cash registers. By 2019 it had coverage of the whole country. The tax authorities have full data on all retail sales of goods and services in the country. The system allows the tax administrators to break down the data by region or by sector, or by retail chain; this enable the tax administrators to see income of a particular store or zoom in on each and every checkout register in the country. This enables one to see who actually sold what, where and at which price and see anomalies that might indicate non-compliance (IOTA, 2017).

In addition in Russia the tagging system based on RFID technology has been great. The system was first introduced in August 2016 as a pilot project to monitor movement of items made of fur from manufactures and importers all the way to final consumers. The sale of untagged fur items was made illegal. All manufacturers, importers, middlemen, distributors and retailers must report the movement of goods to the system that was developed and implemented by the FTS. The data is arriving in real time, which hinders circulation of smuggled and counterfeit products.This has led to a number of retailers leaving the shadow economy and registered themselves as sellers of fur coats (IOTA, 2017).

The Italian Online filing of income tax returns and digital tax services accessible both from the web and from mobile apps are already a consolidated reality and have been perceived by the "customers" as success stories. The system for the online filing of income tax returns is designed to allow the complete dematerialization of tax compliance and is robust enough to handle peaks. In addition, major investments have also been made on the implementation of a system of pre-filled tax returns. he development of a system of pre-filled tax returns has also made it possible to offer new services to taxpayers, such as the possibility to have all healthcare expenses incurred (pharmaceutical, hospital, professional services and others) available directly online (IOTA, 2017).

The Slovak Republic introduced a user-friendly free of charge web and mobile application for the small and medium – sized enterprises - Virtual Cash Register. In comparison with electronic cash register, are less obligations and requirements for entrepreneurs using VCR as for vendors using ECR, and no or low expenditure for set up (can be run on any supported device with OS Windows, or iOS, Android with connection to the internet). Data is centralized and the financial administration is able to analyse it (IOTA, 2017).

1.1.2 Problem Statement

Revenue generation is at the heart of state administration. The modern state is mandated to raise revenue to facilitate the developmental agenda and to provide public services for its citizens (Adu et al., 2019). Governments depend on taxes, rates, fines, and other financial obligations to raise revenue. However, Kenya just like other African countries are reporting a reduction in tax revenues, especially from the non-digitalized sectors. The decline in the prices and demand for commodities and the impact of the pandemic of the travel and tourism sectors, which African countries mainly depend on for tax revenues, have led to significant loss of revenue losses (AU, 2020). On the table as a source of untapped revenue are businesses in the digital economy that have a significant economic presence in nations and benefit from economic activity but have little obligations to pay tax because they do not have a physical presence in these nations (Hale, 2020). This has become even more urgent because the COVID-19 the crisis has increased the dependency on digital services as these remain most feasible given the need for social distancing (Maher, 2020).

As citizens continue to acquire more digital services, the growth, expansion, and remote presence of digital multinationals, will continue to impact tax revenues across the continent. The taxation of the digital economy has been a hot topic on the international tax agenda for some years, with a drive towards finding a consensus-based global solution (Clemens, 2020). Domestic revenue mobilization (DRM) efforts across developing nations already include a range of strategies for broadening the tax base and addressing non-compliance, many of which may be on hold for now, but which will continue after the shock. While the current crisis has many negative consequences, there are opportunities that, if acted upon now, could help mobilize revenue to mitigate some of the anticipated losses (Prichard, 2020). The urgent need to bring communities together to support the vulnerable provides a platform for governments to take tough decisions that may otherwise be too sensitive, and to ask individuals and businesses to contribute more where they can do so (Vella, 2020). It is against this backdrop, that this paper seeks to establish the possibility of digital revenue mobilization during pandemics.

1.1.3 OBJECTIVES

i. To determine opportunities to build a more effective tax system for future pandemics to mitigate revenue losses
ii. To assess the likely revenue impacts of the pandemic to key taxable sectors of the economy to plug gaps and inform policy responses
iii. To examine targeted and time-limited tax measures to use alongside other fiscal support measures to help businesses and households

1.1.4 LITERATURE REVIEW

1.1.4.1 Theoretical Literature Review

Ability to Pay and Benefit Theories of Taxation

According to Musgrave and Musgrave (2010) Argument for wealth taxation may be made on both benefit and ability to pay ground. The idea of the Ability to pay theory was propounded by Adam Smith. Smith (1776) said that the member of every society must contribute to support the governance of the society in proportion to his ability. With respect to property taxation, the ability rationale was conceiv1ed due to the historical antecedent. As Musgrave and Musgrave (2010), said historically real estate and personal property (such as cattle) were the most convenient index of ability to pay.

In modern economy having properties may not be a sign of ability to pay, since the taxes are now paid in cash, unlike in the primitive time when taxes were collected in kind. There are some properties owners, that they acquired the properties through their life time savings, and the properties are not yielding any income to them or the income being generating by the properties are insignificant, it may only take care of the owners most basic needs, such people are very in asset, but poor in term of cash or income. Therefore any property tax policy that failed to take this into consideration may end up increasing noncompliance and tax resistance. Considering properties as a sign of ability to pay, it may not only be a wrong perception but misleading, capable of causing chaos in the system. Therefore Ability to Pay Theory, may not give a good explanation of the variation of property tax compliance in Kaduna State.

According to Musgrave and Musgrave (2010) the benefit rationale for property taxation is that public services increases the value of real properties and should therefore be paid for by the owners. The Benefit theory was propounded by Erik Lindahl. Lindahl (1919) the theory is of the view that government should impose taxes on individuals according to the benefit they received from the public services provided to them. It has been established that provisions of public services such as good roads, hospitals, market, security, street light etc. increase the value of a real property, and therefore the owners of the properties should pay portion of the benefit received (increase in property value) to the government as tax. The real income of a property holder increase by the increase of the value of his property. This theory explained or captured only one of the variables under investigation by this study; therefore it is not suitable to be used as the theoretical framework of this study.

2.0 OPPORTUNITIES FOR DIGITAL REVENUE MOBILIZATION DURING PANDEMICS

2.1 Changing the Tax System

While the spread of the pandemic and its health impacts are unclear and still unfolding across lower-income nations, the economic impact of lockdown measures and trade disruption is already being felt. Economic forecasts remain highly uncertain, but early data indicate there will be a sharp downturn in growth in the short to medium term. The economies of low-income nations now forecast to grow 0.4% in 2020, down from pre-pandemic projections of 5.1% (Burn-Murdoch, 2020).

The fiscal response to the Covid-19 crisis can be framed in terms of three phases of intervention; support to vulnerable households and struggling businesses to keep their heads above water during lockdowns; fiscal stimulus to restart economic activity once lockdowns are lifted; and consolidation to shore up public finances after recovery (Steel & Phillips, 2020). Discussions of the role of tax systems in lower-income nations during the current early phase have focused on striking a balance between providing targeted relief and sustaining revenue flows to finance the health and social protection response, where there may be limited access to domestic central bank liquidity and capital markets, and with external financing from international institutions and development partners in high demand (Prichard, 2020).

A positive case for public spending, funded through tax revenues, has to be made, alongside any tax changes (Burn-Murdoch, 2020). Providing clear messages and justification in the form of targeted support to those who need it most, funding the recovery and building resilience against future shocks will help to bring communities together and foster a sense of solidarity. From this foundation of common purpose, introducing policy changes in line with this strategy may become more acceptable and therefore more likely to succeed over the longer term (Jones, 2020). Several options may help mitigate revenue losses and contribute to longer-term development objectives (Times, 2020). Identifying pockets of wealth during these uncertain times will require investment in data-gathering and on-going analysis to understand the channels of impact and the nature and scale of opportunities arising, from a tax perspective. This means that the case for any individual policy needs to be considered in its specific economic and political context. In keeping with the concept of ‘no regret policies’ during uncertainty, this note provides five examples of tax policy strategies that may have merit, both under current circumstances and for building more effective tax systems in the future (Loayza, 2020).

2.2 Using Tax Administrative Data

Economic data lag behind events in the real world at the best of times (Maher, 2020). At the current time, with high uncertainty and nations taking steps that a month ago would have been unthinkable, it is incredibly difficult to know what is happening in the economy in real-time. Relying on official statistics for policy-making doesn’t work because, by the time they become available, events have moved on dramatically. In these circumstances, real-time data can be used to get early snapshots of the economic situation. Tax administrations often have access to data through the day-to-day operation of the tax system that can be used to understand the state of the economy and inform policy ahead of official statistics (Loayza, 2020).

The extent to which tax data can be used will vary from country to country and across tax instruments (Hughes, 2020). Some LICs and LMICs may have advantages over other nations if they already make greater use of digital platforms for tax administration. This includes 'fiscal devices' or 'electronic billing machines' that collect real-time sales data for VAT administration in nations such as Ethiopia, Kenya, and Rwanda. More generally, taxes that are collected at frequent intervals, such as VAT, withholding on salaries, and customs duties are likely to be more useful than taxes assessed and paid less frequently, such as self-assessed corporate and personal income tax (Di Pietro, 2020).

The potential uses of tax administrative data include securing supplies of essentials. Falls in imports of specific goods could be used to anticipate future shortages in essentials such as food and medical supplies. Analysis of trade in essential goods by partner nations could be used to identify dependence on specific bilateral trade flows and enable governments to seek alternative sources to diversify trade and reduce risks of shortages (Hughes, 2020).

Using tax data to assess falls in economic activity across the economy and different geographical regions could help identify whether social distancing policies are having the intended effect. This information can be fed back into models estimating the spread of the outbreak and likely demand on healthcare, informing wider efforts to suppress transmission and get increased healthcare supplies to areas with the greatest need (Pomerleau, 2020).

Data on VAT payments, customs duties, and withholding on salaries can be used to get an early indication of impacts on consumption, international trade, and labour markets respectively. Comparing weekly or monthly figures this year with the equivalent last year can help show how quickly and how far economic activity is declining. Drilling down into the data further can help governments to target economic policy responses by identifying which specific sectors and geographical areas are worst affected (Hale, 2020).

As well as tracking the downturn, sales data from fiscal devices can also identify early signs of recovery. Besides, these data represent the network of trading relationships in the economy, and can thus help identify systematically important firms and sectors, and potential bottlenecks to recovery. Sharing tax administrative data that have been appropriately anonymized to protect taxpayer confidentiality within government, and with academics and research institutes, can enable others to undertake analysis and inform policy (Hughes, 2020).

2.3 Taxation of the Wealthy and Levying Solidarity Payments

Not all individuals and sectors will suffer equally from the effects of lockdowns, trade restrictions, and supply disruptions (Pomerleau, 2020). Indeed, some will be in a position to ride out the storm or even switch investment portfolios or activities to take advantage of areas of high demand or rising prices (Prichard, 2020). Some businesses may be able to adapt their output to meet new demands during the crisis, such as home deliveries or digital services for remote working. While falling global commodity prices may cause difficulties for some producers of natural resources, such as oil, other commodities may fare less badly. With its intrinsic value and limited supply, gold is typically held during periods of uncertainty and has been rising in value in recent months. Gold mines that are not adversely impacted by lockdowns and disruptions to supply and distribution networks might therefore make windfall profits (Pomerleau, 2020).

Companies in sectors that receive a windfall could potentially make a greater contribution to public finances in the short term (Loayza, 2020). In the past nations have used solidarity payments, such as forced loans or capital levies, to pay off large debts or finance major reconstruction efforts, as in Germany after the Second World War and for housing construction in the 1980s (IMF, 2018). Temporary increases to the rate of corporate income tax applied either across the board or to particular sectors that are expected to make higher profits could raise revenues from companies that remain or become more profitable (Pomerleau, 2020).

Governments might also be able to generate short-term cash flow without increasing corporate tax rates or overall liabilities by adjusting advance payment schedules for companies that are expected to make higher end-year profits than anticipated at the start of the year (IMF, 2018). This would bring forward payments that might otherwise not be due until months after the end of the fiscal year. In the case of gold mining, provided operations are not adversely affected, royalty surcharges that are creditable against future income and resource rent taxes could be used (Hughes, 2020). However, this would likely need to be negotiated with mining companies. This is often fraught with difficulty and can lead to multinationals getting a better deal than the host country – especially where governments are prioritizing short-term revenues over long-term value. Individuals with high incomes or wealth could also contribute more (Clemens, 2020).

Income and property taxes are typically under-utilized in lower-income nations, especially in Sub-Saharan Africa (Vella, 2020). In response to revenue losses caused by the pandemic, the International Monetary Fund (IMF) suggests introducing a 'solidarity surcharge' on higher-rate taxpayers or untapped property and wealth (IMF Fiscal Affairs, 2020). Where nations may be unable to afford to update costly valuation rolls for effectively taxing property, they may be able to introduce a temporary surtax until property tax bases can be updated (Maher, 2020).

Efforts to tax the rich and powerful elites often face political challenges, and there is concern that revenue shortfalls from shocks such as the current pandemic crisis may be paid for by micro and small businesses and the poor, as nations focus DRM efforts on broadening the tax base across the informal sector. The current situation may provide an opportunity to gain wider political support for this agenda, demonstrate greater fairness in the tax system, and build trust between taxpayers and governments by using the additional revenues to increase spending on social protection (Hughes, 2020).

2.4 Expansion of Voluntary Compliance through Incentives

Many businesses need assistance during the crisis, and as they come forward to seek help there is an opportunity to rethink tax compliance strategies. Firms 'revealing' themselves at this time may provide information that will prove useful for managing compliance in the future, for example helping to expand registration databases and encouraging filing (even if not paid) to ensure that governments receive up-to-date taxpayer information (Pomerleau, 2020). For large multinational companies using tax havens (and that are likely to be more resilient during this crisis), requests for assistance could be conditional on providing the required information to help nations manage harmful tax planning in the future (Burn-Murdoch, 2020).

Some governments are providing packages of assistance to help smooth cash flow or support job retention (Hale, 2020). As part of this, tax administrations have responded with a range of adjusted or simplified procedures, including extended payment deadlines and temporary reductions in penalties and/or interest for outstanding tax arrears. Tax amnesties sometimes go further and waive outstanding debts. Ethiopia has written off debts from before 2015 and is waiving penalties and interest on outstanding taxes due between 2015 and 2018 as part of its package of tax relief for companies hurt by the crisis (Clemens, 2020).

Any form of amnesty needs to be time-limited and credible. Evidence of the efficacy of tax amnesties is mixed and nations that have offered repeated amnesties have been less effective in reducing tax avoidance (Loayza, 2020). With the likelihood of another amnesty in the future, why come forward now if you can wait for the next one? In more normal times, tax amnesties are also inherently unfair because they benefit the non-compliant. Nonetheless, showing leniency in times of crisis could help build trust in revenue authorities. Temporarily waiving penalties (and potentially interest too) for those who self-disclose – but obtaining the principal – may provide a benefit to taxpayers by easing sanctions, but also helps governments maintain a flow of cash during difficult times. In the medium to longer-term, encouraging voluntary compliance in this way may be a more cost-effective strategy, especially for less well-resourced administrations (Hughes, 2020).

The extent to which this is effective depends on several factors: taxpayers may weigh up the potential cost of evasion (the chances of getting caught later and the severity of the penalty) against the cost of coming forward now (Jones, 2020). On the authorities' side, effectiveness depends on weighing up the likelihood and value of getting the principal now (and/or the prospect of revenue from these taxpayers in future once on the register) against the revenue foregone from waiving penalties (and possible interest) and the costs that would have been incurred in detection, audit, and enforcement. Governments might also consider waiving penalties but not interest. Since interest accrues the longer a debt is outstanding, the payment becomes time-sensitive. Where interest rates have not been adjusted for several years, they may now be excessively high and could be adjusted in line with current central bank rates, which are historically low across the world (Di Pietro, 2020).

2.5 Adoption of Tax Exemption Measures

Nations around the world use their tax systems to achieve social or economic objectives, such as helping poorer households afford essential goods through VAT exemptions or encouraging business investment through tax incentives such as income tax holidays (Di Pietro, 2020). These policies are known as 'tax expenditures' as they are effectively public spending through the tax system – governments could often achieve the same objectives through direct spending outlays, for example by providing grants to poorer households to purchase essential goods (IMF, 2018).

Tax expenditures usually have several drawbacks compared to spending outlays. Their costs are opaque and difficult to estimate compared to the relatively easy task of reporting on cash payments (Pomerleau, 2020). Tax expenditures are often not included in annual budgets and are therefore not subject to regular reviews and appropriation. They can also be less effective and more expensive than equivalent spending policies because they are harder to target, tend to benefit higher-income groups disproportionately, and in the case of corporate tax incentives are often redundant as companies would have invested even without the incentive (Prichard, 2020).

Many nations are starting to strengthen the governance of tax expenditures by reporting the cost of expenditure through the tax system (Times, 2020). In many cases, these costs are high, for example, more than 40% of total tax revenues collected in Costa Rica, the Dominican Republic, Ghana, and Guatemala (Prichard, 2020). Some nations have identified ways to rationalize tax expenditures, but there are often political constraints to their removal once they have been offered to powerful elites. Yet, the argument that ill-targeted tax incentives undermine the revenue base is now more pertinent than ever, and there is a much stronger justification for removing them. As discussed, governments will be expected to take tougher action to support the needful, and solidarity contributions may extend to giving up unnecessary dependence on subsidies paid through the tax system (Clemens, 2020).

Many lower-income nations are likely to face difficult decisions in upcoming budgets, as revenues fall and pressures to spend on healthcare and economic support measures increase. Some will likely need to cut spending in other areas (Maher, 2020). As nations prepare their tax expenditure reports for forthcoming budgets, there may be an opportunity to review tax expenditures alongside spending, to remove costly and ineffective expenditures. Income tax holidays, for example, benefit companies making the highest profits the most, while doing nothing to support businesses that are temporarily loss-making due to pandemic (Loayza, 2020).

The revenue foregone from tax incentives is not directly equivalent to revenue that would be gained from their removal because taxpayers change their behaviour when the incentive is removed (Hale, 2020). For example, removing the tax exemption on a specific good would increase its price, and consumers would likely buy less of that good at the higher price. However, there is likely to be some immediate revenue benefit, as well as longer-term gains, through broadening the tax base and improving the efficiency and fairness of the tax system (Burn-Murdoch, 2020). Reforming tax expenditures may, in some cases, require more fundamental structural change, which would need to be researched and implemented over a longer period after the current crisis has ended. Nonetheless, there is an opportunity now to begin a conversation with the public and taxpayers to build broad support for reform over the medium term (Pomerleau, 2020).

3.0 METHODOLOGY

The study used documentary analysis and secondary data was used to make conclusions and inferences. The materials were sourced from websites and journals. Therefore, the study will employ content analysis. Content analysis is a research tool used to determine the presence of certain words or concepts within texts or sets of texts. Researchers will quantify and analyze the presence, meanings and relationships of such words and concepts, then make inferences about the messages within the data collected. Conceptual analysis begins with identifying research questions and choosing a sample or samples. Once chosen, the text must be coded into manageable content categories. The process of coding is basically one of selective reduction. By reducing the text to categories consisting of a word, set of words or phrases, the researcher can focus on, and code for, specific words or patterns that are indicative of the research question.

Sources of data can be defined broadly as books, book chapters, essays, interviews, discussions, newspaper headlines and articles, historical documents, speeches, conversations, advertising, theater, informal conversation, or really any occurrence of communicative language. To conduct a content analysis on any such text, the text will becoded or broken down, into manageable categories on a variety of levelsword, word sense, phrase, sentence, or theme and then examined using relational analysis.

4.0 CONCLUSION AND RECOMMENDATIONS

As the coronavirus pandemic evolves, many nations are likely to experience recessions, and most are likely to see their public finances deteriorate. The impact on public finances in LICs and LMICs may be particularly acute. Access to capital markets to fund deficits may become limited. External finance from international institutions and development partners can help plug financing gaps but may become stretched as many nations around the world simultaneously seek assistance with coronavirus. Governments may need temporary central bank liquidity to finance deficits, but this might not be effective or possible in some nations due to constitutional or legal barriers, likely exchange rate impacts, or because nations lack their currency or have dual currency regimes.

Digital identification can broaden the tax base by making it easier to identify and track taxpayers and helping taxpayers meet their tax obligations. By improving tax assessments and administration, it enhances the government's capacity to mobilize additional resources. Governments have to balance the often-competing objectives of domestic revenue mobilization and digital development. In particular, careful consideration should be given to the wider and long-term economic and social benefits of digital inclusion, versus a short-term focus on the ICT sector for domestic revenue mobilization. An uncertain tax environment could have detrimental impacts, not only on the sector but on tax revenues and the wider economy in the medium-term.

There is great scope in using digital technologies to enhance tax revenue collection. This scope can be widened by using digital technologies to improve tax compliance and taxpayer services. The proper application of technology also could reduce tax administration costs by lodging and processing customs documents and integrating personal bank accounts with the Kenya Revenue Authority.

The Kenyan government should focus on capital gains taxes, property taxes, VATs on luxury goods, and excise taxes. To bring the unreported tax sector into the tax base, presumptive taxes should run hand-in-hand with turnover taxes, in order to gauge the presumptive tax's revenue-generating strength. Further, Kenya Revenue Authority should apply the Geospatial Information System (GIS), in partnership with relevant institutions, to link data on land, property ownership, and development with tax information in its database, in order to trace properties for taxation purposes. This will enhance transparency in property ownership, reduce political constraints, and improve tax compliance.

REFERENCES

Burn-Murdoch, J. (2020). Coronavirus economic tracker: the latest global fallout. *Financial Times*.

Clemens, J. (2020). Implications of the COVID-19 Pandemic for State Government Tax Revenues (No. w27426). *National Bureau of Economic Research*.

Di Pietro, M. (2020). Fiscal Policies Amid a Pandemic: The Response of Italy to the COVID-19 Crisis. *National Tax Journal*, 73(3), 927-3A.

Hale, T. (2020). Variation in government responses to COVID-19. *Blavatnik School of government working paper*, 31.

Hughes, R. (2020). Safeguarding governments' financial health during coronavirus'. *Resolution Foundation Briefing, March*.

IMF, O. (2018). Options for Low-Income Countries' Effective and Efficient Use of Tax Incentives for Investment.

Intra- European Organizations of Tax Administrations (2017). Impact of Digitatilization on the Transformations of Tax Administrations

Jones, L. (2020). Coronavirus: A visual guide to the economic impact. *BBC News*.

Loayza, N. V. (2020). Macroeconomic policy in the time of COVID-19. *A primer for developing countries*.

Maher, C. S. (2020). Fiscal Responses to COVID- 19: Evidence from Local Governments and Nonprofits. *Public Administration Review*.

Pomerleau, K. (2020). Tax policy and the federal response to COVID-19. *American Enterprise Institute (AEI)*.

Prichard, W. (2020). To help respond to Covid-19, African governments should prioritize taxing the rich. *International Centre for Tax and Development (ICTD)*.

Times, F. (2020). If Covid-19 Is Not Beaten in Africa It Will Return to Haunt Us All.

Vella, J. (2020). COVID-19 and Fiscal Policies: Tax Policy and the COVID-19 Crisis. *Intertax*, 48(8/9).