



## A Toss Up? Comparing Tax Revenues from Amount A and Digital Service Tax Regimes for South Centre, WATAF, ATAF, and African Union Member States

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# Acknowledgements

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NERA Economic Consulting

# Study Can Be Found on WATAF and South Centre Websites

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<https://wataf-tax.org/2024/06/21/a-toss-up-comparing-tax-revenues-from-the-amount-a-and-digital-service-tax-regimes-for-developing-countries/>

<https://www.southcentre.int/research-paper-199-10-june-2024/>



# Key Aspects of the Study

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Results  
are:

- World's first country level revenue estimates for DSTs for all African Union, ATAF, WATAF and South Centre Members
- World's first country-level estimates for revised version of Amount A MLC
- Covers total of 85 countries, combined Member States of African Union, ATAF, WATAF & South Centre

# Key Aspects of the Study

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Results  
are:

- **Conservative**
- Revenues from Amount A most likely to be smaller than shown owing to difficulties in modelling Marketing and Distribution Safe Harbour and Withholding Taxes
- Revenues from Digital Services Taxes likely to be higher as study uses EUR 750 M threshold

# Key Aspects of the Study

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Presentation  
will cover:

- Which are the countries who will redistribute Amount A?
- Which are the countries who will redistribute DSTs?
- **Revenue estimates for:**
- Global South countries of Africa, Asia and Latin America and Caribbean

# Who Will Redistribute Amount A? (Amount A In-Scope MNEs' 2022 Sales, PBT and RRP by Country in EUR Billions)

(Billions of Euros)

#	Country	In-Scope MNEs	2022 Total Sales	2022 Total PBT	2022 Total RRP	Average PBT Margin	2022 Total Sales	2022 Total PBT	2022 Total RRP
1	United States	50	2,995	714	104	24%	54%	59%	63%
2	China, PRC*	3	180	60	11	33%	3%	5%	6%
3	Taiwan, RoC	2	92	49	10	53%	2%	4%	6%
4	Germany	8	512	86	9	17%	9%	7%	5%
5	Denmark	2	101	38	7	37%	2%	3%	4%
6	France	6	245	52	7	21%	4%	4%	4%
7	Switzerland	5	262	43	4	16%	5%	4%	3%
8	United Kingdom	4	152	31	4	20%	3%	3%	2%
9	South Korea	1	223	33	3	15%	4%	3%	2%
10	Netherlands	2	50	10	1	21%	1%	1%	1%
11	Ireland	3	117	17	1	14%	2%	1%	1%
12	Japan	5	254	30	1	12%	5%	2%	1%
13	India*	1	27	7	1	25%	0%	1%	1%
14	Belgium	1	55	9	1	16%	1%	1%	0%
15	Spain	2	87	11	1	13%	2%	1%	0%
16	Mexico	1	40	6	1	16%	1%	1%	0%
17	Luxembourg	1	76	9	0	12%	1%	1%	0%
18	Hong Kong, PRC	1	32	4	0	12%	1%	0%	0%
19	Singapore	1	21	3	0	12%	0%	0%	0%
20	Saudi Arabia	1	50	5	0	11%	1%	0%	0%
<b>Total</b>		<b>100</b>	<b>5,570</b>	<b>1,218</b>	<b>165</b>		<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

\* South Centre Member States

## Recommendation 1 to Developing Countries

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- A. These countries have to redistribute Amount A.
- B. Amount A can never go into force without the US even if the rest of the world signs.
- C. The US indicated recently of their unreadiness to sign Amount A MLC at the moment.

**So wait for all of others, especially USA, to ratify Amount A MLC, before considering signing, if at all.**



# What Are Digital Services?

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- Automated Digital Services (ADS) according to the UN Article 12B:

- Online advertising services;
- Supply of user data;
- Online search engines;
- Online intermediation platform services;
- Social media platforms;
- Digital content services;
- Online gaming;
- Cloud computing services; and
- Standardized online teaching services

- Broader set of 'hybrid' ADS:

- 4541 - Electronic Shopping and Mail-Order Houses,
  - 5112 - Software Publishers,
  - 5152 - Cable and Other Subscription Programming,
  - 5179 - Other Telecommunications,
  - 5182 - Data Processing, Hosting, and Related Services,
  - 51913 - Internet Publishing and Broadcasting and Web Search Portals,
  - 51919 - All Other Information Services,
  - 541511 - Custom Computer Programming Services,
  - 541519 - Other Computer Related Services,
  - 541613 - Marketing Consulting Services,
  - 54181 - Advertising Agencies,
  - 54189 - Other Services Related to Advertising
- 52 – Financial and Insurance

## How many Companies in scope of Digital Services Taxes? (applying arbitrary EUR 750 M threshold + positive pretax income)

Number of Companies	ADS	Hybrid ADS*	Total
Public	69	87	156
Private	12	30	42
<b>Total</b>	<b>81</b>	<b>117</b>	<b>198</b>

# What do these companies mainly do?

#	Business Functions	Number of ADS and hybrid ADS		
		Companies	2022 Total Sales	2022 Total Sales %
1	Online intermediation platform services	18	688	25.9%
2	Software	42	428	16.1%
3	Telecom Service	38	339	12.8%
4	Online search engines	4	297	11.2%
5	Digital content services	8	176	6.6%
6	B2B Service	29	162	6.1%
7	Social media platforms	4	118	4.4%
8	Online gaming	11	112	4.2%
9	Finance/Rental/Leasing	4	105	4.0%
10	Cloud computing services	8	89	3.4%
11	Other E-commerce (non-intermediation platform)	17	73	2.8%
12	Online advertising services	11	64	2.4%
13	Data Processing Services	2	6	0.2%
14	Supply of user data	1	1	0.1%
15	Miscellaneous Commercial Services	1	1	0.0%
		<b>198</b>	<b>2,658</b>	<b>100%</b>

## Recommendation 2 to Developing Countries

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Digital Services Taxes with a ‘broad’ scope of services, including hybrid ADS increases number of companies covered and leads to a better revenue yield.

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# RESULTS



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# Asia



## South Asian South Centre Member States

Tax Revenues by Country in 2022 (in EUR Millions)

Country	Amount A	DST (ADS Only)	DST (incl. hybrid ADS)	DST (ADS Only)	DST (incl. hybrid ADS)
		At 3% DST		At 5% DST	
India	556.4	687	1,077.60	1,145.00	1,796.00
Pakistan	85.4	73.3	127.5	122.1	212.4
Sri Lanka	30.9	28.9	53.1	48.1	88.5

## South Asian South Centre Member States

Tax Revenues by Country in 2022 (in EUR Millions) – Alternative approach using country-level consumption expenditure data

Country	Amount A	DST (ADS Only)	DST (incl. hybrid ADS)	DST (ADS Only)	DST (incl. hybrid ADS)
		At 3% DST		At 5% DST	
India	1,294.20	1,694.80	2,672.80	2,824.70	4,454.60
Pakistan	235.5	252.3	402.4	420.5	670.6
Sri Lanka	28.5	36	57.4	60	95.7



## Southeast Asian South Centre Member States

Tax Revenues by Country in 2022 (in EUR Millions)

Country	Amount A	DST (ADS Only)	DST (incl. hybrid ADS)	DST (ADS Only)	DST (incl. hybrid ADS)
		At 3% DST		At 5% DST	
Vietnam	193.6	114	163.1	190.1	271.8
Philippines	106.8	113.3	210.7	188.8	351.1
Indonesia	254.2	302.2	490.5	503.7	817.4
Malaysia	109.6	119.7	166.9	199.6	278.2
Cambodia	11	9.1	21.9	15.2	36.5

## Southeast Asian South Centre Member States

Tax Revenues by Country in 2022 (in EUR Millions) – Alternative approach using country-level consumption expenditure data

Country	Amount A	DST (ADS Only)	DST (incl. hybrid ADS)	DST (ADS Only)	DST (incl. hybrid ADS)
		At 3% DST		At 5% DST	
Vietnam	119.5	182.8	291.6	304.7	486
Philippines	207	257.2	410.3	428.7	683.8
Indonesia	372.6	560.2	893.5	933.6	1,489.10
Malaysia	152.2	197.2	313.3	328.7	522.1
Cambodia	9.4	14.2	22.7	23.7	37.8

## East Asian South Centre Member States

Tax Revenues by Country in 2022 (in EUR Millions)

Country	Amount A	DST (ADS Only)	DST (incl. hybrid ADS)	DST (ADS Only)	DST (incl. hybrid ADS)
		At 3% DST		At 5% DST	
China	3,324.30	4,354.70	6,049.30	7,257.90	10,082.10
Democratic People's Republic of Korea (North Korea)	n.a	0.2	1.1	0.3	1.9

## East Asian South Centre Member States

Tax Revenues by Country in 2022 (in EUR Millions) – Alternative approach using country-level consumption expenditure data

Country	Amount A	DST (ADS Only)	DST (incl. hybrid ADS)	DST (ADS Only)	DST (incl. hybrid ADS)
		At 3% DST		At 5% DST	
China	4,323.30	5,415.40	9,244.50	9,025.70	15,407.50
Democratic People's Republic of Korea (North Korea)	-	-	-	-	-

## West Asian South Centre Member States

Tax Revenues by Country in 2022 (in EUR Millions)

Country	Amount A	DST (ADS Only)	DST (incl. hybrid ADS)	DST (ADS Only)	DST (incl. hybrid ADS)
		At 3% DST		At 5% DST	
Iran	254.3	282.4	403.2	470.6	672
Iraq	36.9	60	143.2	100.1	238.7
Jordan	12.4	12.8	33.3	21.4	55.6
Palestine	3.3	4.1	5.8	6.9	9.7

## West Asian South Centre Member States

Tax Revenues by Country in 2022 (in EUR Millions) – Alternative approach using country-level consumption expenditure data

Country	Amount A	DST (ADS Only)	DST (incl. hybrid ADS)	DST (ADS Only)	DST (incl. hybrid ADS)
		At 3% DST		At 5% DST	
Iran	137.1	167.8	266.7	279.7	444.4
Iraq	42.9	86.6	138.2	144.4	230.3
Jordan	20.9	31.6	50.5	52.7	84.1
Palestine	-	-	-	-	-

## Recommendation 3 to Developing Countries

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If Canada, a US ally, a G7 country and a founding member of the OECD and G20 went ahead with its DST plan, members are tasked to learn from Canada and revisit their alternative plans

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# Latin America and the Caribbean





# Caribbean South Centre Member States

## Tax Revenues by Country in 2022 (in EUR Millions)

Country	Amount A	DST (ADS Only)	DST (incl. hybrid ADS)	DST (ADS Only)	DST (incl. hybrid ADS)
		At 3% DST	At 3% DST	At 5% DST	At 5% DST
Barbados	0.5	0.2	0.6	0.3	1
Cuba	59.1	26.3	42.1	43.8	70.2
Dominican Republic	50.6	27.2	43.5	45.3	72.5
Jamaica	8.3	3.2	5.3	5.3	8.8

## Caribbean South Centre Member States

Tax Revenues by Country in 2022 (in EUR Millions) – Alternative approach using country-level consumption expenditure data

Country	Amount A	DST (ADS Only)	DST (incl. hybrid ADS)	DST (ADS Only)	DST (incl. hybrid ADS)
		At 3% DST	At 3% DST	At 5% DST	At 5% DST
Barbados	0.6	3.5	5.6	5.9	9.4
Cuba	443.4	408.5	651.6	680.9	1,086.00
Dominican Republic	54.4	61	97.3	101.7	162.2
Jamaica	9.2	11.1	17.7	18.5	29.5

## Central American South Centre Member States

Tax Revenues by Country in 2022 (in EUR Millions)

Country	Amount A	DST (ADS Only)	DST (incl. hybrid ADS)	DST (ADS Only)	DST (incl. hybrid ADS)
		At 3% DST		At 5% DST	
Honduras	16.7	6.4	10.4	10.6	17.4
Nicaragua	10.8	3.2	5.2	5.3	8.7
Panama	31.2	17	27.2	28.4	45.3

## Central American South Centre Member States

Tax Revenues by Country in 2022 (in EUR Millions) – Alternative approach using country-level consumption expenditure data

Country	Amount A	DST (ADS Only)	DST (incl. hybrid ADS)	DST (ADS Only)	DST (incl. hybrid ADS)
		At 3% DST		At 5% DST	
Honduras	18.6	22.5	35.9	37.5	59.8
Nicaragua	10.2	10.3	16.4	17.1	27.3
Panama	-	-	-	-	-

## South American South Centre Member States

Tax Revenues by Country in 2022 (in EUR Millions)

Country	Amount A	DST (ADS Only)	DST (incl. hybrid ADS)	DST (ADS Only)	DST (incl. hybrid ADS)
		At 3% DST		At 5% DST	
Argentina	208.3	199.2	273	332	455
Bolivia	19.5	8.7	14.6	14.5	24.4
Brazil	632.4	621.7	1,050.50	1,036.10	1,750.90
Colombia	157.8	87.4	134.1	145.6	223.5
Ecuador	50.6	29.9	47.3	49.9	78.8
Suriname	1.6	0.1	0.3	0.1	0.5
Venezuela	34	14.3	23.6	23.8	39.3
Guyana	6.7	2.7	4.2	4.5	7.1

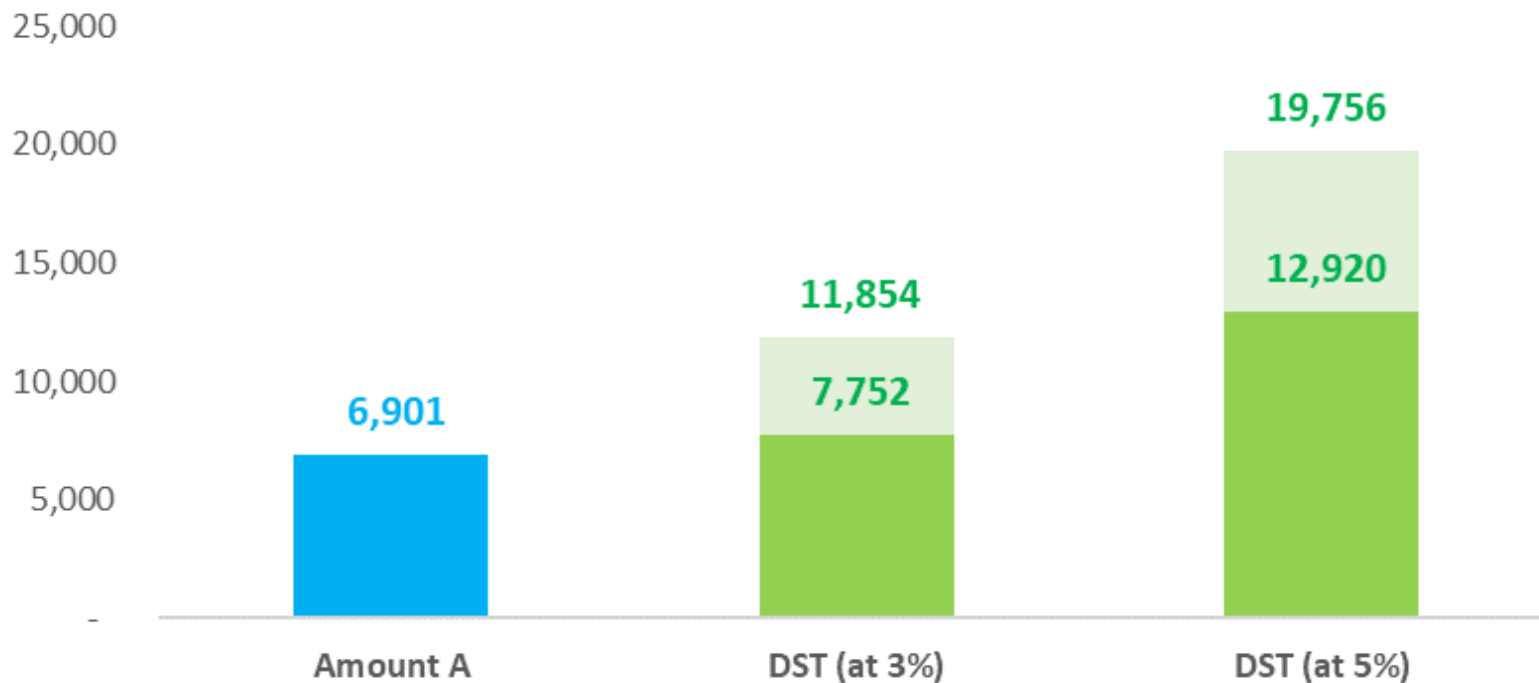
## South American South Centre Member States

Tax Revenues by Country in 2022 (in EUR Millions) – Alternative approach using country-level consumption expenditure data

Country	Amount A	DST (ADS Only)	DST (incl. hybrid ADS)	DST (ADS Only)	DST (incl. hybrid ADS)
		At 3% DST		At 5% DST	
Argentina	387.8	357.3	569.9	595.5	949.8
Bolivia	21.8	26.5	42.2	44.1	70.3
Brazil	1,038.50	1,089.50	1,727.60	1,815.90	2,879.40
Colombia	232.2	206.3	329	343.8	548.4
Ecuador	51.3	62.1	99	103.4	165
Suriname	-	-	-	-	-
Venezuela	-	-	-	-	-
Guyana	-	-	-	-	-

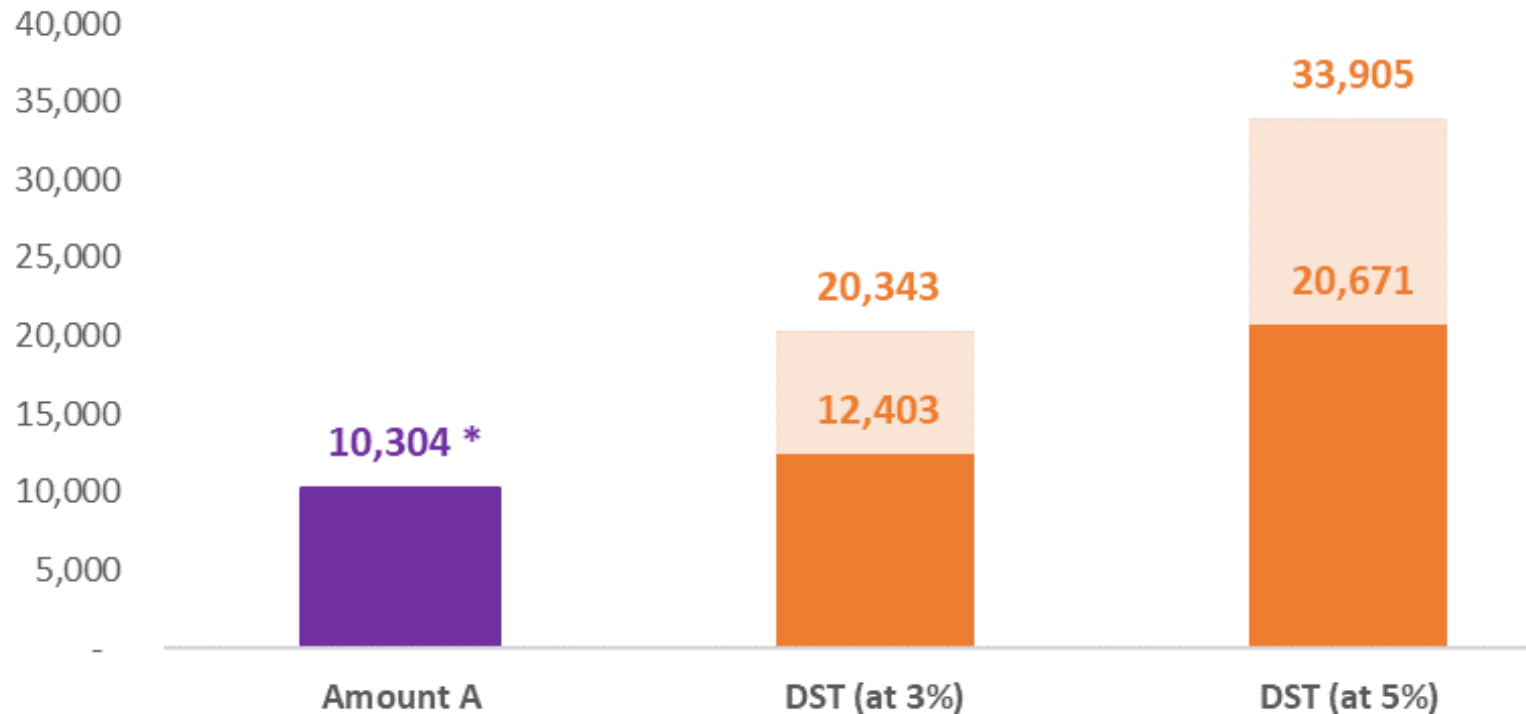
## 55 South Centre Member States Total (Including 25 African Members)

Tax Revenues by Country in 2022 (in EUR Millions)



## 55 South Centre Member States Total (Including 25 African Members)

Tax Revenues by Country in 2022 (in EUR Millions) – Alternative approach using country-level consumption expenditure data





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# West Africa



# WATAF Member Countries

Benin

Burkina Faso

Cabo Verde

Cote d'Ivoire

The Gambia

Ghana

Guinea

Guinea Bissau

Liberia

Mali

Niger

Nigeria

Senegal

Sierra Leone

Togo

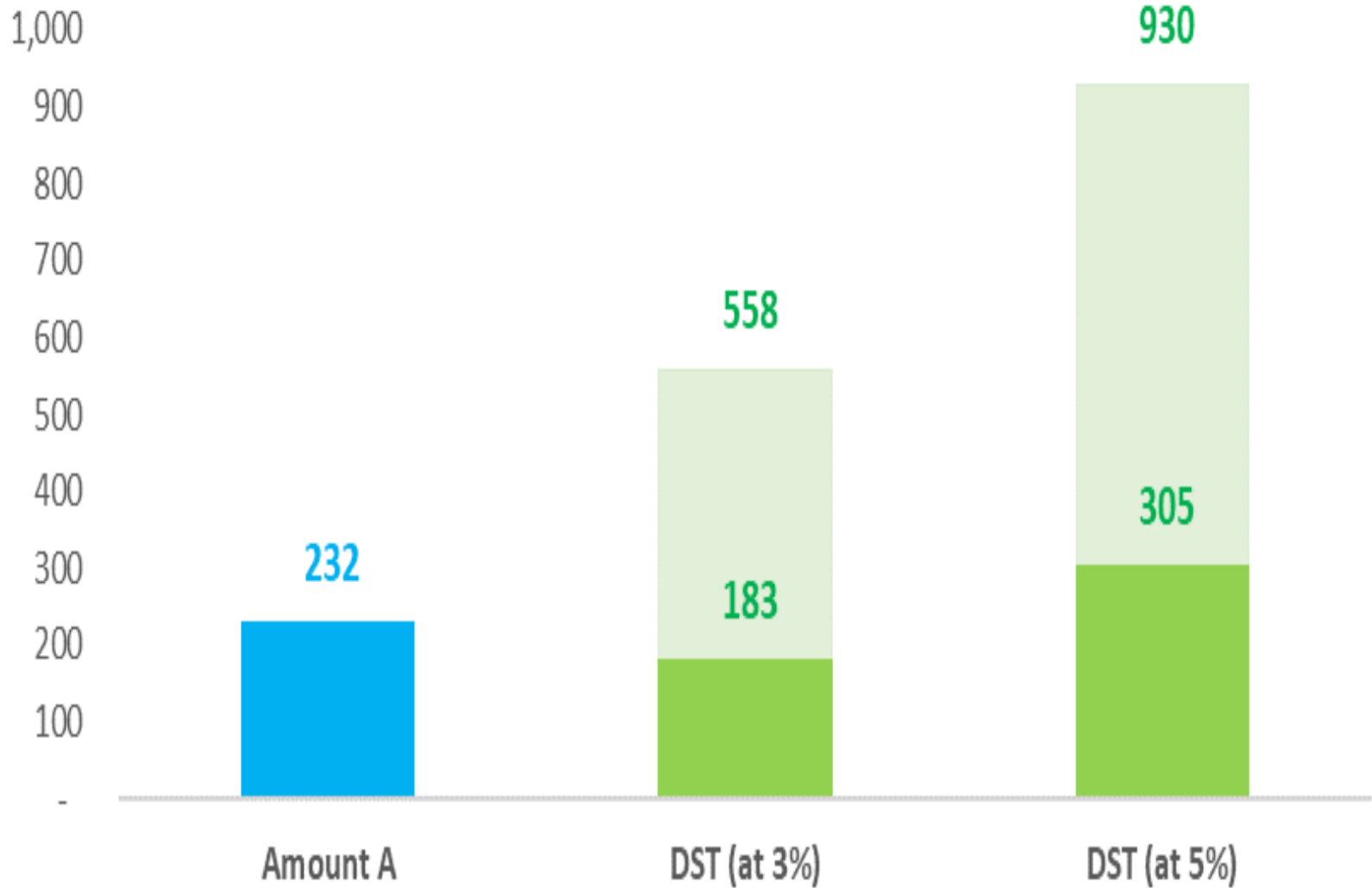
# Automated Digital Service and Digital Taxes in West Africa

- Among the 15 member state of WATAF, **Senegal** emerges as the only country with a tiny share in the global companies in hybrid ADS.

Country	Number of ADS and hybrid ADS companies	2022 Total Sales (EURO Billion)
Senegal	1	2

- With pure ADS no country in West Africa hosts any company headquarters. The subregion constitutes about 40% of Africa's population, mainly youthful.

# Tax Revenue Estimates under Amount A vs. DST Regimes for West Africa (as a Subregion) (in EUR Millions)



# West Africa Estimates (Alternative Approach)

- **Amount A** = **Eur 404.0 million**
- **DST (3%)** = **Eur 428.8 million**
- **DST Hybrid (3%)** = **Eur 663.8 million**
  
- **DST(5%)** = **Eur 670.8 million**
- **DST Hybrid (5%)** = **Eur 1.12 billion**

# Estimated Tax Revenues by Member Country in 2022 (in EUR Millions)

Country	Amount A	DST (ADS Only)	DST (incl. hybrid ADS)	DST (ADS Only)	DST (incl. hybrid ADS)
		<u>At 3%</u>	<u>At 3%</u>	<u>At 5%</u>	<u>At 5%</u>
<b>Benin</b>	8	4.8	18.6	8.1	31.1
<b>Burkina Faso</b>	7.8	5.2	12.4	8.7	20.7
<b>Cabo Verde</b>	0.2	0	0.1	0	0.2
<b>Cote d'Ivoire</b>	22.3	21.7	64.5	36.2	107.4
<b>Gambia</b>	0.3	0	0.1	0	0.2
<b>Ghana</b>	22.3	21.7	67.8	36.1	113

# Estimated Tax Revenues by Member Country in 2022 (in EUR Millions)

Country	Amount A	DST (ADS Only)	DST (incl. hybrid ADS)	DST (ADS Only)	DST (incl. hybrid ADS)
		<u>At 3%</u>	<u>At 3%</u>	<u>At 5%</u>	<u>At 5%</u>
<b>Guinea</b>	<b>10.9</b>	<b>5.7</b>	<b>35.2</b>	<b>9.4</b>	<b>58.7</b>
<b>Guinea-Bissau</b>	<b>0.2</b>	<b>0</b>	<b>2.4</b>	<b>0</b>	<b>4</b>
<b>Liberia</b>	<b>0.5</b>	<b>0</b>	<b>1.9</b>	<b>0</b>	<b>3.2</b>
<b>Mali</b>	<b>8.4</b>	<b>5.1</b>	<b>33.2</b>	<b>8.5</b>	<b>55.4</b>
<b>Niger</b>	<b>6.6</b>	<b>4.1</b>	<b>9.6</b>	<b>6.8</b>	<b>16</b>
<b>Nigeria</b>	<b>129.2</b>	<b>104.7</b>	<b>296.2</b>	<b>174.6</b>	<b>493.6</b>

# Estimated Tax Revenues by Member Country in 2022 (in EUR Millions)

Country	Amount A	DST (ADS Only)	DST (incl. hybrid ADS)	DST (ADS Only)	DST (incl. hybrid ADS)
		<u>At 3%</u>	<u>At 3%</u>	<u>At 5%</u>	<u>At 5%</u>
Senegal	12.2	7.8	8.4	13	13.9
Sierra Leone	0.7	0.1	3	0.1	5
Togo	2.4	1.8	4.8	3	8



# Estimated Tax Revenues by Member Country in 2022 (in EUR Millions) – **Alternative Approach**

<b>Country</b>	<b>Amount A</b>	<b>DST (ADS Only)</b>	<b>DST (incl. hybrid ADS)</b>	<b>DST (ADS Only)</b>	<b>DST (incl. hybrid ADS)</b>
		<u>At 3%</u>	<u>At 3%</u>	<u>At 5%</u>	<u>At 5%</u>
<b>Benin</b>	8	8.7	13.8	14.4	23
<b>Burkina Faso</b>	10	11	17.6	18.4	29.3
<b>Cabo Verde</b>	1.1	1.5	2.4	2.6	4.1
<b>Cote d'Ivoire</b>	31.3	37.9	60.5	63.2	100.8
<b>Gambia</b>	1.2	1.4	2.2	2.3	3.7
<b>Ghana</b>	36	43.6	69.6	72.7	116

# Estimated Tax Revenues by Member Country in 2022 (in EUR Millions) – **Alternative Approach**

<b>Country</b>	<b>Amount A</b>	<b>DST (ADS Only)</b>	<b>DST (incl. hybrid ADS)</b>	<b>DST (ADS Only)</b>	<b>DST (incl. hybrid ADS)</b>
		<u>At 3%</u>	<u>At 3%</u>	<u>At 5%</u>	<u>At 5%</u>
<b>Guinea</b>	<b>15.3</b>	<b>13.3</b>	<b>21.2</b>	<b>22.1</b>	<b>35.3</b>
<b>Guinea-Bissau</b>	<b>0.9</b>	<b>1.1</b>	<b>1.8</b>	<b>1.9</b>	<b>3.0</b>
<b>Liberia</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Mali</b>	<b>11.8</b>	<b>11.9</b>	<b>19.0</b>	<b>19.8</b>	<b>31.7</b>
<b>Niger</b>	<b>8.5</b>	<b>8.6</b>	<b>13.6</b>	<b>14.3</b>	<b>22.7</b>
<b>Nigeria</b>	<b>256.2</b>	<b>265.4</b>	<b>423.3</b>	<b>442.3</b>	<b>705.5</b>

# Estimated Tax Revenues by Member Country in 2022 (in EUR Millions) – **Alternative Approach**

<b>Country</b>	<b>Amount A</b>	<b>DST (ADS Only)</b>	<b>DST (incl. hybrid ADS)</b>	<b>DST (ADS Only)</b>	<b>DST (incl. hybrid ADS)</b>
		<u>At 3%</u>	<u>At 3%</u>	<u>At 5%</u>	<u>At 5%</u>
<b>Senegal</b>	<b>15.8</b>	<b>16.0</b>	<b>25.5</b>	<b>26.6</b>	<b>42.4</b>
<b>Sierra Leone</b>	<b>2.7</b>	<b>3.2</b>	<b>5.1</b>	<b>5.4</b>	<b>8.6</b>
<b>Togo</b>	<b>4.6</b>	<b>5.2</b>	<b>8.2</b>	<b>8.6</b>	<b>13.7</b>

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# Rest of Africa



## Africa *(Excluding West Africa)*

[Tax Revenues by Country in 2022 (in EUR Millions)]

#	Country	Amount A	DST (ADS Only)	DST (incl. hybrid ADS)	DST (ADS Only)	DST (incl. hybrid ADS)
			At 3% DST		At 5% DST	
1	Algeria	54.9	55.8	101.8	93.1	169.6
2	Angola	35.7	37.4	55.7	62.3	92.8
3	Botswana	5.9	4.9	10.5	8.2	17.6
4	Burundi	0.5	0	0.2	0	0.3
5	Cameroon	19.6	12.2	31.9	20.4	53.1
6	Central African Republic	0.4	0	0.8	0	1.3
7	Comoros	0.3	0	0	0	0.1
8	Democratic Republic of the Congo	24.1	19.3	42.2	32.2	70.4
9	Djibouti	0.5	0	0.2	0	0.4
10	Congo	5.8	3.4	10.6	5.7	17.6
11	Egypt	78.2	89.2	187	148.6	311.7
12	Equatorial Guinea	7.6	3.7	5.6	6.1	9.3

## Africa *(Excluding West Africa)*

[Tax Revenues by Country in 2022 (in EUR Millions)]

#	Country	Amount A	DST (ADS Only)	DST (incl. hybrid ADS)	DST (ADS Only)	DST (incl. hybrid ADS)
			At 3% DST		At 5% DST	
13	Eritrea	0.4	0	0.3	0.1	0.5
14	Swaziland	0.8	0.1	1.1	0.1	1.9
15	Ethiopia	39.3	34	50.8	56.7	84.7
16	Gabon	9.9	5.9	14.2	9.8	23.7
17	Kenya	40.1	34.9	52.3	58.2	87.1
18	Lesotho	0.3	0	3.7	0	6.2
19	Libya	12.4	12.7	18.9	21.2	31.5
20	Madagascar	3.7	3.8	5.6	6.3	9.4
21	Malawi	4	2.5	4	4.2	6.6
22	Mauritius	1.9	2.4	3.7	4	6.2
23	Morocco	54.7	40.6	62.6	67.7	104.3
24	Mozambique	8.4	4.8	20.7	8	34.5

## Africa *(Excluding West Africa)*

[Tax Revenues by Country in 2022 (in EUR Millions)]

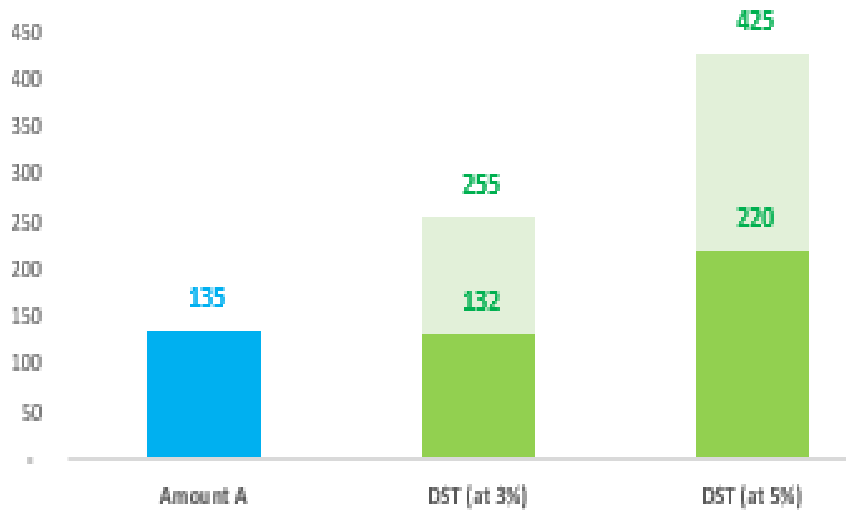
#	Country	Amount A	DST (ADS Only)	DST (incl. hybrid ADS)	DST (ADS Only)	DST (incl. hybrid ADS)
			At 3% DST		At 5% DST	
25	Namibia	4.7	2.7	4.2	4.6	7
26	Rwanda	4	2.6	4	4.3	6.6
27	Sao Tome and Principe	-	0	0	0	0
28	Seychelles	0.2	0	0.1	0	0.2
29	Somalia	n.a	1.8	2.7	2.9	4.5
30	South Africa	102.1	76.3	133.9	127.2	223.2
31	South Sudan	1.2	0.1	1.7	0.1	2.9
32	Sudan	16.2	9.2	34.1	15.4	56.9
33	Tanzania	28.5	23.2	48.2	38.7	80.3
34	Tunisia	8.9	12.3	18.9	20.5	31.5
35	Uganda	18.2	12.5	36.2	20.8	60.3
36	Zambia	13.7	7.4	21.9	12.3	36.5
37	Zimbabwe	11.9	9.3	13.9	15.5	23.2

# Africa (Excluding West Africa)

[Tax Revenues by Country in 2022 (in EUR Millions)]

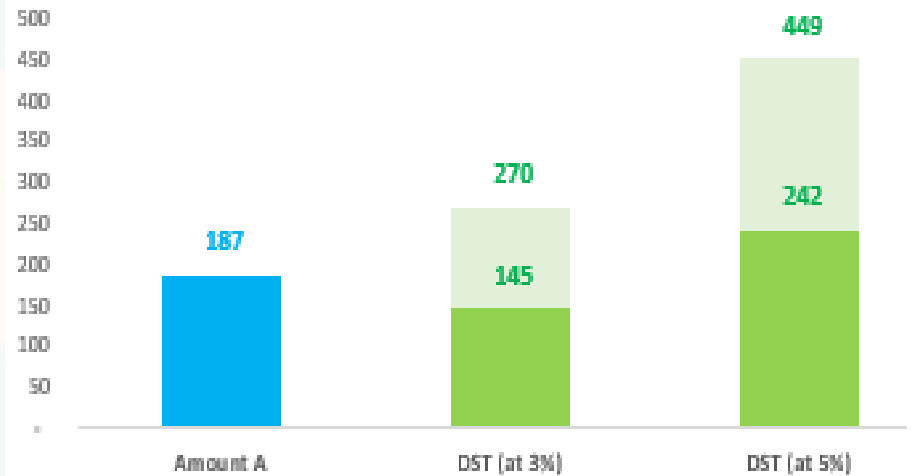
2022 Tax Revenue Estimation Under Amount A vs. DST Regimes

Northern Africa  
(in EUR M)



2022 Tax Revenue Estimation Under Amount A vs. DST Regimes

Southern Africa  
(in EUR M)



2022 Tax Revenue Estimation Under Amount A vs. DST Regimes

Southern Africa  
(in EUR M)

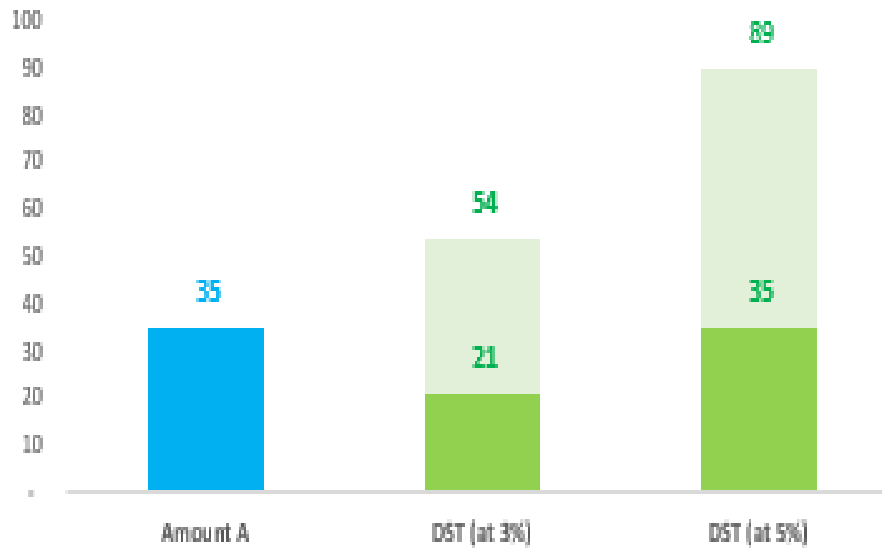


# Africa (Excluding West Africa)

[Tax Revenues by Country in 2022 (in EUR Millions)]

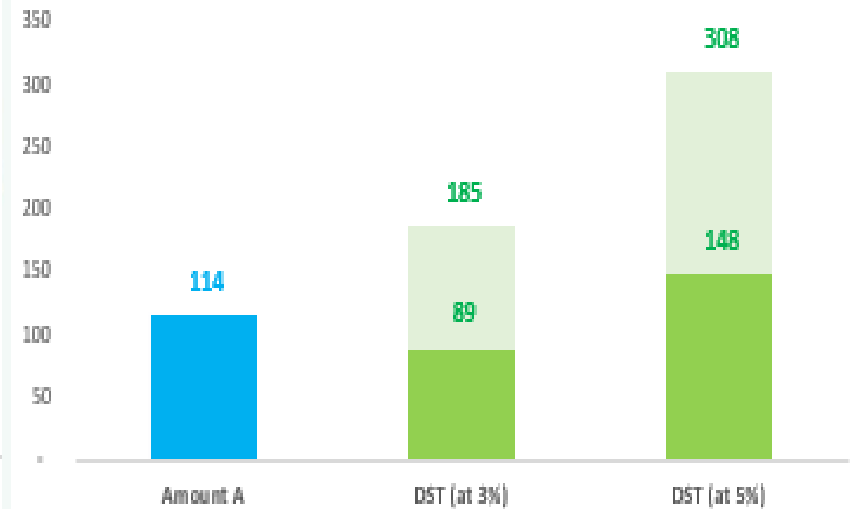
### 2022 Tax Revenue Estimation Under Amount A vs. DST Regimes

#### Central Africa (in EUR M)



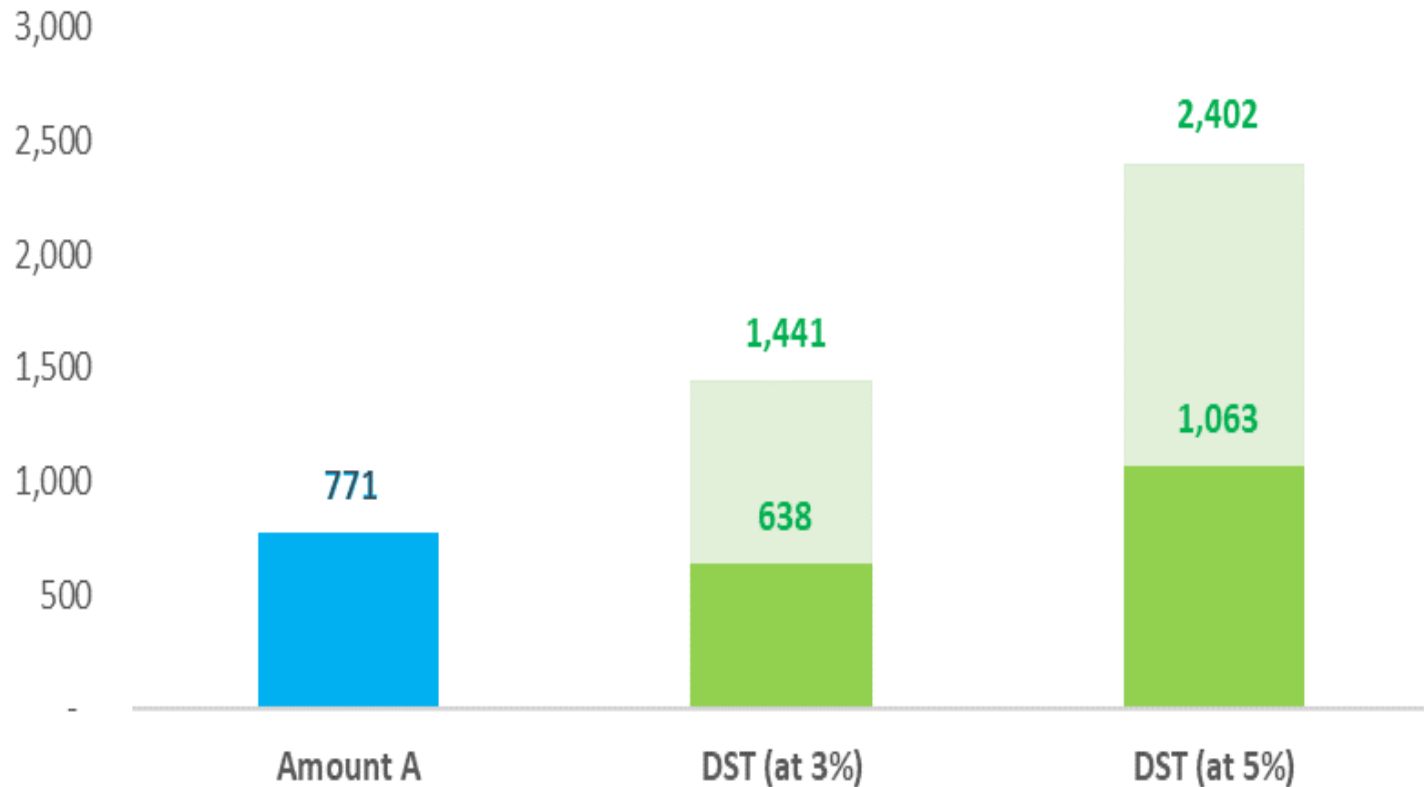
### 2022 Tax Revenue Estimation Under Amount A vs. DST Regimes

#### Eastern Africa (in EUR M)



# African Union Members Total

[Tax Revenues by Country in 2022 (in EUR Millions)]



## Africa (*excluding WATAF Member*) Estimates (Alternative Approach)

- **Amount A** = **Eur 1.04 billion**
- **DST (3%)** = **Eur 1.20 billion**
- **DST Hybrid (3%)** = **Eur 1.92 billion**
- **DST(5%)** = **Eur 2.04 billion**
- **DST Hybrid (5%)** = **Eur 3.17 billion**

## Recommendation 4 to Developing Countries

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A. Despite scoping the study with 750m euros, DSTs on MNEs with Sales lower than 750m euros is recommended as same could help level the ground for domestic enterprises of similar size.

B. Cost of implementation and administration of Amount A is likely to be high.

## Final Takeaways

DST with 5% rate and broad scope of hybrid ADS provides far higher revenues than Amount A for almost single African Union and South Centre Member State

Even with lower rate of 3% results are same for most developing countries

Countries advised to consider initiating DSTs immediately and decide on Amount A MLC after it has been ratified by major developed countries

DST must be kept outside of scope of tax treaties to be effective; Else will be nullified by tax treaties where they exist

Key countries who must ratify are: US, Germany, Denmark, France, Switzerland

## Final Takeaways

UN Article 12B gross method  
treaty based method to alleviate  
double taxation

Can be incorporated into bilateral  
tax treaties with developed  
countries if they wish

## THE SOUTH CENTRE

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