
THE ROLE OF SALES TAX IN RESOURCE MOBILIZATION IN SOUTH SUDAN

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Abstract

Revenue from Sales Tax since 2014 up to 2017 has been drastically declining. The objective of this study is to devise ways on how reverse this deterioration and to increase the Sales Tax revenue generation so that it is sufficient to match the budgetary requirements. The random sample used were 80 participants and categorized into 60% tax officials in South Sudan while 40% were from the general taxpayers and both categories in Juba town using questionnaire for data collection. This quantitative data had their sources from primary and secondary. The SPSS version was utilized in the data analysis. The findings showed challenges embodying absence of good governance, lack of ideal tax laws or policies alongside deficiency of practices. Non-existence of peace and stability became a dominant finding. Immediate reforms and stoppage of the civil conflict had been recommended.

Keywords: Sales Tax, taxation amendment Act, consumption expenditure, distributional effects, quantitative data, divergent dimensions, production process.

1. Introduction

Bannock and Baxter (2011) defined Sales Tax as a tax levied as a proportion of the retail, price of a commodity at the point of sale.

Lymer and Oats (19th Ed. 2012/2013) asserted that Sales and purchases of goods and services from UK based or overseas trade are taxed according to their classification into one of three categories.

According to Saleemi (2012), Sales Tax is imposed on incomes of individuals, and the base is the sale price of goods sold.

Aaron Adam et al. (2016), asserted that sales tax on imported, domestically produced goods, hotels, restaurants and bar services has a condition that small businesses and enterprises charged with the rate of 18%, and as provided under the guide of South Sudan taxation Act, 2016.

James and Nobes (2012) cited that purchase tax was introduced in 1940 and by the late 1950s was operated with three rates up to 25%. Due (1977) elaborated that in the 1974/75 budget the government of Sudan introduced development tax (Sales Tax), The initial introduction of this Sales Tax was rated 2% and continued to rise to 5% during the 1976/1977 Budget.

Laws of South Sudan, Financial Act 2016/2017 Sales tax on produced goods were:

- Sales tax on produced goods were charged for the tax year 2016/2017 on the producers of the goods in South Sudan;

- For that tax year the value on which the tax is assessed is the greater the manufacturers selling price inclusive of excise duties or fair market values;
- For that tax year the rate is charged to 18% in line with the taxation amendment Act 2016.

James and Nobes (2012/2013) emphasized that there is need to look at the distributional effects of indirect taxes in a little more detail, assuming a general sales tax on all consumption goods. Both authors concluded that it is true that the ratio of consumption expenditure to income falls as income increases, and in this case the expected sales tax will bear regressive rates.

1.1 Statement of the Problem

Price water House Coopers inc. (2014) advanced that the model of Tanzania VAT standard rated sales accounted for 75% of total turnover, but dropped to nearly 60% in 2017. To demonstrate whether Sales Tax is failing or progressing in generating sufficient revenue for South Sudan, the following budgetary evidences conformed that in 2013 the expected revenue was \$220m (millions) while the outturn was \$295m. In 2014 the expected revenue was \$ 657m while the outturn was \$ 90m, in 2015 the expected revenue was \$ 975m while the outturn \$ 204m, and in 2016 the expected revenue was \$ 454m while the outturn was \$ 303m.

1.2 Objective

The goal of this study is to investigate ways by which South Sudan can mobilize adequate revenue through Sales Tax and thus impact on the GDP.

Sub-objectives are to:

- i) Find out policies and actions that need to be worked on to increase revenue collection in South Sudan;
- ii) Conform if Sales Tax can bring about reliability on revenue expansion;
- iii) Examine the importance of Sales Tax system; and
- iv) Investigate any drawbacks inherent in South Sudan's Sales Taxation.

2. Theoretical Framework

2.1 Conceptual/History and Definition

Bannock, B., and Baxter, R. E. (eighth ed. 2011), defined Sales Tax as a tax levied as a proportion of the retail price of a commodity at the point of sale. Whereas Adam et al., (2016) in the case of South Sudan context, define Sales Tax as levy that is added to the selling price of the goods or services; adding that it is a consumption tax imposed by the government on the sale of goods and services.

Ethiopian Foreign Tax Law (November, 1997) defines Sales as a means of exchange of goods in cash or in kind and includes rendering service upon receipt of payment. On the other hand, it defines raw material as meaning goods that a producer uses as an input in the production process

and shall include goods that are to be mixed or fixed to other goods to bring about finished product.

In the words of Haile (2013), inconsistencies continue in the field of state taxation, for instance, various jurisdictional degrees apply to various kinds of taxes. Haile cited prof. Michael McIntyre asserting that a taxpayer's economic wellbeing could be gauged by the below features: a) Personal consumption, b) Realized income, c) Calculated income from home ownership and, d) Apportioned income gotten from ownership of shares in corporations. In a nutshell, the sales tax and the corporate income tax each enforces divergent dimensions of an individual's economic welfare. Comparatively, a consistent path in the field of state taxation is in favor of aligning the tax jurisdiction of the sales tax and the corporate income tax.

Washington State Department of Revenue, (effective April 1st 2017), on "Suggestions for retailers" regarding collected Sales tax, recommends that retailers must: a). Set up a separate bank account and deposit the collected sales tax into this account so that you have the funds available at the time your tax return becomes due; b). If opening a separate bank account is not an option, we suggest you make it a practice to physically separate retail sales tax from other business revenues; and on Rwanda's model, Kopanyi and Murray (2016), asserted that Taxes on Income Law, currently in Parliament, proposes a tax of 5% on the reported sale value of properties, at the point of transaction.

This has just been implemented in Kenya, at a rate of 5% of the capital gain.

The sales tax may be a tempting source of quick income, but it risks undermining revenues overall: it acts as a deterrent to transactions, undermines reference prices for the fixed asset tax (FAT), and applies a very high tax rate (25 times annual building tax rates) to a very narrow tax base (approximately 0.5% of properties annually).

Kopanyi and Murray (2016) claimed that the Government of Rwanda is committed to reforming its property tax system, to ensure a viable revenue stream for municipalities, and to put urbanization on a strong and sustainable footing. This paper advised on setting an appropriate buildings tax rate, drawing on recent data from Rwanda as well as lessons from international experience.

2.2 Object of Tax.

In the case of South Sudan, Adam et al., (2016) asserted that Sales Tax on goods shall apply to:

1. The production of goods in South Sudan,
2. Importation of goods into South Sudan, and
3. Specified services.

2.3 Taxpayers

In the case of South Sudan taxpayers under Sales Tax embody:

1. All importers of goods into South Sudan,
2. Producers of goods in South Sudan, and
3. Providers of specified services in South Sudan

2.4 Assessment of Sales Tax

In line with the Ethiopian Sales Tax Act (1997) on 7, Assessment of Tax says the below:

- The Sales tax on goods imported shall be paid in accordance with sub-article 2 of Article 6⁽¹⁾₍₂₎ where the taxpayer has the obligation to keep books of account and supporting documents, the Sales Tax shall be assessed by the Tax Authority on the basis of such books of account and supporting documents.
- The assessment made shall be prepared in an assessment notification and be delivered to the taxpayer. Delivery of the assessment notification shall be made in accordance with the provisions of Income Tax Proclamation.

2.5 Value for Tax

According to South Sudan's Sales Tax (2012) Section 108 Value for tax and the value on which tax are assessed:

- For produced goods, the greater of the manufacturers' selling price inclusive of excise duties or fair market value.
- For imported goods, the customs value, plus excise duty and customs duty; and
- For services, the greater of the amount paid for the services inclusive of excise duties or fair market value

Sales tax on hotels, restaurants and bar services is charged for the tax year 2016/2017 for all providers of these services in South Sudan. For that tax year the value on which the tax is assessed is the greater of the amount paid for the services inclusive of excise duties, or fair market value.

2.6 Time of Tax

Section 110 of South Sudan's Sales Tax Act (2012) on timing of this tax enshrines that tax shall be applied as follows:

- 1) In the case of goods produced in South Sudan, at the time goods are released outside the production premises;
- 2) In the case of imported goods, at the time the importations is completed pursuant to provisions of the National Customs Law; and
- 3) In the case of services, at the time services are provided in South Sudan as may be prescribed by regulations.

Ethiopian's Sales Tax (1997) on section 8, payment of Sales Tax states that, the Sales tax shall be paid within the time prescribed under sub-article 8 of this Article: (a) in respect of goods

produced locally by the producer;^[1](b) in respect of goods imported by the importer; and^[1](c) in respect of services rendered locally by the person rendering the service.

2.6.1 Time of Payment:

(a) Where the taxpayer is a producer, service supplier, wholesaler or retailer, he shall pay the tax on his daily sales income within three days from the date of the sales transaction. However, in any event, the payment shall not be delayed later than five days.

(b) Where the taxpayer is an importer, he shall pay the tax simultaneously as the Customs duty.

2.7 Exemption

In line with the South Sudan Amendment Act (2012), Where provided by an Agreement with GRSS, the United Nations, The UN Specialized Agencies, Diplomatic missions, or other International Donors or their contractors that import goods or supply or purchase goods or services in South Sudan are exempt from the sales tax but only to the extent that such goods or services are directly related to the diplomatic missions or donor funded projects.

All sales taxes become immediately due and payable if the goods are disposed of in South Sudan to private person or are no longer used in or are not necessary for the diplomatic mission or donor-financed project, unless the ownership of goods is transferred to the republic, or another person exempt from excise tax under this section. The report targeted tax credits stressed that targeted tax credits are creative and innovative formula to exemptions. Generally administered vide the income tax, such credits generate a flat dollar sum for each member of the household and are present merely for taxpayers with income under a certain threshold. The credit are subject to refund signifying that value of the credit doesn't hinge on the amount of income of tax paid because the credit is offered even if it goes beyond the sum of income tax owed.

2.8 Tax Returns Payment

South Sudan's Sales Tax Act (2012) Section 112 on Tax returns and payment of Tax states that:

- Manufacturers and services providers shall submit a tax return and pay the tax reported on that return not later than the 15th day of the month following the action caused for the tax liability. Such filing and payment shall be in the manner and form prescribed by regulations.
- Payment on imported goods shall be made prior to importation to a Republic Bank account designated in the regulations, or not later, than the time of import on the border.

Mr. Due added that the tax applies to the taxable price determined during manufacture by the ministry of industry. Principle raw materials that have been manufactured within Sudan are free of tax. Sales by one manufacturer to another within the Sudan are tax. There was no exemption of small manufacturers as such. However, the tax does not apply to manual handcraft produces.

2.8.0 Payment of Sales Tax.

The Sales tax shall be paid within the time prescribed under sub-article 8 of this Article:

- In respect of goods produced locally by the producer;
- In respect of goods imported by the importer; and
- In respect of services rendered locally by the person rendering the service.

2.9 Effective Date of Sales Tax

Section 113 of South Sudan's Sales Tax Act on Effective Date of Sales Tax, Sales Tax at the manufacturing point will be implemented from the date announced by the minister of Finance and Economic Planning.

On December 6, 1991, Russia adopted a value Added Tax (VAT). The new tax system, which was meant to replace preexisting turnover and sales taxes, became effective as of January 1, 1992. Thus, fiscal year 1992 was the first year in Russian history when the VAT was collected. In 1990, Kenya's Legislators replaced Sales Tax with Value Added Tax (VAT). In the case of Egyptian general sales tax (GST), Abdel-Rahman (1998) stated that the latter came into effect in 1991 replacing consumption tax of 1981. His paper contrasts the structure of GST in Egypt with those of the Mediterranean countries associated with EU (European Union) as well as the member countries of the Association of Southeast Asian Nations (ASEAN). Although data was insufficient, Abdel-Rahman made vital conclusions regarding the main taxation system difficulties that confront Egypt. It also tackled the impact of the structural tax reforms introduced currently. In spite of the fact that Egypt announced in 1974 its open-door policy, this move was not supported by any ideal tax reforms. Instead the tax system was characterized by excessively high nominal rates to individual income and profits, high tariffs to protect import-substitute industries, and extensive customs and tax exemptions for consumer goods.

2.10.Reforms

In South Sudan in 2016, for this tax year the rate is changed to 18% in line with the Taxation Amendment Act 2016. Gordon (2010) wrote that in Brazil tax reform program was implemented from 1956 to 1967. This reform promoted major changes, the most important being the introduction Value Added Taxation.

2.11 Sources of Tax.

In accordance with the South Sudan Financial Act 2016/2017 sales tax on produced goods are charged to the rate of 18% in line with the taxation amendment Act 2016. Gordon (2010) stated that in India the tax powers of the states include taxes on agricultural incomes and wealth, Sales taxes. Of these, the Sales tax is the most important and contributes 60% of states tax revenue. The State of India has levied tax on the following conditions: a) The state governments are assigned the power to tax sales of goods within a states geographical boundaries. b) The central

government is empowered to tax the sales of goods when the event spans to two states. An expansion in the coverage or utilization of the preferential treatment would result in an expansion in sales without a corresponding expansion in the tax payment. The Indian Central Sales Tax Act, 1956 stipulates that the purpose of this Act was to formulate principles for determining when a sale or purchase of goods takes place in the course of inter-state trade.

Mutua (2012) wrote that in Kenya taxation is the principle source of revenue that the government of Kenya employs to supply public services to its citizens, within the past ten years. Tax contributed nearly 24% of Kenya's economy and this translates into 60% of the budget. It is the mandate of the Kenya government to guarantee equity and welfare to its citizens in the tax system.

Due, J. F. (1977), elaborated that in the 1974/75 budget, the government of Sudan introduced development tax (Sales Tax), an imitation of an identical tax levied by the Southern Region (Southern Sudan), currently applicable in South Sudan. The initial introduction of this Sales Tax was rated 2% and continued to rise to 5% during the 1976/1977 Budget. This was applicable to all domestically produced goods and all imports, but four types of commodities were exempted; such as medicines, wheat flour, compressed dates and milk for babies. Some exemptions were also made on locally produced goods such as fresh fruits, vegetables and meat because they don't pass through a manufacturing stage. Nevertheless, the same goods when imported, taxes are also imposed. It applies to all exports but services are not subjected to this tax.

2.12 Scope

Section 14 of South Sudan's Sales Act (2012) requires that in distribution of Sales Tax Proceeds 50% of Sales Tax revenues shall be retained as national revenue. The remaining 50% will be distributed to State Governments, as per agreement between the Ministry of Finance South Sudan and State Ministries of Finance. Unless exempted The Ethiopian, The foreign tax law, Inc. (1997) section 2. Sales tax Act under Article 16 on the tax shall be paid on: goods produced locally; goods imported; and services rendered locally. Contractors and taxpayers, whose daily sales income is between Birr 25-50, pay five percent (5%) and (b) others ten percent (10%).

2.13 Taxpayers

South Sudan's Sales Tax Act (2012) Section 107 on Taxpayers states that Taxpayers under this chapter are: a) all importers of goods into South Sudan; b) Producers of goods into South Sudan; and c) Providers of specified service in South Sudan.

2.14. TaxBase

Jalata (2014), on Implications of Tax Base and Tax Rate, elaborated that Tax base of sales tax and Value added tax (VAT) is often assumed to be fundamentally a retail sales tax. However, it is different from a retail sales tax because it is imposed at each stage of the production and distribution process, not merely at the juncture where the product is sold to the consumer. VAT is an indirect tax like sales tax since the two are levied on the goods sold and purchased. Jalata added that in the sales tax, the tax paid on some inputs including raw materials were narrowly

defined to include materials embodied in the final product which was credited against the output tax. No credits were given to tax paid on capital equipment or on other inputs in the areas of distribution, warehousing, and administration. In addition, the author noted as the sales tax base in Ethiopia was narrow because it was limited to imports, manufactured goods, and a few selected services. As such, sales tax distorted efficient resource allocation, and thus likely it impeded economic growth since the credit was given only for taxes paid on raw materials [SEP]. Tax rate of Sales tax and VAT.

Jalata proceeded to argue that harmonization of tax system is necessary because of the wide range of tax rates that exists across the nations, varying from 15 to 25 percent especially in the European neighboring countries. Prior to its' cancellation in 1993, Ethiopian sales tax was imposed on imports and domestically produced goods at the maximum rate of 15 percent (Proclamation No 285/2002). Contrary to the newly introduced VAT, sales tax system dropped to 5%.

The newly introduced VAT system has an identical rate of 15 percent on most goods while exports and exempted goods were zero rate.

3. Research Methodology

3.1 Research Design: The methods of quantitative and qualitative were used. The design of this project was the survey/descriptive one. Primary and secondary sources of data are gathered in this investigation. Indeed, taxpayers in any country are as many as the entire population itself and near impossible therefore to interview. This explains why the researcher limited the study to this single town (Juba) and a random sample of 80 respondents divided into officials (60%) and taxpayers (40%) also randomly selected. Approved national Budget Reports of the republic by the Ministry of Finance and Planning for several successive years were used as secondary source of data.

4. Presentations and Data Analysis:

The tools of data analysis chosen for this study was the chi-square (χ^2) test using SPSS version 20.0. Chi-square test is based distribution and as a non-parametric test is used for comparing a sample variance to a theoretical population variance (C. R. Kothari, 2011). Chi-square test is also a measure of association between variables to test a hypothesis and whether distributions came from the same population. Tables and Graphs were used to primarily present the findings of the study.

4.1 Demographic Characteristics of Respondents

Table 1: Demographic Characteristics of Respondents

Variable	Options	Frequency	Percent
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Age	Below 25	11	13.9
	25-30	13	16.5
	31-35	11	13.9
	36-40	16	20.3
	41-45	9	11.4
	46-50	12	15.2
	51-60	7	8.9
	Above 60	-	-
	Total	79	100.0
Sex	Male	69	87.3
	Female	10	12.7
	Total	79	100.0
Marital Status	Not married	16	20.5
	Married	58	74.4
	Divorced/Widowed	4	5.1
	Total	78	100.0
Educational status	Primary education	3	3.8
	Secondary education	13	16.5
	Diploma	26	32.9
	BSc/BA	24	30.4
	MSc/MA	11	13.9
	PhD	1	1.3
	Others	1	1.3
	Total	79	100.0
Years of experience	Below 1 Year	11	13.9
	2 to 5 Years	18	22.8
	Above 5 Years	50	63.3
	Total	79	100.0

Source: Own data.

Table 1. above, showed a sample of 80 respondents who participated in the study, 13.9% of them were in the age group of 31-35, from 46-50 was 15.2% while 20.3% and 11.4% of respondents fell in the age group of 36 to 40 and 41 to 45, respectively. Regarding their sex and marital status, majority of respondents (87%) were male and married (74.4%). In relation with their educational status, 30.4% of respondents are bachelor degree holders, while 32.9% were diploma holders, respectively. More than half of respondents (63.3%) have above 5 years of experience while 22.8% have 2 to 5 years of experience.

Job Related Experience

Table 2: Job related experience

Variable	Options	Frequency	Percent
Job position	Junior/ non-Technical or support staff	20	25.3
	Supervisor	21	26.6
	Manager	12	15.2
	Director	8	10.1
	Senior director	6	7.6
	Others	12	15.2
	Total	79	100.0
Organization/ entity's period of Operation	Below 1 Year	12	15.2
	2 to 5 Years	15	19.0
	6 to 10 Years	24	30.4
	11 to 15 Years	14	17.7
	16 to 20 Years	5	6.3
	Above 20 Years	9	11.4
	Total	79	100.0
Organization Size	Less than 50	21	26.6
	50-100	10	12.7
	101-250	12	15.2
	251-500	16	20.3

	501-1000	11	13.9
	Above 1000	9	11.4
	Total	79	100.0

Source: Own data.

Table 2.above, indicated that there existed a variety of job positions that respondents are placed in. The largest portion constituted 26.6% were supervisors, junior/ non-technical or support staff25.3%, managers 15.2% while directors7.6%. Regarding organization/entity’s period of operation, 30.4% have worked there for 6 to 10 years; similarly those who served for 2 to 5 years constituted19.0%. Respondents who worked above 20 years became11.4%. In relation to organizational size, highest occurrence was 11.4%with more than 1,000 employees, and those organizations having size of 251 to 500 employees constituted 20.3%; and those having less than 50 employees were 26.6%.

Knowledge and clarity of Sales Tax and Other Related Issues

Table 3: Knowledge and clarity of Sales Tax and other issues

Variable	Options; Frequency (%)					
	Yes	No	Total			
Do you have any knowledge about Sales tax policy, law and Administration?	56 (70.9)	23 (29.1)	79 (100.0)	Chi-square= 13.78, df=1, p<0.01		
	Very high	High	Medium	Low	Very low	Total
Level of Knowledge on Sales Tax	14 (24.1)	17 (29.3)	21 (36.2)	2 (3.4)	4 (6.9)	56 (100.0)
	Chi-square= 23.552, df=4, p<0.01					
	Yes	No	I do not know	Total		
Do you think that there is similarity between Sales Tax and turnover tax?	30 (39.5)	25 (32.9)	21 (27.6)	76 (100.0)		
Do you think Sales tax differs from Value Added Tax (VAT)?	32 (41.0)	29 (37.2)	17 (21.8)	78 (100.0)		
Do you think that the government has a clear Sales Tax Policy?	29 (36.7)	34 (43.0)	16 (20.3)	79 (100.0)	Chi-square= 6.557, df=2, p=0.038	
	Very	Efficient	Equitable	Effective		

	simple					
Do you think that Sales tax of our Republic is (Multiple responses)	44.3%	13.9%	26.6%	26.6%		

Source: Own data.

Table 3.above, on whether the respondents have knowledge of Sales Tax, its laws and policies, 70.9% answered in affirmative while 29.1% said no. On the level of knowledge about Sales Tax those very high were 24.1% while very low were 6.9%. On similarity of Sales tax and turnover tax, those of ‘yes’ were 39.5%, those saying ‘no’ were 32.9% and those who did not know were the minority 27.6%. On difference between Sales tax and VAT (value added tax), the majority of 41.0% replied positively that there is difference, 37.2% answered no, and 21.8% did not see the difference. On clarity of Sales policy of the government, 36.7% said ‘clear’, the majority of 43% argued that it was ‘not clear’, but 20.3% did ‘not know’. On the other hand those who responded Sales Tax was ‘very simple’ were the majority 44.3%, efficiency became the lowest 13.9% in the four categories.

Administration of Sales Tax

Table 4: Administration of Sales Tax

Variable	Options; Frequency (%)					
	Very high	High	Medium	Low	Very low	Total
The effectiveness of Sales Tax in raising revenues for the Government	17 (21.8)	13 (16.7)	21 (26.9)	15 (19.2)	12 (15.4)	78 (100)
The tax burden of Sales Tax system in the Republic of South Sudan has been	25 (32.1)	14 (17.9)	15 (19.2)	11 (14.1)	13 (16.7)	78 (100)
	Yes	No	Total			
Do you know how much revenue is raised from Sales tax?	19 (25.0)	80 (75.0)	79 (100)	Chi-square= 19.00, df=1, p<0.01		
	High for the poor	Low for the rich	Neutral for all	Not Neutral at all	Total	
Has the Sales Tax system in the Republic of South Sudan been	46 (59.0)	13 (16.7)	19 (24.4)	-	78 (100.0)	
	The rich	The poor	All consumers / importers	I do not know	Total	

Do you think the existing Sales tax favors	41 (51.9)	8 (10.1)	16 (20.3)	14 (17.7)	79 (100.0)	
	Extremely convenient	Very convenient	Moderately convenient	Least convenient	Not convenient	Total
Has the Application And Implementation of Sales Tax system in the Republic of South Sudan been	2 (2.5)	10 (12.7)	22 (27.8)	23 (29.1)	21 (26.6)	79 (100)
	Very Fair	Fair	Moderately fair	Unfair	Very unfair	Total
Do you think the Sales Tax in the Republic of South Sudan has been	5 (6.3)	14 (17.7)	14 (17.7)	27 (34.2)	19 (24.1)	79 (100)
	Extremely equitable	Very equitable	Moderately equitable	Least equitable	Not equitable	Total
Do you think the Sales Tax in the Republic of South Sudan has been	3 (3.9)	8 (10.5)	19 (25.0)	31 (40.8)	15 (19.7)	76 (100)
	Very good	Good	Somehow good	Bad	Very bad	Total
Do you think the Administration of Sales Tax in the Republic of South Sudan has been	-	9 (11.4)	22 (27.8)	26 (32.9)	22 (27.8)	79 (100)
	Realizable or workable	Efficient & effective in raising revenue	Fair and just	Others	Total	
The Sales Tax Policy of South Sudan must be (Multiple responses)	17.7%	65.8%	36.7%	-		
	Yes	No	I do not know	Total		
Do you think that the Sales Tax of our Republic is easy to administer for the Tax Authority?	43 (55.1)	27 (34.6)	8 (10.3)	78 (100)	Chi-square= 23.615, df=2, p<0.01	

Source: Own data.

Table 4. above is about the effectiveness of Sales Tax in generating revenue for government, those arguing ‘medium’ were the largest group, ‘very high’ were 21.8% but ‘very low’ were 15.4%. Those arguing that the sales tax burden was ‘very high’ were the biggest group 32.1% while ‘low’ category was the minimum scoring 14.1%. On the question whether the participants know how much Sales Tax is raised annually, ‘yes’ were the minority 25% while ‘no’ were the largest group 75%. Whether the Sales tax has been ‘high for the poor’ the reply was more than half 59.0%, ‘low for the rich’ got 16.7%, ‘neutral for all’ were 24.4% and ‘not neutral for all’ were zero. On whom the Sales Tax was favoring: ‘the rich’ were biggest category 51.9%, ‘the poor’ were 10.1%, ‘do not know’ were 17.7%. On degrees of the biggest convenience of sales tax, ‘extremely convenient’ became the smallest 2.5%, ‘least convenient’ was the biggest 29.1%, ‘moderately convenient’ 27.8%, and ‘not convenient’ were 26.6%. On ‘fairness of the sales tax,’ majority of 34.2% said it was unfair while those who disclose that it was ‘very fair’ became the minority of 6.3%. On ‘Equitability of sales tax’ the highest score of 40.8% said it was least equitable while the minority of only 3.9% it was extremely equitable. On ‘goodness’ of the sales tax administration, extreme outliers were those who stated ‘very good’ nil, but those who rated ‘bad’ were 32.9%, the largest group. On quality of the sales tax, those who rated ‘efficient and effective’ were the majority 65.8%. ‘Fair and just’ rank highest 36.7% while ‘others’ categories were zero. On ease to administer of, 55.1% answered in affirmative, those of ‘no’ got 34.6% and those argued did not know were 10.3 %.

Challenges in Administering Sales Tax

Table 5: Challenges in Administering Sales Tax

Variable	Options; Frequency (%)				
	Lack of good Governance & Administration	Lack of good tax law	Lack of good tax experts	Others	
	Lack of peace and stability	Lack of good economic development	Lack of modernization of the Personal Income tax system	Others	
	Corruption	Tax evasion	Lack of capacity and training	Others	Total
The weaknesses of Sales Tax Administration in raising revenue has mainly been due to	38 (48.1)	11 (13.9)	30 (38.0)	-	79 (100.0)

Source: Own data.

Table 5 above on challenges in administering sales tax. On ‘other problems related to sales tax’, ‘lack of peace and stability’ ranked first with 53.2%, ‘lack of good economic development’ became second (36.7%), but ‘others’ was the lowest 3.8%. On the weaknesses of Sales Tax Administration in raising

revenue has mainly been due to: corruption ranked nearly half (48.1%), lack of capacity and training occupied the second position (38.0%), tax evasion became third (13.9) while ‘others’ were zero.

The role of Sales Tax

Table 6: Purpose and administration of income from Sales Tax

Variable	Options; Frequency (%)					
	Yes	No	I do not know	Total		
Do you think the amount raised from Sales Tax is well spent to benefit the people of South Sudan?	7 (8.9)	48 (60.8)	24 (30.3)	79 (100.0)	Chi-square= 32.228, df=2, p<0.01	
Do you know where the amount of revenue collected from Sales Tax is spent?	20 (26.0)	57 (74.0)		77 (100.0)	Chi-square= 17.779, df=1, p<0.01	
	Extremely significant	Very significant	Moderately significant	Least significant	Not significant	Total
How do you evaluate the role of Sales Tax in our Republic?	7 (8.9)	12 (15.2)	26 (32.9)	13 (16.5)	21 (26.6)	79 (100.0)
	Extremely Important	Very Important	Moderately Important	Least Important	Not Important	Total
How important is Sales Tax to our country?	25 (31.6)	32 (40.5)	9 (11.4)	7 (8.9)	6 (7.6)	79 (100)
	Yes	No	I do not know	Total		
Do you think that the Sales Tax of our Republic is structured efficiently and fairly to achieve the appropriate level of revenue?	30 (38.0)	37 (46.8)	12 (15.2)	79 (100.0)		
Do you think the revenue collected from Sales Tax leads to the stability of the South Sudan economy?	36 (45.6)	39 (49.4)	4 (5.1)	79 (100.0)		
Do you think that Sales Tax brings about reliability and stability on revenue expansion of South Sudan?	46 (59.0)	22 (28.2)	10 (12.8)	78 (100)		
Do you think that the Sales tax of our Republic	21 (26.6)	50 (63.3)	8 (10.1)	79 (100.0)		

is high enough to discourage consumption of luxury goods?						
Do you think Sales Tax rates promote the welfare of the poor?	29 (36.7)	44 (55.7)	6 (7.6)	79 (100.0)	Chi-square= 27.823, df=2, p<0.01	

Source: Own data.

Table 6. above on ‘Do you think the amount raised from Sales Tax is well spent to benefit the people of South Sudan?’ those with ‘yes’ were the last (8.9%), ‘No’ took first position (60.8%) and ‘I do not know’ got 30.3%. On “where the amount of revenue collected from sales tax is spent”, the majority (74.0%) of the respondents said the “No” while the minority (26.3%) said “Yes”. On “evaluation of the role of Sales Tax in South Sudan”, the majority (26.6%) answered that it was not significant while the least of them (8.9%) replied that the role was extremely significant. On the “importance of Sales Tax to the Country”, those who said Sales Tax was “very important” became the largest group (40.5%) while the smallest group (7.6%) responded that it was not important. On whether “Sales Tax structuring was efficient and fair”, the majority (46.8%) said No, while the minority of 15.2% said they did not know. On whether the “sales Tax revenue leads to the stability of the Country”, the majority (49.4%) argued “No”, the second category of 45.6% said Yes while the least group of 5.1% answered they did not know. On whether “Sales Tax brought reliability and stability on revenue expansion”, the majority of 59.0% said Yes, while the smallest category of 12.8% responded that they did not know. On whether “Sales Tax was high enough to discourage consumption of luxury goods”, the largest group (63.3%) said “No”, while the smallest set of 10.1% said they did not know. On whether “Sales Tax rates promote the welfare of the poor”, the biggest group (55.7%) said “No”, while the smallest set of 7.6% urged that they did not know.

Tax Reforms

Table 7: Tax reforms and administration

Variable	Options; Frequency (%)				
	Yes	No	I do not know	Total	
Do you think there is a dire need for Sales tax Reform?	65 (83.3)	7 (9.0)	6 (7.7)	78 (100.0)	
Do you think that Sales tax should also apply to services sold?	53 (67.9)	19 (24.4)	6 (7.7)	78 (100.0)	
Do you think that luxurious products and services should be more heavily taxed than basic products and services?	51 (65.4)	19 (24.4)	8 (10.3)	78 (100.0)	

Should Sales tax be collected at both Federal and State levels?	46 (58.2)	25 (31.6)	8 (10.1)	79 (100.0)		
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Source: own data.

Table 7 on Tax reforms and administration above, when answering the question on whether “there is a dire need for Sales Tax reform”, the majority of 65.0% answered in affirmative, 9.0% replied in negative while the least category of 7.7% said they did not know. On whether “Sales Tax should apply to services”, the majority of 67.9% said “Yes”, the second of 24.4% said “No”, but 10.3% said they did not know. On whether “luxurious products and services should be more heavily taxed, those constituting the largest group of 65.4% said “Yes”, 24.4% said “No”, while the smallest set (10.3%) of the participants said they don’t know. On whether “Sales Tax should be collected at both Federal and State levels”, the majority of 58.2% said “Yes”, 31.0% said “No”, and 10.1% said they didn’t know.

Contribution of Sales Tax

From the figures 1 and 2 presented below, Personal Income Tax and Sales tax were found to be the tax types with relatively high amount of outturns compared to other tax types listed in all FY except in 2015/16, in which the highest amount of outturn was collected from Customs. Throughout the FY reports organized by the Ministry of Finance and Planning (2017), Sales tax was found out to be one of the top tax type with relatively high amount of tax outturn.

Figure 1.

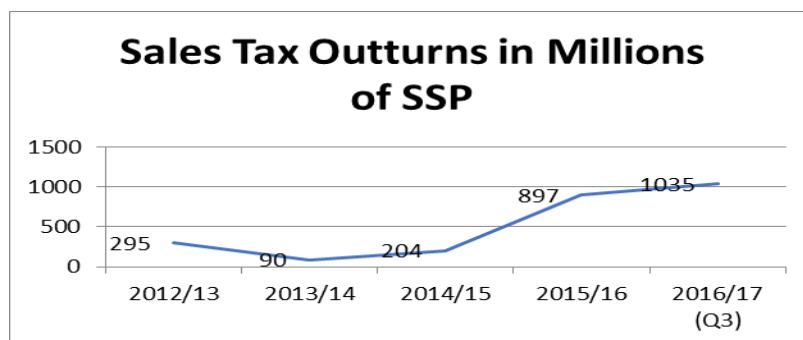
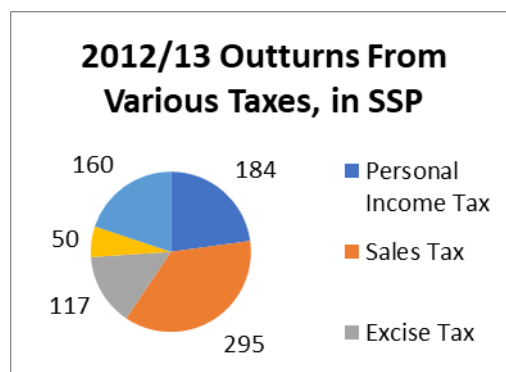
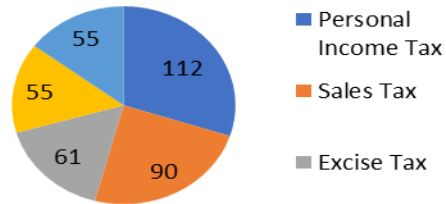


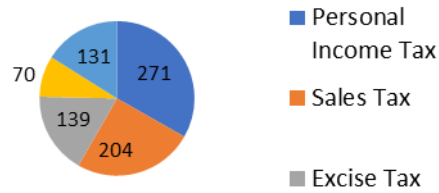
Figure2: Contribution of various Tax types, in Millions of SSP



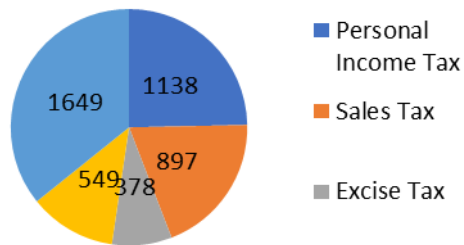
2013/14 Outturns From Various Taxes, in SSP



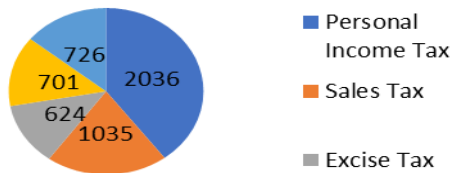
2014/15 Outturns From Various Taxes, in SSP



2015/16 Outturns From Various Taxes, in SSP



2016/17 Outturns From Various Taxes, in SSP



Source: National Budget Plan of the RSS by Ministry of Finance and Planning, of South Sudan

5. Findings, Conclusions and Recommendations

5.1 Findings

It is found out in this research that the majority of the participants responded that Sales Tax brings about reliability and stability on revenue expansion. Similarly, the majority of the respondents replied that Sales Tax was very important. The challenges found, included lack of good governance, ranking first, followed lack of good tax laws or policies along side practices, lack of peace and stability, lack of economic development and lack of infrastructure. Other challenges and weakness of Sales Tax administration entailed corruption as the largest category followed by lack of capacity and training, multiple border taxes, huge black market leading to unaccounted income and tax evasion. The study further discovered that there is dire need to carryout reforms on policies, practices and actions such as the above challenges to increase revenue collection in the country. If correctly amended and successfully carried out, Sales Tax can mobilize adequate revenue and impact on South Sudan GDP.

5.2 Conclusion

The principal goal of this work was to investigate ways by which South Sudan could mobilize adequate revenue by way of Sales Tax in order to impact on the GDP. Setbacks uncovered in the practice of this tax embodied lack of good governance, lack of good tax laws or policies, lack of peace and stability, and lack of infrastructure. To fulfill the goal of this investigation, the writer used both primary and secondary sources of data utilizing questionnaire as its tool.

5.3 Recommendations

Regular auditing of revenue collection is necessary. To fight mismanagement, stepping up penalties on corrupt officials is imperative. General modernization through computerization of tax collection should be introduced. There is need to expand the tax base in the country. Reforms on policies and practices of Sales Tax needed to be carried out. Capacity building must be intensified through training and workshops for both the taxpayers as well as officials dealing with taxes. All loopholes and gaps leading to non-compliance must be quickly detected and blocked. It is highly advisable to conduct future research using larger samples.

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