

Can SMS's improve PNG tax compliance?

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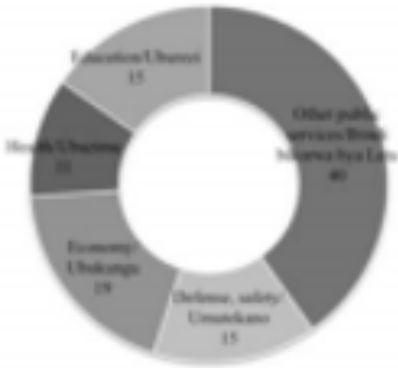
Work done with Chris Hoy and Mathias Sinning

The problem: tax compliance

- Less than 10 per cent of registered SWT taxpayers paid tax
- Why? Uncertainty about how the revenue would be used and distrust that it will be used well
- Consequences:
 - Need higher rates
 - Costly administration
 - Can't provide services
 - Unfair burden

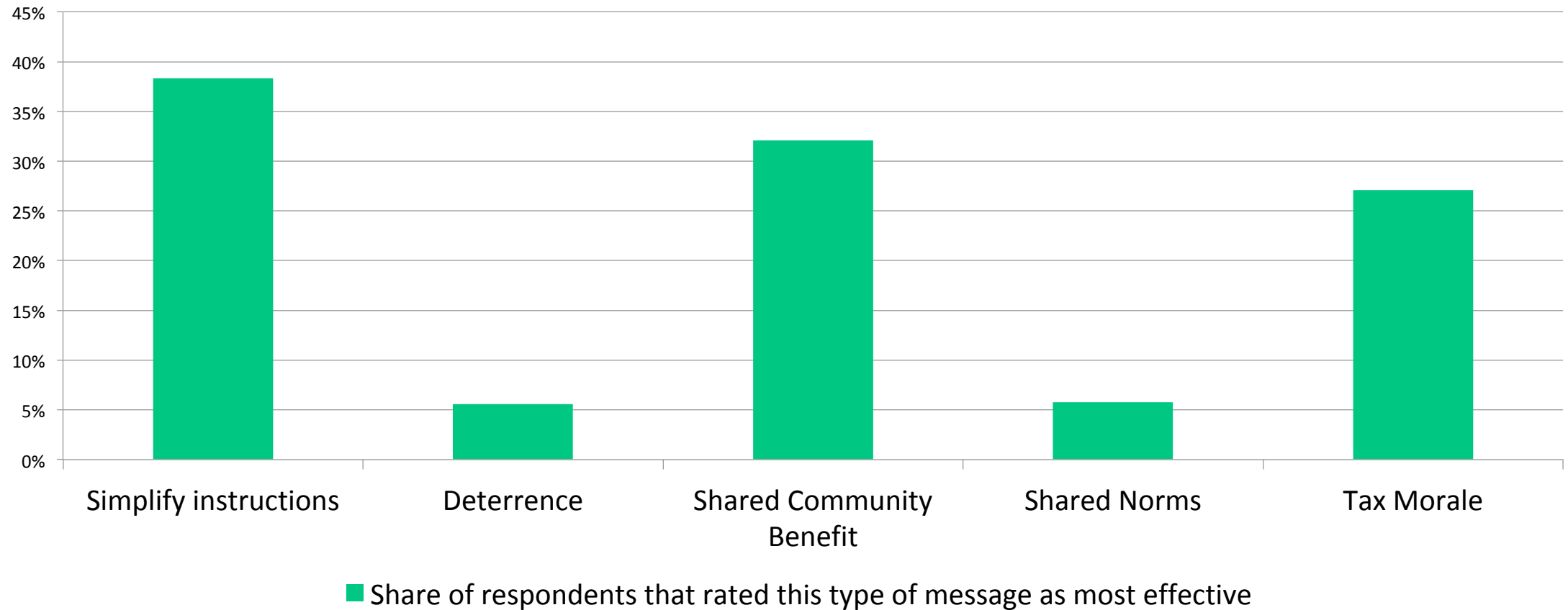
Successful interventions improving tax compliance overseas

- People don't always do what they want
- Lots of examples of small changes to policy having impact on what people do
- These changes can be very cheap to make
- Overseas, we have seen tax compliance increased by sending different messages to taxpayers

Treatment (1)	Subject line (2)	Message (3)	Image (4)												
Reminder	Tax filing period open until 31 st March 2016	<i>RRA would like to inform you that you can file your tax return until 31st March 2016. For more information about the filing process and payment methods, contact the call centre (3004) or visit the RRA website (www.rra.gov.rw).</i>	No image												
Deterrence	Pay your taxes on time and avoid fines and penalties	Reminder as above, plus: <i>Do you know that if you do not declare and pay your taxes on time, RRA can fine and possibly prosecute you? Pay your taxes on time and avoid fines and penalties.</i>													
Fiscal exchange	Pay taxes. Build Rwanda. Be proud.	Reminder as above, plus: <i>By paying your taxes you make it possible to educate our children, fund our healthcare, and keep us safe. Pay taxes. Build Rwanda. Be proud.</i>	<p>Spending of tax of RWF 100 Uko Leta ikomeza amashyamba 100 y'amashyamba</p>  <table border="1"> <caption>Spending of tax of RWF 100</caption> <thead> <tr> <th>Category</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>Education/Healthcare</td> <td>15</td> </tr> <tr> <td>Other public services</td> <td>40</td> </tr> <tr> <td>Defense, safety, Constitution</td> <td>15</td> </tr> <tr> <td>Economy/Development</td> <td>10</td> </tr> <tr> <td>Health/Insurance</td> <td>10</td> </tr> </tbody> </table>	Category	Percentage	Education/Healthcare	15	Other public services	40	Defense, safety, Constitution	15	Economy/Development	10	Health/Insurance	10
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Control group	No message	No message	No message												

What do Papua New Guineans think?

Types of messages that are expected to be the most effective in encouraging people to pay the right amount of tax.



Our intervention

- Send registered taxpayers SMS messages simply explaining requirements or shared benefit
- Send to businesses
- Salary and Wages Tax and Goods and Services Tax withholding
- Taxes due monthly – sent before April lodgement



REMINDER Salaries and Wages Tax is due on the 7th of April. All SWT registered taxpayers are required to lodge a tax return. For more info visit www.irc.gov.pg

1 min ago



By paying your taxes you make it possible to educate our children, fund our healthcare and build our roads. Pay taxes. Build PNG. Be proud. Visit www.irc.gov.pg

1 min ago

Our trial to test whether it works

- Registered taxpayers randomly allocated to a group:
 - no message, simplification message and shared benefit message
 - Nearly 8,000 people in each group
- Allows us to compare the effectiveness of the messages
- Results still to come



HOW THE TAXES YOU PAY BENEFIT YOU AND YOUR COMMUNITY



OVER 2 MILLION CHILDREN HAVE ACCESS TO FREE EDUCATION

Your taxes are helping to build and run schools, just like this one in the Sohe District of the Northern Province. You are contributing to a better future for over 2 million Papua New Guinean children who attend school each year.



FREE PRIMARY HEALTH CARE FOR ALL CITIZENS

Your taxes are helping to build and run health clinics, just like this one in Port Moresby. You are contributing to people across Papua New Guinea having access to more doctors and nurses than ever before.

Visit www.irc.gov.pg

By paying your taxes you make it possible to educate our children, fund our healthcare, and build our roads. Pay taxes. Build PNG. Be proud.

What other issues could trials like these address?

- Health check-ups
- School attendance
- Loan repayments
- Car and licence registration
- Education about family violence